AGENDA
Audit Committee Meeting

Tuesday, May 12, 2020, 4:30 p.m.
Conference Call

Mission: Disciples of Christ, nurturing mind, body, and soul to the fullness of life.
Vision: Changing the world through Catholic education.

A. Routine Matters
   1. Call to Order and Attendance
   2. Acknowledgement of First Nations Sacred Territory
   3. Opening Prayer
   4. Approval of Agenda
      a. Approval of Calendar Items
   5. Declaration of Interest
      a. Letter of Declaration - Laura Prestia
   6. Approval of Minutes, Audit Committee Meeting on February 4, 2020
      a. Business Arising from the Minutes

B. Pastor’s Remarks

C. Awards and Presentations

D. Delegations

E. Reports from Trustees for Receipt
   1. Regular Reports
   2. Good News Items

F. Information/Reports from Committees for Receipt

G. Information/Reports from Administration for Receipt
   1. Internal Audit Initiatives Update - Kevin Sun

H. Trustee/Committee/Administration Reports Requiring Action
   1. Appointment of External Auditors - Brian Hester

I. Notices of Motion

J. Additional Business

K. Questions Asked of, and by, Trustees

L. Declared Interest Items
M.  In Camera Session
     See In Camera Agenda

N.  Rise and Report

O.  Future Meetings
     TBD

P.  Adjournment
OPENING PRAYER

Bless us as we gather today for this meeting.

Guide our minds and hearts so that we will work for the good of our community, and help all Your people.

Teach us to be generous in our outlook, courageous in face of difficulty, and wise in our decisions.

Father, we praise You, for ever and ever.

Amen.
Call to Order by Executive Superintendent of Finance, Chief Financial Officer and Treasurer - Julie Cherepacha

1. Call to Order and Attendance
   Julie Cherepacha, Executive Superintendent of Finance, Chief Financial Officer and Treasurer, called the meeting to order at 4:33 p.m.

2. Acknowledgement of First Nations Sacred Territory
   Executive Superintendent Julie Cherepacha acknowledged the sacred territory of the Mississaugas of the Credit First Nation.

3. Opening Prayer
   Executive Superintendent Julie Cherepacha led the Opening Prayer.

4. Election of Chair of the Audit Committee in Accordance with By-Laws – Julie Cherepacha
   Nominations for Chair of the Audit Committee were opened by Executive Superintendent Julie Cherepacha.
Trustee Anna da Silva was nominated by Trustee Brea Corbet.

In accordance with Board practice, Executive Superintendent Julie Cherepacha requested further nominations three times. There being none, nominations were declared closed.

Trustee Anna da Silva was acclaimed Chair of the Audit Committee and assumed the chair in order to conduct the remainder of the meeting.

5. Election of Vice Chair of the Audit Committee in Accordance with By-Laws – Chair
Chair Anna da Silva called for nominations for the position of Vice-Chair of the Audit Committee.

Trustee Darryl D’Souza was nominated by Trustee Brea Corbet.

In accordance with Board practice, the Chair requested further nominations three times. There being none, nominations were declared closed.

Trustee Darryl D’Souza was acclaimed Vice Chair of the Audit Committee.

B Routine Matters

1. Declaration of Interest
   a) Letter of Declaration – Brea Corbet
   b) Letter of Declaration – Darryl D’Souza

Executive Superintendent Julie Cherepacha indicated that Trustee Brea Corbet and Trustee Darryl D’Souza, new members to the Audit Committee, have submitted a signed Declaration of Interest Form.

2. Approval of Agenda
   a) Approval of Calendar Items
       Nil

   Moved by Kevin Travers

   THAT THE AGENDA BE APPROVED.  
   CARRIED

3. Approval of Minutes, Audit Committee Meeting on November 12, 2019

   Moved by Darryl D’Souza

   THAT THE MINUTES OF THE AUDIT COMMITTEE MEETING ON NOVEMBER 12, 2019, BE APPROVED.  
   CARRIED

   a) Business Arising from the Minutes
       Nil

C Terms of Reference – Julie Cherepacha

   Moved by Rory Keilty
THAT THE REPORT TO THE AUDIT COMMITTEE, AUDIT COMMITTEE PROPOSED TERMS OF REFERENCE – 2020, BE RECEIVED.

