



AUDIT COMMITTEE MEETING

OPEN SESSION

Monday, June 8, 2020
3:00 p.m.

Virtual - Microsoft Teams

AGENDA

1. **Call to Order** - Lons Kushner
2. **Introductions** - Stacy Veld
3. **Approval of Agenda**
4. **Declaration of Conflict of Interest**
5. **Regional Internal Audit Status Report** - Jenny Baker, RIAT
6. **7-Month Specified Procedures Report** - Nicky Westlake
7. **Evaluation of External Auditors** - Nicky Westlake
8. **Appointment of External Auditors** - Nicky Westlake
9. **Next Meeting Date: Monday, September 14th, 2020**
5:30 p.m. - Education Centre
10. **Adjournment**



MEMO

TO: District School Board of Niagara Audit Committee
FROM: Jenny Baker, Regional Internal Audit Manager
DATE: 8 June 2020
SUBJECT: Regional Internal Audit Status Report – Open Committee Session

This memorandum will serve to update the Audit Committee of the Regional Internal Audit Team's (RIAT) work since November 18, 2019.

A. 2020-2021 Risk Assessment Update and Audit Plan Proposal

Attached for your information is a summary describing the annual risk assessment update and the presentation of the 2020-21 regional internal audit plan for your review and recommendation to the Board of Trustees for approval.

**B. Other
Annual Independence Assertion**

In compliance with S1110 of the International Standards for the Professional Practice of Internal Auditing, I am confirming that the regional internal audit team is organizationally independent and has been allowed to carry out its' responsibilities in an unbiased manner, free from interference in determining the scope of internal audit projects, performing work, and communicating results.



MEMO

TO: District School Board of Niagara Audit Committee
FROM: Jenny Baker, Regional Internal Audit Manager
DATE: 8 June 2020
SUBJECT: 2020-2021 Internal Audit Plan

Each spring, the Regional Internal Audit Manager facilitates a risk assessment workshop sponsored by your Superintendent of Business, for administrative leaders. The purpose is to identify changes in the risk profile and any new or emerging risks impacting Board operations since the date of the last risk assessment. The output gathered from the workshop is a list of topics that Board leaders have identified for audit to gain assurance that the risks identified are being sufficiently mitigated to not impede the operations of the Board. Two-four audit topics are then confirmed and presented for up to a two-year audit plan.

The Privacy audit was approved as part of the 2019-2020 regional internal audit plan. This project kicked off last October, but activity was paused when our key contact/resource was directed to another issue. Audit work resumed but again has stopped because of the pandemic. Therefore, it is proposed that the audit plan that was approved for 2019-2020 be rolled forward for completion next year.

Audit Projects Proposed For 2020-2021

1. Privacy

The Board collects, uses, retains and discloses personal information in the course of meeting its' statutory duties and responsibilities. Personal information is information about, or can be related to, an identifiable individual such as name, date of birth, home address, home telephone number or social insurance number. New technologies and tools are being used which capture information about students and staff. The Board is committed to the protection of privacy and stakeholders expect compliance with all applicable provisions in the Education Act, the Municipal Freedom of Information and Protection of Privacy Act (MFIPPA), the Personal Health Information Protection Act (PHIPA), and any other applicable legislation.

The objective of this audit is to assess the effectiveness of procedures that DSBN has adopted to comply with applicable legislation. This audit addresses compliance, reputation and information security risk.

The scope of this audit is deemed to equate to two audit projects.

2. Audit Follow up Reviews

- i. IT Penetration Testing
- ii. Back-up, Disaster and Recovery
- iii. Repairs and Maintenance
- iv. Attendance Support
- v. Records Management

Audit Projects Proposed For 2021-2022

A facilitated risk assessment will be completed during the fall of 2020 to identify audit topics for consideration for the 2020-2021 school year.

DISTRICT SCHOOL BOARD OF NIAGARA
REPORT TO THE AUDIT COMMITTEE
7-MONTH SPECIFIED PROCEDURES REPORT

Background:

The District School Board of Niagara (DSBN) is required each year to hire external auditors to complete specified auditing procedures on our financial records for the 7-month period ending March 31, 2020. Our external auditors, KPMG LLP were appointed by the DSBN to complete the specified auditing procedures. Attached is the 7-month specified procedures report issued by our external auditors.

