



# AUDIT COMMITTEE MEETING

## OPEN SESSION

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**Monday, June 7, 2021  
5:30 p.m.**

**Virtual - Microsoft Teams**

### A G E N D A

1. Call to Order - Jonathan Fast
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 - Stacy Veld, Nicky Westlake
7. Evaluation of External Auditors - Stacy Veld, Nicky Westlake
8. Appointment of External Auditors - Stacy Veld, Nicky Westlake
9. Next Meeting Date: Monday, September 13<sup>th</sup>, 2021 - 5:30 p.m.
10. Adjournment



# INTERNAL AUDIT TEAM

**West of Central Region**

## MEMO

TO: District School Board of Niagara Audit Committee  
FROM: Jenny Baker, Regional Internal Audit Manager  
DATE: 7 June 2021  
SUBJECT: Regional Internal Audit Status Report – Open Committee Session

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This memorandum will serve to update the Audit Committee of the Regional Internal Audit Team's (RIAT) work since November 16, 2020.

**A. 2021-2022 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 2021-2022 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: 7 June 2021  
SUBJECT: 2021-2022 Internal Audit Plan

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### **Background**

This report is to inform you of the process to determine the audit projects proposed for the 2021-2022 internal audit plan.

School Boards routinely manage risks that present themselves from a variety of sources:

- A hacker gains access to confidential employee and/or student data;
- Pandemic response and readiness;
- EQAO scores are dropping sharply year over year; and
- Cash is misplaced from a fundraising event.

Through funding provided by the Ministry of Education, internal audit resources have been made available to school boards to complete at least two audits each year to independently assess the quality of risk mitigation strategies that school boards have implemented to manage the keys risks they face. IIA standard #2010 requires the establishment of a risk based audit plan to determine priorities of the internal audit activities and consistent with the organization objectives and identified strategic risks.

Recognizing the impact of COVID-19 on the Board's regular activities, the Superintendent of Business Services and Treasurer of the Board, after discussions concerning the current risk profile of the Board, confirms the following proposed internal audit plan.

### **Audit Projects Proposed For 2021-2022**

#### **1. Information Technology Controls Review**

Increasingly, the Board relies on technology for all operations from financial to program delivery. Mitigating the risk that logical security vulnerabilities could prevent the Board from meeting its' objectives of seamless program delivery is a key component of a properly designed network security structure.

The COBIT (**C**ontrol **O**bjectives for **I**nformation **T**echnologies) governance framework will be used to assess the veracity of the foundational information technology controls adopted by the Board.

It is proposed to include in the scope of this review an assessment of the structure and organization of the IT department. It is typical that an IT organization is structured considering requirements for staff, skills, functions, accountability, authority, roles and responsibilities, and supervision as well as technology. We will assess how these requirements are embedded into an IT process framework that ensures transparency and control and alignment with the objectives, policies and procedures of the school board.

This audit addresses information security, availability and data integrity risks as well as internal control and anti fraud risks.

The scope of this audit is deemed to be the equivalent of two audits.

## **2. Audit Follow-up Reviews**

Audit follow-up testing continues throughout the period as evidence is provided that management action plans have been implemented.

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

## **Audit Projects Proposed For 2022-2023**

### **1. Student Information System (SIS) System Control Review**

While the risk profile of the Board will be reassessed as part of the development of the next years internal audit plan, a post implementation systems control review of the new student information system, ASPEN is proposed.

### **2. Audit Follow-up Reviews**

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

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**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, 2021. 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, 2021 be received.”**

Respectfully submitted,

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

June 7, 2021

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



KPMG LLP  
80 King Street, Suite 620  
St. Catharines ON L2R 7G1  
Canada  
Tel 905-685-4811  
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## ACCOUNTANTS' REPORT WITH RESPECT TO THE PERIOD FROM SEPTEMBER 1, 2020 TO MARCH 31, 2021

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, 2020 to March 31, 2020. The specified 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, 2021:
  - a. We obtained a summary of the trial balance (or general ledger) at March 31, 2021 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.

<i>Account</i>	<i>Balance at 3/31/2021</i>
<i>08800 Amortization of DCC</i>	<i>\$18,445,267.00</i>
<i>31110 Ben Plan, OMERS</i>	<i>\$3,503,398.53</i>
<i>76200 Debenture, Interest</i>	<i>\$1,906,142.90</i>
<i>11000 Sal and Wgs, Regular Service</i>	<i>\$204,795,370.17</i>
<i>68100 Transport, Home to School</i>	<i>\$13,422,809.19</i>



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, 2020 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, 2021. 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, 2021. 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.

*We recalculated without exception.*

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, 2020 to December 31, 2020:

We agreed the 2020 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, 2020 audited financial statements (being 62% of the 2020 tax revenue as included in Schedule 11B of EFIS for the year ended August 31, 2020) from the total 2020 tax revenues (based on most current information).

<u>Municipality</u>	<u>2020 Calendar Revenue</u>
<i>Fort Erie</i>	<i>\$6,626,176.79</i>
<i>Port Colborne</i>	<i>\$3,518,522.10</i>

- b. With respect to the tax revenue for the period from January 1, 2021 to March 31, 2021:

We recalculated the estimated 2021 municipal tax revenue for the period using 25% of the estimated 2021 tax revenue based on most current information. We agreed estimated 2021 tax revenue to supporting documentation. If current information regarding estimated 2021 tax revenue is unavailable, then the 2021 tax revenue for the period was estimated using 2021 tax revenue as included in Schedule 11A of the Revised Estimates for the year ending August 31, 2021.