CARRIED

Executive Superintendent Julie Cherepacha commented that it is an annual requirement for the proposed terms of reference to be presented for consideration and approval by the members of the Audit Committee at the first meeting following the inaugural/organizational meeting of the Board of Trustees.

There are no changes to the proposed terms of reference over last year. The Chair, Vice Chair and Board Member title changes will be updated.

Moved by Kevin Travers

THAT THE AUDIT COMMITTEE RECOMMEND TO THE BOARD OF TRUSTEES THAT THE AUDIT COMMITTEE PROPOSED TERMS OF REFERENCE – 2020 BE APPROVED AND ADOPTED.

CARRIED
TERMS OF REFERENCE AUDIT COMMITTEE – 2020
(Ontario Regulation 361/10 of the Education Act - requirements of Audit Committees)

CHAIR: Anna da Silva
VICE CHAIR: Darryl D’Souza

BOARD MEMBERS: Darryl D’Souza, Anna Da Silva, Brea Corbet
NON-BOARD MEMBERS: Kevin Travers (Jan-Mar); Laura Prestia (Apr-Dec)
NON-VOTING MEMBERS: Rory Keilty

TERM OF OFFICE:
Board Members – appointed by the Board of Trustees annually, up to a 4 year term
Non-Board Members – up to a 3 year term as per Ontario Regulation 361/10 of the Education Act

DECLARATION OF CONFLICTS:
As described in Ontario Regulation 361/10 of the Education Act, every member of the audit committee shall, when appointed to the committee for the first time and at the first meeting in each fiscal year, submit a written declaration to the chair of the committee declaring whether they have a conflict of interest. Also, if a member becomes aware of a conflict after their appointment, they shall immediately disclose the conflict in writing to the chair.

COMPOSITION:
The Audit Committee shall consist of five (5) members comprised of three (3) trustees of the Board and two (2) non-board members of the community. The Board of Trustees will appoint three (3) trustee members to the audit committee annually. A person who is a non-board member is eligible to be appointed to the audit committee only if they:

• Have accounting, financial management or other relevant business experience that would enable them to understand the accounting and auditing standards applicable to the Board;
• Are not an employee or officer of the Board or of any other board at the time of the appointment;
• Do not have a conflict of interest (does not have a parent, child or spouse who is employed by the Board) at the time of appointment;
• Was identified by the selection committee as identified in Ontario Regulation 361/10.

CHAIR:
In each fiscal year at the first meeting of the audit committee following the inaugural or organizational meeting of the Board of Trustees, the members of the committee shall elect the chair and the vice chair of the committee for the fiscal year from among the members of the committee.

VACANCIES:
For audit committee vacancies refer to Ontario Regulation 361/10 paragraph 8.

MEETINGS:
The audit committee will meet at least three (3) times in each fiscal year, or at the call of the chair, with authority to convene meetings as circumstances require and in accordance with Ontario Regulation 361/10 of the Education Act. The committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. The committee may hold private meetings with auditors, the entire Board of Trustees and executive council. Meeting agendas will be prepared and provided in advance to committee members as well as the Board of Trustees, along with appropriate briefing materials. Minutes will be prepared and distributed to the Board of Trustees. Minutes will be approved by the Board of Trustees.

Each member of the audit committee has one vote. In the event of a tie vote, the chair is entitled to cast a second vote.
A majority of the members of the audit committee that includes at least one member who is not a board member constitutes a quorum for meetings of the committee.