Recommendation:

“That the 7-month specified procedures report for the period ending March 31, 2020 be received.”

Respectfully submitted,

Stacy Veld, Superintendent of Business Services and Treasurer
Nicky Westlake, Controller of Finance

June 8, 2020

For further information, please contact Stacy Veld, Superintendent of Business Services and Treasurer.



KPMG LLP
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REPORT ON SPECIFIED AUDITING PROCEDURES

To the Trustees of the District School Board of Niagara

As specifically agreed, we have performed the specified auditing procedures enumerated below in connection with the District School Board of Niagara's reporting to the Ministry of Education as to the amounts on Schedules 19, 20 and 22 of EFIS of the District School Board of Niagara for the period from September 1, 2019 to March 31, 2020. The specified auditing procedures are summarized, along with the findings, as follows:

I. Schedules 19 and 20 of EFIS of the Board

We have obtained Schedules 19 and 20 of EFIS from the Board and performed the following:

1. With respect to Column A.1 we performed the following at March 31, 2020:
 - a. We obtained a summary of the trial balance (or general ledger) at March 31, 2020 of the Board and agreed the subtotals to Column A.1 of Schedules 19 and 20 and found them to be in agreement.
 - b. We agreed the following 5 items (assets/ liabilities/ accumulated surplus/ (deficit)/ revenues/ expenses) over \$700,000 from the summary referred to in (1) a) above, to the general ledger and found them to be in agreement.

<u>Account</u>	<u>Balance at 3/31/2020</u>
86100 – F/A Furniture (10yr)	\$1,236,885.00
91401 – OMERS Deductions Payable	\$922,373.63
85610 – A/R, Other – JE Set Up	\$803,513.49
76200 – Debenture, Interest	\$2,001,416.12
48500 – Utilities, Natural Gas	\$1,141,724.37



2. If applicable, we obtained the entry to reverse any amounts recorded during the seven month period for school generated funds. We agreed the entry to supporting documentation and agreed to Column A.2 on Schedule 19 and 20.

Not applicable – no Column A.2 adjustments

3. If applicable, we obtained the entry to reverse any amounts recorded during the seven month period for subsidiaries. We agreed the entry to supporting documentation and Schedule 19 and 20. (Column A.3).

Not applicable – no Column A.3 adjustments

4. We obtained a summary of the Column B.1 adjustments on Schedules 19 and 20, if any, to reverse entries over \$700,000 which recorded receivables and payables at August 31, 2019 and were not reversed in the Board's general ledger during the subsequent period. We randomly selected 20% of the entries (a minimum of 5), agreed them to the supporting documentation and verified the amount was included in the summary of the entries. We agreed the summary of the entries to Column B.1 of Schedule 19 "Consolidated Statement of Financial Position", and Schedule 20 "Revenues and Expenses", as applicable.

Not applicable – no Column B.1 adjustments

5. We obtained a summary of Column B.2 accrual adjustments on Schedules 19 and 20, if any, for adjustments over \$700,000 related to the period prior to March 31, 2020. We randomly selected 20% of the entries (a minimum of 5), agreed them to the supporting documentation and verified the amount included in the summary of the entries related to the period prior to March 31, 2020. We agreed the summary of the entries to Column B.2 of Schedule 19 "Consolidated Statement of Financial Position", and Schedule 20 "Revenues and Expenses", as applicable.

Not applicable no Column B.2 adjustments

6. With respect to Column B.3 adjustments made to accrue the Ontario Financing Authority (OFA) loan interest, we recalculated the accrued amount and agreed to the adjustment on column B.3 of Schedule 19 and 20.

7. We obtained supporting documentation for any Column C.1 adjustments made to reclassify Ministry Revenue between the various categories on Schedule 20 "Revenue". We agreed 2 entries to the supporting documentation.

