

MONDAY, JUNE 6, 2022

Public Session: 5:30 p.m. (Virtual Meeting)

AGENDA

A. CALL TO ORDER

Y. Essop

B. APPROVAL OF AGENDA

Y. Essop

C. DECLARATION OF CONFLICT OF INTEREST

Y. Essop

D. REGIONAL INTERNAL STATUS REPORT

A. Eltherington

E. 7-MONTH SPECIFIED PROCEDURES REPORT

N. Westlake

F. EVALUATION OF EXTERNAL AUDITORS

N. Westlake

G. APPOINTMENT OF EXTERNAL AUDITORS

N. Westlake

H. NEXT MEETING: Monday, September 12, 2022 at 5:30 p.m.

I. ADJOURNMENT



INTERNAL AUDIT TEAM

West of Central Region

MEMO

TO: District School Board of Niagara Audit Committee
FROM: Andrea Eltherington, Regional Internal Audit Manager
DATE: June 6, 2022
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 15, 2021.

A. RIAT Staffing update

- a. Mohamad Alkhen, Chartered Professional Accountant (CPA), Certification in Risk Management Assurance (CRMA), Certified Fraud Examiner (CFE), Certified Management Accountant (CMA), Chartered Global Management Accountant (CGMA) started with the RIAT on January 10, 2022. He has previously worked in internal audit as a Manager at KPMG Toronto, an insurance company and with the Government of Dubai.
- b. Dondon Luce, Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA) started with RIAT on January 25, 2022. His most recent work experience was as a Sr. IT Auditor at OpenText Corporation. Prior to that he also worked for KPMG Toronto. In addition, he has government experience from the Philippines.
- c. Cathy DeLuca, Chartered Professional Accountant (CPA, CA) started with the RIAT on January 25, 2022. She has worked in multiple government agencies including the City of Thorold and Niagara Region. She also has extensive financial expertise.

B. Regional Internal Audit Plan

The Audit plan for 2021-2022 included an IT Controls Review and Audit Follow-ups. Currently, there is no material change to the Audit Plan for the year.

C. 2022-2023 Audit Plan Proposal

Attached for your consideration is the proposed 2022-2023 regional internal audit plan for your approval and recommendation to the Board of Trustees.



D. 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: Andrea Eltherington, Regional Internal Audit Manager
DATE: June 6, 2022
SUBJECT: 2022-2023 Internal Audit Plan

Background

This report is to inform you of the process to determine the audit projects proposed for the 2022-2023 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.

The following audits were identified from the risk assessment carried out on April 28, 2022 when the Regional Internal Audit Manager facilitated a risk assessment workshop with Senior Administration. The workshop included a reminder of the definitions of the assessment concepts and classifications of risk (reputation, operations, financial, compliance, information management, human resource, etc.) and the categories that risks can be grouped in (instruction and schools, information technology, business services, facilities transportation, human resources etc.).

The Superintendent of Business Services and Treasurer and the Director of Education confirm that the audits identified during this assessment remain relevant and therefore propose the following audit plan for approval by the Audit Committee.

Audit Projects Proposed For 2022-2023

1. Electronic Records and Information Management

The COVID-19 pandemic resulted in a rapid shift to electronic processes. DSBN has no consistent document management system across the organization (docushare, sharepoint and google & personal drives are all used). In June 2021, OASBO PIM/ITC issued an updated records retention schedule which DSBN is in the process of implementing.

The objectives of the audit will include:

- a. To determine whether the Board has established a consistent and coordinated approach to electronic records and information management by establishing policy, standards and practices;
- b. To ensure that information retained is accurate, reliable, trustworthy and authentic;
- c. To determine how staff have been made aware of and are committed to managing information assets and protecting privacy and confidentiality at all levels of the organization;
- d. To ensure that records are retained according to the retention schedule; and
- e. To ensure that records that have reached their legal retention limits are destroyed in a controlled and secure manner.

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

2. Custodial Services

Custodial staffing is a time-consuming process. There is a staffing program that is used, but it has been in place for a long time and is very manual. In addition, absences require manual callouts to secure replacement staff.

This audit addresses operational opportunities for efficiencies and best practice review.

3. 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
- v. Privacy

4. Audit Projects Proposed For 2023-2024

- 1. Cyber Insurance**
- 2. Penetration Testing**
- 3. Audit Follow-up Reviews**

7-Month Specified Procedures Report

Monday, June 6, 2022

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, 2022. 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.

RECOMMENDED MOTION

“That the 7-month specified procedures report for the period ending March 31, 2022 be received.”