MANDATE:
To assist the Board of Trustees in overseeing and objectively assessing the performance of the Board, its management and its auditors and specific responsibilities for the following activities:

i) oversight of appropriate accounting practices and financial reporting,
ii) ensuring internal controls are in place to mitigate financial risk,
iii) the internal and external audit processes,
iv) the process for monitoring compliance with federal and provincial laws and regulations,
v) recommend appointment of the external auditor to the Board of Trustees,
vi) the process for monitoring the Board’s policies, procedures, regulations and code of conduct from an audit perspective,
vii) the establishment and maintenance of lines of communication between the Board of Trustees and its external auditor, senior management, internal auditor and regional internal audit,
viii) the safeguarding of Board assets,
ix) the annual and/or multi-year audit plan of the Board,
x) the audited financial statements of the Board.

DUTIES:
The Audit Committee will,

(1) Review the annual audited financial statements of the Board prior to reporting to the Board of Trustees, and consider whether they are complete, and consistent with information known to committee members. The committee will make recommendations to the Board of Trustees for the approval of all annual audited financial statements.

(2) Ensure risk assessment and risk management policies align with internal controls.

(3) Review the scope of the internal and external auditor’s reviews of the Board’s internal controls, any significant findings and recommendations by the internal auditors and the responses of the Board’s staff to those findings and recommendations.

(4) Review and receive reports related to the overall effectiveness of the Board’s internal controls, including information technology systems security and control.

(5) Review with senior management, the internal auditors (including RIAT) mandate, activities, staffing, and organizational structure of the internal audit function. The audit committee will make recommendations to the Board of Trustees on the content of the annual audit plan. They will also review whether there are any unjustified restrictions or limitations on the role of the internal auditor.

(6) Review the external auditors, terms of engagement, fees and proposed audit scope and approach and any non-audit services provided, including coordination of audit effort with internal audit. Review the performance of the external auditor, and make recommendations to the Board of Trustees on the appointment or discharge of the external auditor. On an as needed basis, meet separately with the external auditor to discuss any matters that the committee or auditor believe should be discussed privately.

(7) Review the effectiveness of the Board’s internal operating procedures for monitoring compliance with federal and provincial laws and regulations as well as the Board’s policies, procedures, regulations and code of conduct. Review the results of management’s investigation and follow-up of any instances of noncompliance. Review the findings of any examinations by regulatory agencies, and any auditor observations. Obtain regular updates from management and Board legal counsel regarding compliance matters.

(8) Receive and review internal audit plan and results of internal audit activities and follow-up on recommendations.

(9) In accordance with Ontario Regulation 361/10 of the Education Act, the audit committee will report to the Board of Trustees on items such as the annual audit plan and summary of work performed by the Board’s internal auditor (including RIAT), with a copy submitted to the Ministry of Education. In addition, the committee is required to report to the Board of Trustees on items such as a summary of work performed by the committee, an assessment of the Board’s progress in addressing findings and recommendations made by the internal or external auditor and attendance record of committee members.

(10) Review and assess the adequacy of the audit committee’s terms of reference annually, and ensure appropriate disclosure as may be required by law or regulation. Confirm annually that all responsibilities outlined in the terms of reference and Ontario Regulation 361/10 have been carried out.

(11) Subject to the approval of the Board of Trustees, obtain legal advice, retain independent accountants or other professionals to advise or assist the committee.

(12) Report to the Board of Trustees annually, and at any other time that may be required, on the committee’s performance of its duties.

Reports to: The Board of Trustees
D  Pastor’s Remarks
Nil

E  Awards and Presentations
Nil

F  Delegations
Nil

G  Reports from Trustees for Receipt
1.  Regular Reports
   Nil
2.  Good News Items
   Executive Superintendent Julie Cherepacha acknowledged that this is the final meeting for Kevin Travers, External Member. Kevin has completed his second consecutive term appointment and according to Regulation 361/10 for Audit Committees, is not able to continue for a third term. Executive Superintendent Julie Cherepacha indicated that it was a pleasure working with Kevin and his six years of commitment and contributions to the Audit Committee have been very much appreciated. Kevin will be acknowledged for his work at the Regular Board Meeting in February.