Not applicable – no Column C.1 adjustments



8. With respect to the revenue recorded for municipal taxes over \$700,000, we performed the following:

- a. With respect to the tax revenue for the period from September 1, 2019 to December 31, 2019:

We agreed the 2019 municipal tax revenue to the most current supporting documentation (for a maximum of two municipalities) and recalculated the revenue for the period by subtracting the amount included in revenue in the August 31, 2019 audited financial statements (being 62% of the 2019 tax revenue as included in Schedule 11B of EFIS for the year ended August 31, 2019) from the total 2019 tax revenues (based on most current information).

<u>Municipality</u>	<u>2019 Calendar Revenue</u>
<i>Lincoln</i>	\$6,483,685.39
<i>Welland</i>	\$8,133,937.44

- b. With respect to the tax revenue for the period from January 1, 2020 to March 31, 2020:

We recalculated the estimated 2020 municipal tax revenue for the period using 25% of the estimated 2020 tax revenue based on most current information. We agreed estimated 2020 tax revenue to supporting documentation. If current information regarding estimated 2020 tax revenue is unavailable, then the 2020 tax revenue for the period was estimated using 2020 tax revenue as included in Schedule 11A of the Revised Estimates for the year ending August 31, 2020.

As the current information regarding estimated 2020 tax revenue was unavailable, we recalculated the tax revenue for the period by using the 2020 tax revenue as included in schedule 11A of the Revised Estimates for the year ending August 31, 2020.

- c. We agreed the 2019 supplementary taxes and write offs (for a maximum of two municipalities) to supporting documentation and recalculated the revenue for the period by subtracting the amount included in line 3.4 in Schedule 9 of the 2018-2019 financial statements.

<u>Municipality</u>	<u>Supplementary Taxes</u>	<u>Tax Write-offs</u>
<i>Lincoln</i>	\$116,580.24	\$(137,087.08)
<i>Welland</i>	\$776,524.04	\$(246,320.76)



- d. If an amount greater than \$700,000 was reported on line 3.4, Column C.2 of Schedule 20 "Revenue", we asked management for the supporting listing that totaled the amount on line 3.4. We calculated the difference between the 2020 supplementary taxes and write-offs based on most current information and 2019 supplementary taxes and write-offs and agreed to the amounts on the listing (for a maximum of two municipalities).

Not applicable – no Column C.2 line 3.4 adjustment

- e. We agreed the total of 8a), 8b), 8c) and 8d), above to Local Taxation (line 3.5) in Column E on Schedule 20 "Revenue" after the adjustment, if any, in Column C.2. We agreed the adjustment amount to Schedule 19, "Consolidated Statement of Financial Position" Column C.2, line 1.4 or line 2.3.
9. We verified the calculation of the allocation of tuition revenues to the period using the prescribed methodology prorated on the related number of school days. We agreed the adjustment, if over \$700,000, made to reflect this calculation in Schedule 20 "Revenue", and Schedule 19 "Consolidated Statement of Financial Position" in Column C.3.

Calculation verified – adjustment agreed to supporting documentation

10. With respect to salaries and benefits earned for the period we obtained the payroll paid and payroll earned during the period from the Board, and performed the following:
- a. We obtained a listing of the general ledger entries and agreed the following amounts paid to the payroll journal, selecting from different employee groups, a maximum of 5 entries.

<u>Employee Group</u>	<u>Account Number</u>	<u>Amount</u>
TEACHERS-SECTION 19	470470-10-170-4-305-3050-11000	\$36,259.17
EDUCATIONAL ASSISTANT	473330-10-191-6-301-3010-11000	\$8,405.60
OCC TCHR-SCH DISCRETIONARY	200200-10-186-4-000-4009-13000	\$2,163.26
EA REPLACEMENT - SECONDARY	477477-10-190-4-301-3010-11000	\$4,518.20
PRINCIPAL - SECTION 19	471471-15-151-6-305-3050-11000	\$5,625.70



11. We obtained the calculation of the vacation pay accruals for any amounts over \$700,000 and performed the following:

- a. We obtained the supporting documentation for the 2 employee groups with the largest vacation pay accruals.
- b. We agreed a sample of the following 5 employees (allocated between the employee groups) to the records of vacation days outstanding, and the payroll rate. We recalculated the accrued vacation pay for those 5 employees.