Respectfully submitted by:

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

June 6, 2022

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



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St. Catharines ON L2R 7G1
Canada
Tel 905-685-4811
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ACCOUNTANTS' REPORT WITH RESPECT TO THE PERIOD FROM SEPTEMBER 1, 2021 TO MARCH 31, 2022

To the Trustees of the District School Board of Niagara

As requested by District School Board of Niagara ("the Board"), we have performed the following procedures for the period from September 1, 2021 to March 31, 2022 ("the period"):

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, 2022:
 - 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 3/31/2022</i>
<i>470470-10-170-1-000-0000-11000</i> <i>Teachers</i>	<i>\$ 86,621,174.63</i>
<i>471471-15-151-1-000-0000-11000</i> <i>Principals</i>	<i>\$ 5,768,710.70</i>
<i>473473-10-194-1-000-0000-11000</i> <i>Early Childhood Educators</i>	<i>\$ 5,201,300.73</i>
<i>474484-40-110-1-000-0000-11000</i> <i>Tech & Spec – Custodial Fulltime</i>	<i>\$ 3,155,506.80</i>
<i>000302-10-191-1-301-3010-11000</i> <i>Educational Assistants – Spec Ed</i>	<i>\$ 9,118,384.26</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, 2021 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, 2022. 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, 2022. 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, 2021 to December 31, 2021:

We agreed the 2021 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, 2021 audited financial statements (being 62% of the 2021 tax revenue as included in Schedule 11B of EFIS for the year ended August 31, 2021) from the total 2021 tax revenues (based on most current information).

<i>Municipality</i>	<i>2021 Calendar Revenue</i>
<i>St. Catharines</i>	<i>\$ 28,555,662.40</i>
<i>Niagara Falls</i>	<i>\$ 27,886,145.88</i>

- b. With respect to the tax revenue for the period from January 1, 2022 to March 31, 2022:

We recalculated the estimated 2022 municipal tax revenue for the period using 25% of the estimated 2022 tax revenue based on most current information. We agreed estimated 2022 tax revenue to supporting documentation. If current information regarding estimated 2022 tax revenue is unavailable, then the 2022 tax revenue for the period was estimated using 2022 tax revenue as included in Schedule 11A of the Revised Estimates for the year ending August 31, 2022.

As the current information regarding estimated 2022 tax revenue was unavailable, we recalculated the tax revenue for the period by using the 2022 tax revenue as included in schedule 11A of the Revised Estimates for the year ending August 31, 2022.



- c. We agreed the 2021 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 2020-2021 financial statements.

<i>Municipality</i>	<i>Supplementary Taxes</i>	<i>Tax Write-Offs</i>
<i>St. Catharines</i>	<i>\$ 306,886.15</i>	<i>\$ (1,364,609.00)</i>
<i>Niagara Falls</i>	<i>\$ 460,321.09</i>	<i>\$ (927,033.01)</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 2022 supplementary taxes and write-offs based on most current information and 2021 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.

<i>Employee Group</i>	<i>Account Number</i>	<i>Amount</i>
<i>Teachers</i>	<i>470470-10-170-1-000-0000-11000</i>	<i>\$ 5,720,762.79</i>
<i>Educational Assistants – Spec Ed</i>	<i>000302-10-191-1-301-3010-11000</i>	<i>\$ 626,727.29</i>
<i>Early Childhood Educators</i>	<i>473473-10-194-1-000-0000-11000</i>	<i>\$ 346,640.04</i>
<i>Principals</i>	<i>471471-15-151-1-000-0000-11000</i>	<i>\$ 404,666.43</i>
<i>Tech & Spec Custodial Fulltime</i>	<i>474484-40-110-1-000-0000-11000</i>	<i>\$ 253,678.52</i>

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.

<i>Employee #</i>	<i>Accrual Amount</i>
<i>111152</i>	<i>\$ 12,279.75</i>
<i>102479</i>	<i>\$ 9,884.70</i>
<i>01642</i>	<i>\$ 4,559.40</i>
<i>106805</i>	<i>\$ 3,564.00</i>
<i>100919</i>	<i>\$ 3,799.50</i>

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



12. We verified the mathematical accuracy of the prorated calculation of the employee future benefits liability and related expense adjustment, using the 2021-2022 estimates provided in the actuarial assessment at August 31, 2021 and found no differences. If 2021-2022 estimates are not provided in the August 31, 2021 assessment, verify if the board has used 2020-2021 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 2021-2022 estimates provided in the actuarial assessment at August 31, 2021

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, 2022 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, 2022 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, 2021, 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, 2021, 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, 2021 to March 31, 2022:
 - 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:

Asset ID#	Asset Name	Total Additions Value
1140	Princess Elizabeth PS	\$ 326,636.00
1498	Westdale PS	\$ 606,026.00
1551	Woodland PS	\$ 228,367.00
410	E L Crossley SS	\$ 118,085.00
2963	St Catharines CI & VS	\$ 182,323.00

Land: There was only one land addition:

Asset ID#	Asset Name	Total Additions Value
8075	West Niagara SS	\$ 93,762.43

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

Building:

Asset Name	Selected Amount	Supporting Documentation
Princess Elizabeth PS	\$ 133,550.46	Invoice net of HST rebate
Westdale PS	\$ 211,173.29	Invoice net of HST rebate
Woodland PS	\$ 127,675.74	Invoice net of HST rebate
E L Crossley SS	\$ 77,683.49	Invoice net of HST rebate
St Catharines CI & VS	\$ 160,391.20	Invoice net of HST rebate



Land: *There was only one land addition:*

<i>Asset Name</i>	<i>Selected Amount</i>	<i>Supporting Documentation</i>
<i>West Niagara SS</i>	<i>\$ 87,843.58</i>	<i>Invoice net of HST rebate</i>

- 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 2022.
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:

<i>Asset ID#</i>	<i>Asset Name</i>	<i>Total Additions Value</i>
<i>789</i>	<i>Lakeview PS</i>	<i>\$ 539,035.00</i>
<i>1498</i>	<i>Westdale PS</i>	<i>\$ 456,692.00</i>

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

<i>Asset ID#</i>	<i>Asset Name</i>	<i>Total Additions Value</i>
<i>789</i>	<i>Lakeview PS</i>	<i>\$ 402,913.68</i>
<i>1498</i>	<i>Westdale PS</i>	<i>\$ 113,475.61</i>

- 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 2022.
- d. We selected one item from CIP that was transferred into an in-service asset class and performed the following:

<i>Asset Name</i>	<i>ID#</i>	<i>Amount</i>	<i>Supporting documentation</i>
<i>Princess Elizabeth PS</i>	<i>1140</i>	<i>\$ (673,066)</i>	<i>Certificate of completion</i>



- 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:

<i>Asset Name</i>	<i>ID#</i>	<i>Amortization Amount</i>
<i>Jeanne Sauve PS</i>	<i>2842</i>	<i>\$ 284,883.00</i>
<i>Princess Margaret PS</i>	<i>1141</i>	<i>\$ 268,317.00</i>
<i>Richmond Street PS</i>	<i>1195</i>	<i>\$ 122,039.00</i>
<i>Twenty Valley PS</i>	<i>5094</i>	<i>\$ 140,816.00</i>
<i>Centennial SS</i>	<i>2978</i>	<i>\$ 388,030.00</i>

- b. We recalculated the amortization in accordance with the “District School Board & School Authority Tangible Capital Assets Provincial Accounting Policies & Implementation Guide” dated April 2022 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, 2021 to March 31, 2022:
 - 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, 2021 to March 31, 2022 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:

<i>Asset ID#</i>	<i>Asset Name</i>	<i>Amount</i>
92940	Ridgeway Crystal Beach HS	\$ 10,635,000.00

- 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 sales agreement

- 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.



This report is for use solely in connection with the consolidation of the Board financial information into the financial statements of the Province of Ontario.

As a result of applying the above procedures, we found no exceptions. However, these procedures do not constitute an audit of these schedules and therefore, we do not express an opinion on Schedules 19, 20, 22 and 22A of EFIS as at March 31, 2022 and for the period from April 1, 2021 to August 31, 2021 and from September 1, 2021 to March 31, 2022.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada

May 13, 2022

Evaluation of External Auditors

Monday, June 6, 2022

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.

RECOMMENDED MOTION

“That Audit Committee members complete the Evaluation of External Auditors form for the 2020-21 Fiscal Year and send in confidence to Nicky Westlake by June 15th, 2022.”

Respectfully submitted by:

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

June 6, 2022

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

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					
Fiscal year	2020-21				
	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, 2022.

Appointment of External Auditors

Monday, June 6, 2022

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.

In 2016, the Ontario Education Collaborative Marketplace (OECM) completed an RFP for external audit services and award the contract to four external audit firms, including KPMG. This award of contract is in place until 2026.

Management has had preliminary meetings with KPMG (local office) to review proposed rates for the next five years.

KPMG continues to be one of the appointed auditors within the OECM agreement and KPMG (local office) is offering rates slightly lower than the rates available in the OECM agreement. Based on experience, the audit partner and audit team have provided excellent audit services and have met all quality and timeline expectations.

RECOMMENDED MOTION

"That KPMG LLP be appointed as DSBN external auditors for a one-year term commencing September 1, 2022."

Respectfully submitted by:

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

June 6, 2022

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