H  Information/Reports from Committees for Receipt
Nil

I  Information/Reports from Administration for Receipt
1.  Regional Internal Audit Team (RIAT) Status Update – Paula Hatt

   Moved by Darryl D’Souza

   THAT THE REPORT TO THE AUDIT COMMITTEE, REGIONAL INTERNAL AUDIT TEAM (RIAT) STATUS UPDATE, BE RECEIVED.

   CARRIED

Executive Superintendent Julie Cherepacha introduced Paula Hatt, Senior Manager, Regional Internal Audit, Toronto & Area Region (RIAT) to present the report.

Paula Hatt provided an update regarding a draft report issued by Deloitte LLP, who was engaged in 2018, by the Ministry of Education to perform a review of the regional internal audit model and to provide recommendations on how to strengthen the model going forward. The Ministry of Education has received the report and has indicated interest in continuing discussions. Once finalized, RIAT will present the report to the Audit Committee.

Paula Hatt provided further updates on the status of RIAT’s audit work. RIAT has one audit to complete from the last three-year audit plan that was to finish in 2018-2019. As a result of delays, the audit has continued into this 2019-2020 year. RIAT has also started work on the next three year audit plan for DPCDSB.

Paula Hatt and staff responded to questions of clarification.

J  Trustee/Committee/Administration Reports Requiring Action
Nil
K Notices of Motion
   Nil

L Additional Business
   Nil

M Questions Asked of, and by, Board Trustees
   Nil

N Declared Interest Items
   Nil

O In Camera Session

   Moved by Brea Corbet

   THAT THE COMMITTEE RESOLVE INTO THE IN CAMERA SESSION.

   CARRIED

P Rise and Report

   Received and approved the Minutes of the In Camera Session of the Audit Committee
   Meeting on November 12, 2019, an Audit Status Update Report, an Audit Report and an
   Audit Follow-up Report

   Moved by Darryl D'Souza

   THAT THE REPORT OF THE IN CAMERA SESSION BE PRESENTED AND THAT THE
   COMMITTEE’S RECOMMENDATIONS BE ADOPTED.

   CARRIED

Q Future Meetings

   May 12, 2020

R Adjournment

   Moved by Darryl D’Souza

   THAT THE MEETING BE ADJOURNED AT 6:25 P.M.

   CARRIED
INTERNAL AUDIT INITIATIVES UPDATE

Multi Year Strategic Plan Values: Excel, Respect and Trust

“Christ himself bore our sins in his body on the Cross, so that, free from sins, we might live for righteousness; by his wounds you have been healed.”

1 Peter 20:24

BACKGROUND

Effective Tuesday, March 17, 2020 all Dufferin-Peel Catholic District School Board (DPCDSB) schools, administrative offices and other facilities were closed due to COVID-19. The Internal Audit (IA) function was impacted by these restrictions but continues to operate remotely. IA’s emphasis has evolved from the completing and preparing for audits, to other initiatives. These initiatives will provide added value to DPCDSB and enhance the information available for when IA returns to conducting school-based audit engagements.

DISCUSSION

IA has undertaken the following initiatives:

Audits
- St. Cornelius Elementary School – report completed
- St. Margaret of Scotland Elementary School – awaiting Principal responses
- John Cabot Catholic Secondary School – testing in progress
- Bishop Francis Allen School – planning completed

General Administrative Procedures (GAP) Updates
- GAP 704.00 (Petty Cash) – review completed
- GAP for Deposits – New - first draft completed

Analysis and Reporting
- Audit Findings by School Summary – report completed
- School Generated Funds Spend Review (Secondary Schools) – in progress
  (Results will be incorporated into a best practices document that can be shared with Administrators)

School Learning Materials/Job Aids
- Process mapping (Petty Cash, Deposits) – First draft completed
- Catholic School Council (CSC) Finance Guidebook – in progress
THE FOLLOWING RECOMMENDATION IS PROVIDED FOR CONSIDERATION:

1) THAT THE REPORT TO THE AUDIT COMMITTEE, INTERNAL AUDIT INITIATIVES UPDATE, BE RECEIVED.