<u>Employee #</u>	<u>Accrual Amount</u>
201580	\$4,375.24
106223	\$2,751.60
201324	\$2,236.78
107840	\$485.63
100703	\$1,634.57

- c. We agreed the adjustment to Column C.5 on Schedule 19, "Consolidated Statement of Financial Position" and Schedule 20 "Expenses".

Procedure is not applicable as there are no Column C.5 adjustments as the payable is recorded in the Boards records.

12. We verified the mathematical accuracy of the prorated calculation of the employee future benefits liability and related expense adjustment, using the 2019-2020 estimates provided in the actuarial assessment at August 31, 2019 and found no differences. If 2019-2020 estimates are not provided in the August 31, 2019 assessment, verify if the board has used 2018-2019 expenses as the basis for prorating. We agreed the total employee future benefits liability to the total in Column E, after the required adjustment to Column C.6, on Schedule 19, "Consolidated Statement of Financial Position", line 2.20. We agreed the adjustment to expenses to the total in Column C.6 on Schedule 20, "Expenses".

We verified the prorated calculation of the employee future benefits liability and related expense adjustment using the 2019-2020 estimates provided in the actuarial assessment at August 31, 2019.



13. We performed the following with respect to any other adjustments over \$700,000 provided by the Board:

- a. We obtained a summary of the other adjustment entries included in Column C.7 which related to the period prior to March 31, 2020 and required adjustment in Schedule 19 and 20.

Not applicable – no Column C.7 adjustments

- b. We randomly selected 20% of the entries provided in a) above (a minimum of 5) over \$700,000 as detailed below and compared to the supporting documentation. We verified the amount related to the period prior to March 31, 2020 was included in the summary of entries.

Not applicable, see (a)

- c. We recalculated the summary of entries which required adjustment and agreed the adjustment to Column C.7 on Schedule 19 and 20. We ensured that the entries balanced between Schedule 20, "Revenues and Expenses" and Schedule 19, "Consolidated Statement of Financial Position".

Not applicable, see (a)

- d. We enquired whether any statement of financial position items, which are historically adjusted in the General Ledger at August 31 each year, were considered and included in the adjustments provided in a). (Note that items to be considered include accrued liabilities, receivables, interest on sinking fund assets, etc.)

Not applicable

- e. We enquired whether any items, historically included in the General Ledger as a net amount during the year and restated to report as gross revenue and expenses at August 31 each year, were considered and included in the adjustments provided in a). (Note that items to be considered include special projects, federal government grants, capital projects, etc.)

Not applicable

14. With respect to the School Generated Funds, we obtained the amounts included in the Consolidated Statement of Financial Position in the audited financial statements for the year ended August 31, 2019, agreed to supporting documentation and Schedule 19, "Consolidated Statement of Financial Position" in Column G.



15. With respect to the Subsidiaries, we obtained the amounts included in the Consolidated Statement of Financial Position in the audited financial statements for the year ended August 31, 2019, agreed to supporting documentation and agreed to the Schedule 19, "Consolidated Statement of Financial Position" Column H.

Not applicable – No Subsidiaries

II. Schedule 22

1. We obtained a detailed listing of tangible capital assets by asset class and agreed totals to corresponding columns by asset class in Schedule 22 of EFIS – "Tangible Capital Asset Continuity".
2. We conducted the following procedures with respect to additions to buildings (40 years) and land for the period September 1, 2019 to March 31, 2020:
 - a. From the detailed listing of tangible capital assets for the 7-month period supporting the data in Schedule 22, we selected a sample of 7 additions (5 buildings and 2 land) as follows:

Building:

<u>Asset ID#</u>	<u>Asset Name</u>	<u>Total Additions Value</u>
1055	Park PS	\$27,218.00
1141	Princess Margaret PS	\$34,920.00
1244	Ross PS	\$88,994.00
1342	St. Davids PS	\$122,045.00
1551	Woodland PS	\$60,140.00