*As the current information regarding estimated 2021 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, 2021.*

- c. We agreed the 2020 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 2019-2020 financial statements.

<u>Municipality</u>	<u>Supplementary Taxes</u>	<u>Tax Write-offs</u>
<i>Fort Erie</i>	<i>\$153,061.02</i>	<i>\$(49,568.10)</i>
<i>Port Colborne</i>	<i>\$84,760.28</i>	<i>\$(31,994.08)</i>

- 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 2021 supplementary taxes and write-offs based on most current information and 2020 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 – no adjustment required as below threshold*

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>
Vice-Principals	471471-15-152-1-000-0000-11000	\$177,286.37
Consultants-Curriculum	000350-25-161-6-000-9680-11000	\$87,797.37
Teachers	470470-10-170-4-000-0000-11000	\$3,123,021.60
Salaries-Teachers-Coaches	470470-25-170-1-000-9698-11000	\$114,210.75
Principals	471471-15-151-1-000-0000-11000	\$386,778.79

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>
201653	\$4,564.50
03508	\$4,771.56
100051	\$2,545.62
201636	\$3,160.08
201446	\$3,515.40



- 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 2020-2021 estimates provided in the actuarial assessment at August 31, 2020 and found no differences. If 2020-2021 estimates are not provided in the August 31, 2020 assessment, verify if the board has used 2019-2020 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 2020-2021 estimates provided in the actuarial assessment at August 31, 2020.*

- 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, 2021 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, 2021 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, 2020, 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, 2020, 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, 2020 to March 31, 2021:
- 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>
1277	Applewood PS	\$186,270.21
1141	Quaker Road PS	\$76,190.28
2852	Eden HS	\$75,619.04
2807	Governor Simcoe SS	\$42,804.53
2856	Laura Secord SS	\$291,950.60

### ***Land :***

<u>Asset ID#</u>	<u>Asset Name</u>	<u>Total Additions Value</u>
198	Woodland PS	\$6,611,900.79
254	West Niagara SS	\$473,669.95



- 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>
Applewood PS	\$76,158.14	Invoice net of HST rebate
Quaker Road PS	\$36,903.47	Invoice net of HST rebate
Eden HS	\$52,231.11	Invoice net of HST rebate
Governor Simcoe SS	\$43,362.17	Invoice net of HST rebate
Laura Secord SS	\$180,984.31	Invoice net of HST rebate

**Land:**

<u>Asset Name</u>	<u>Selected Amount</u>	<u>Supporting Documentation</u>
Woodland PS	\$519,602.35	Invoice net of HST rebate
West Niagara SS	\$5,514,050.00	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 January 2021.

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>
16355	Forestview PS	\$3,242,304.00
16355	Forestview PS	\$778,943.00

- 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>
16355	Forestview PS	\$506,407.85
16355	Forestview PS	\$778,943.00

- 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 January 2021.



- 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>
Governor Simcoe SS	2807	\$351,639.00	Contractor Signoff and final invoice and release of holdback

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

4. We conducted the following procedure with respect to amortization of buildings (40 years):

- 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>
Caistor Central PS	016	\$61,124.00
Jeanna Sauve PS	089	\$269,537.00
Orchard Park PS	130	\$132,159.00
Victoria PS	182	\$24,407.00
Thorold SS	246	\$325,949.00

- b. We recalculated the amortization in accordance with the "District School Board & School Authority Tangible Capital Assets Provincial Accounting Policies & Implementation Guide" dated April 2021 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 (40 years) 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, 2020 to March 31, 2021:

- 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, 2020 to March 31, 2021 period as follows:

*Not applicable – no additions to assets held for sale during the year*

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

*Not applicable – no additions to assets held for sale during the year*

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:

<u>Asset ID#</u>	<u>Asset Name</u>	<u>Proceeds from Disposition</u>
11075	Pelham Centre PS	\$949,803.00

- 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).

*We agreed the disposal of asset held for sale in 3(a) above to the Statement of Adjustments from lawyer*

- 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.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada  
May 18, 2021

## Management Representation

### March 31 2021 Report for Provincial Consolidation

The attached schedules reported in the March 31 2021 Report have been prepared in compliance with the instructions and materiality limit provided in the Ministry's document «Instructions for Reporting March 31 2021 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:

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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  
EVALUATION OF EXTERNAL AUDITORS

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**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 2019-20 Fiscal Year and send in confidence to Nicky Westlake by June 14, 2021.”**

Respectfully submitted,

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

June 7, 2021

***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”.

<b>Name of Audit Committee Member Completing Evaluation</b>	<b>District School Board of Niagara</b>				
<b>Fiscal year</b>	<b>2019-20</b>				
	<b>Strongly Agree</b>	<b>Agree</b>	<b>Disagree</b>	<b>Strongly Disagree</b>	<b>N/A</b>
<b>Financial Reporting Process / External Audit</b>					
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"/>
<b>Internal Controls</b>					
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"/>
<b>Risk Management</b>					
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"/>
<b>General</b>					
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](mailto:Nicky.Westlake@dsbn.org) by June 14<sup>th</sup>, 2021.**

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

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**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, 2021.”**

Respectfully submitted,

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

June 7, 2021

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