Prepared by: Kevin Sun, Internal Audit

Submitted by: Julie Cherepacha, Executive Superintendent, Finance, Chief Financial Officer and Treasurer
Audit Committee Meeting
May 12, 2020

APPOINTMENT OF EXTERNAL AUDITORS

Multi Year Strategic Plan Values: Believe, Excel, Respect, Thrive and Trust

“You shall do no wrong in judgment, in measurement of weight, or capacity.”
Leviticus 19:35

BACKGROUND

Under subsection 253(1) of the Education Act, all school boards are required to appoint an external auditor, who is licensed under the Public Accounting Act, 2004 for a term not exceeding five (5) years.

Further subsection 9. (4)1 of Ontario Regulation 361/10 of the Education Act defines the duties of the audit committee regarding the school board’s external auditor. It states that the audit committee duties include making recommendations to the Board of Trustees on the appointment, replacement or dismissal of the external auditors and on the fee and fee adjustment for the external auditor.

In accordance with Supply Chain Management policies and procedures, a request for quotes was issued to four (4) pre-qualified audit firms. The pre-qualification process had been completed by the Ontario Education Collaborative Marketplace (OECM) in 2015-2016.

The purpose of this report is to request the audit committee to recommend to the Board of Trustees the appointment of the external auditors for a two year term starting with the March 31, 2020 specified procedures report and expiring with the completion of the August 31, 2021 yearend audit.

DISCUSSION

OECM issued an RFP in late fall of 2015 for external audit services. OECM is a Broader Public Sector (BPS), not-for-profit procurement organization, offering a marketplace of competitively-sourced and priced products and services through collaborative sourcing agreements. Master agreements were entered into with four (4) providers of external audit services in the GTA area. These include KPMG LLP, Deloitte LLP, BDO Canada LLP and Ernst & Young LLP.

In accordance with Supply Chain Management policies and procedures, a request for quotes was sent to the four pre-qualified audit firms. Using the results of the RFP process conducted by OECM allowed the Dufferin-Peel Catholic District School Board (DPCDSB) to be efficient in the process of selecting an external audit firm for audit services and to ensure value-for-money for DPCDSB.

The quotes received were tailored specifically to the services required by DPCDSB. One firm, Ernst & Young LLP, declined to provide a quote. The results are included in the chart below.
BDO Canada was the lowest quote for services. It was also noted that KPMG was significantly higher than the other two quotes, which seemed in line with each other.

Staff have looked at previous appointments for the firms, as well as qualifications and experience, expertise and staffing, even though these were not components of the quote process. These components had previously been rated in the OECM RFP process.

Deloitte LLP has been the external auditor for a number of years and DPCDSB has been satisfied with the performance and service provided by Deloitte and the senior team over those years. However, it is noted that the low quote for external auditor services comes from BDO Canada. Moving to a new external audit firm will cause some delays due a transitional time frame to understand DPCDSB practices, as well as extra time spent with financial services staff to explain sector differences and Ministry requirements.

CONCLUSION

This report recommends the appointment of BDO Canada LLP, Chartered Professional Accountants, as external auditors for DPCDSB for the two-year term starting with the March 31, 2020 specified procedures report and expiring with the completion of the August 31, 2021 yearend audit.

Total fees for service are expected to be $149,300 (excluding taxes) over the two-year term for the annual audit of the consolidated financial statements, the specified procedures at March reporting and annual audit of Ontario Youth Apprenticeship Program (OYAP).

THE FOLLOWING RECOMMENDATIONS ARE PROVIDED FOR CONSIDERATION:

1. THAT THE REPORT TO THE AUDIT COMMITTEE, APPOINTMENT OF EXTERNAL AUDITORS, BE RECEIVED.