Land:

<u>Asset ID#</u>	<u>Asset Name</u>	<u>Total Additions Value</u>
299	West Niagara SS	\$8,697,903.00



- b. We selected one cost component included in each addition selected in a) and agreed the cost to specific documentation as follows:

Building:

<u>Asset Name</u>	<u>Selected Amount</u>	<u>Supporting Documentation</u>
Park PS	\$6,281.87	Invoice net of HST rebate
Princess Margaret PS	\$7,498.73	Invoice net of HST rebate
Ross PS	\$10,026.21	Invoice net of HST rebate
St. Davids PS	\$11,687.10	Invoice net of HST rebate
Woodland PS	\$43,068.00	Invoice net of HST rebate

Land:

<u>Asset Name</u>	<u>Selected Amount</u>	<u>Supporting Documentation</u>
West Niagara SS	\$76,208.56	Invoice net of HST rebate
West Niagara SS	\$204,295.77	Invoice net of HST rebate

- c. For the sample selected in b) we determined that the items were recorded in accordance with the "District School Board & School Authority Tangible Capital Assets Provincial Accounting Policies & Implementation Guide" dated April 2020.
3. We conducted the following procedures with respect to Construction in Progress (CIP) assets:
- a. From the detailed listing of tangible capital assets for the 7-month period we selected 2 additions to CIP as follows:

<u>Asset ID#</u>	<u>Asset Name</u>	<u>Total Additions Value</u>
5099	West Niagara SS	\$733,326.00
16355	Forestview Public School	\$151,477.00

- b. We selected one cost component included in each addition selected in a) and agreed the costs to specific documentation as follows:

<u>Asset ID#</u>	<u>Asset Name</u>	<u>Total Additions Value</u>
5099	West Niagara SS	\$35,030.66
16355	Forestview Public School	\$39,375.28



- c. For the sample selected in b) we determined that the items were recorded in accordance with the "District School Board & School Authority Tangible Capital Assets Provincial Accounting Policies & Implementation Guide" dated April 2020.

- d. We selected one item from CIP that was transferred into an in-service asset class and performed the following:

<u>Asset Name</u>	<u>ID#</u>	<u>Amount</u>	<u>Supporting Documentation</u>
Princess Elizabeth PS	1140	\$165,659	Contractor Signoff and final invoice and release of holdback

- e. We traced the related project to an authorized completion certificate or equivalent.

No exceptions noted

4. We conducted the following procedure with respect to amortization of buildings:

- a. From the detailed listing of tangible capital assets for the 7-month period we selected a sample of 5 amortization expenses as follows:

<u>Asset Name</u>	<u>ID#</u>	<u>Amortization Amount</u>
Diamond Trail PS	042	\$113,614
Lockview PS	102	\$68,631
Wellington Heights PS	189	\$96,821
Stamford Collegiate SS	242	\$397,328
Eastdale SS	208	\$180,703

- b. We recalculated the amortization in accordance with the "District School Board & School Authority Tangible Capital Assets Provincial Accounting Policies & Implementation Guide" dated April 2020 and agreed to the amortization reported in the detailed listing of tangible capital assets for the 7-month period for the assets selected.



5. We conducted the following with respect to disposals of buildings and land:

- a. From the detailed listing of tangible capital assets for the 7-month period we selected a sample of 3 disposals as follows:

Not applicable - no disposals of buildings and land during the period.

- b. We agreed the proceeds of disposition for the items selected in a) above to supporting documentation (indicate the supporting documentation - i.e. Agreement of Purchase and Sale).

Not applicable

- c. We recalculated the gain/loss on disposal for the items selected in a) above and agreed to the gain/(loss) on disposal for that asset to the board's data.

Not applicable

III. Schedule 22A

1. We obtained a detailed listing of assets held for sale by asset class and agreed totals to corresponding columns by asset class in Schedule 22A of EFIS – “Assets Held for Sale Continuity”.
2. We conducted the following procedures for assets held for sale with respect to additions to land and land improvements with infinite lives, and building and land improvements with finite lives, for the period September 1, 2019 to March 31, 2020:

- a. From the detailed listing of assets held for sale for the 7-month period supporting the data in Schedule 22A, we selected a sample of 3 additions (1 land and land improvement with infinite life and 1 building and 1 land improvement with finite life (if applicable) and ensured that the criteria (PSAB handbook section 1201.55) to transfer into assets held for sale was met in the September 1, 2019 to March 31, 2020 period as follows:

Not applicable – no additions to assets held for sale during the period.

We selected 1 additional expenditure on assets held for sale and agreed the cost to specific documentation as follows:

Not applicable - no expenditures on assets held for sale



3. We conducted the following with respect to disposals of assets held for sale:

- a. From the detailed listing of assets held for sale for the 7-month period we selected a sample of 2 disposals as follows:

Not applicable - no disposals of asset held for sale

- b. We agreed the proceeds of disposition for the items selected in a) above to supporting documentation (indicate the supporting documentation - i.e. Agreement of Purchase and Sale).

Not applicable

- c. We recalculated the gain/loss on disposal for the items selected in a) above and agreed to the gain / (loss) on disposal for that asset to the board's data.

Not applicable

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada
May 15, 2020

Management Representation

March 31 2020 Report for Provincial Consolidation

The attached schedules reported in the March 31 2020 Report have been prepared in compliance with the instructions and materiality limit provided in the Ministry's document «Instructions for Reporting March 31 2020 Balances for Provincial Consolidation Reporting Purposes». The preparation of these schedules necessarily involves the use of estimates based on management's judgement.

To be signed by the Senior Business Official:

Name: Warren Hoshizaki

Title: Director of Education

Signature: 

Date: May 20/20

Name of Board Contact for this Report: Nicky Westlake

Title: Controller of Finance

Telephone Number: 905-641-2929 Ext. 54208

Email Address: NICKY.WESTLAKE@dsbn.org

Additional notes and comments (where applicable):

DISTRICT SCHOOL BOARD OF NIAGARA
REPORT TO THE AUDIT COMMITTEE
EVAUATION OF EXTERNAL AUDITORS

Background:

Per Ontario Regulation 361/10, the audit committee has the duty to review at least once in each fiscal year, the performance of the external auditor. In addition, the evaluation can serve to enhance the development of criteria for future tendering processes of external audit services.

Audit Committee members will be asked to complete the form and send in confidence to Nicky Westlake and if there are concerns or comments for further review, a formal report will be brought to the September Audit Committee meeting.

Recommendation:

“That Audit Committee members complete the Evaluation of External Auditors form for the 2018-19 Fiscal Year and send in confidence to Nicky Westlake by June 15, 2020.”

Respectfully submitted,

Stacy Veld, Superintendent of Business Services and Treasurer
Nicky Westlake, Controller of Finance

June 8, 2020

For further information, please contact Stacy Veld, Superintendent of Business Services and Treasurer.

Audit Committee – Evaluation of External Auditors Performance

Purpose of the Evaluation

Per Ontario Regulation 361/10, the audit committee has the duty to review at least once in each fiscal year the performance of the external auditor. In addition, the evaluation can serve to enhance the development of criteria for future tendering processes of external audit services.

In discharging this responsibility, the audit committee should answer the following series of questions assessing the external auditors and should ask key senior school board management for their comments as well. As with all processes asking for input, the audit committee should consider the different perspectives and motivations of those having input into this evaluation process.

If you are unable to respond to a particular question, please select “N/A”.

Name of Audit Committee Member Completing Evaluation	District School Board of Niagara				
Fiscal year	2018-19				
	Strongly Agree	Agree	Disagree	Strongly Disagree	N/A
Financial Reporting Process / External Audit					
1. The external auditor discussed the audit engagement terms with the audit committee through an annual engagement letter.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. The audit committee is satisfied with the planning and conduct of the audit, including the co-ordinated efforts with the internal auditor.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. The external auditor informed the audit committee of :					
a) accounting principles & emerging issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) complex / unusual financial transactions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) material judgments and accounting estimates of the school board	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) any departures from the accounting principles, where applicable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. The external auditor engaged the audit committee on all significant issues arising from the audit such as:					
a) results of the annual external audit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) any difficulties encountered in the course of the external auditor's work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) any significant changes the external auditor made to the audit plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) any significant disagreements between the external auditor and management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. The external auditor reflected the scope of their audit, as set out in their audit plan, in the final audit report.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. The external auditor's report was complete, as it:					
a) identified the title of each statement that comprises the financial statements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	Strongly Agree	Agree	Disagree	Strongly Disagree	N/A
6. (Continued) The external auditor's report was complete, as:					
b) it referenced the summary of accounting policies and notes to the financial statements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) it distinguished between responsibilities of management and those of the external auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) it described the scope of the external auditor's examination	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) it contained an expression of opinion or an assertion than an opinion could not be expressed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f) the opinion indicated that the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows in accordance with the appropriate financial framework (could be qualified based on school generated funds)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. The resources were appropriately allocated at different stages of the audit to ensure that the audit was completed within the agreed timelines.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Internal Controls					
8. The external auditor communicated to the audit committee the extent of their reliance on internal controls in the proposed audit plan.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. The external auditor provided constructive observations, implications, and recommendations in areas needing improvement, particularly with respect to the school board's internal control system over financial reporting (through management letter).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Risk Management					
10. The external auditor informed the audit committee of any significant risks of which the audit committee was not previously aware of.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
General					
11. The external auditor met with the audit committee when requested.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. The audit committee is satisfied that the external auditor met with the audit committee to discuss any matters that should have been discussed throughout the year.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. The external auditor did not leave significant issues of concern to the audit committee unaddressed.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. The audit committee is satisfied that the external auditor remained independent of the school board in spite of any audit-related, or non-audit services the auditor provides to the school board.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	Strongly Agree	Agree	Disagree	Strongly Disagree	N/A
15. The audit committee is satisfied that the external auditor was not unduly influenced by management. (Assessment indicators: the external auditor communicated freely with the audit committee; the external auditor was not reluctant or hesitant to raise issues that would reflect negatively on management)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. From a discussion with management, the audit committee believes that the external audit team members had the experience and possessed the necessary qualifications required of external auditors.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. The audit fee was fair and reasonable in relation to what audit committees know about fees charged to other school boards or other similar organizations of comparable size.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Overall, the external auditor met audit committee expectations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have you received any specific feedback on the external auditor from school board management? If so, please provide details:					
Have you received any specific feedback on the external auditor from internal audit? If so, please provide details:					
Please provide any additional comments on your experience with the external auditors:					

Please save this form and submit to Nicky.Westlake@dsbn.org by June 15th, 2020

DISTRICT SCHOOL BOARD OF NIAGARA
REPORT TO THE AUDIT COMMITTEE
APPOINTMENT OF EXTERNAL AUDITORS

Background:

Ontario Ministry of Education regulation 361/10 requires a Board's Audit Committee to make an annual recommendation to the Board on the appointment, replacement or dismissal of the external auditor.

As a result of a Request for Proposal (RFP) for External Audit Services issued in January 1998, KPMG has been providing audit services to the District School Board of Niagara since amalgamation. Within the RFP, the Terms of Engagement were for a minimum period of five (5) years, with the appointment thereafter to be on an annual basis for terms of one year. The Board reserved the right to not appoint if dissatisfied in any way with performance, the fee charged or any other elements of the service provided.

In January 2017, KPMG LLP (local office) presented a proposal to decrease their audit fees for external audit services provided to the Board. The proposal would lower the audit fees for each of the next five years below the current audit fee.

Based on past experience, the audit partner and audit team have provided excellent audit services and have met all quality and timeline expectations.

Recommendation:

“That KPMG LLP be appointed as DSBN external auditors for a one-year term commencing September 1, 2020.”

Respectfully submitted,

Stacy Veld, Superintendent of Business Services and Treasurer
Nicky Westlake, Controller of Finance

June 8, 2020

For further information, please contact Stacy Veld, Superintendent of Business Services and Treasurer.