

MONDAY, NOVEMBER 15, 2021

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. REVISIONS TO THE REGIONAL INTERNAL AUDIT MANDATE

A. Eltherington

E. INFORMATION TECHNOLOGY SECURITY CONTROL TERMS OF REFERENCE

A. Eltherington

F. ANNUAL REPORT TO THE MINISTRY OF EDUCATION

S. Veld

G. NEXT MEETING: MONDAY, JUNE 6, 2022 at 5:30 p.m.

H. ADJOURNMENT

MEMO

TO: District School Board of Niagara Audit Committee
FROM: Andrea Eltherington, Regional Internal Audit Manager
DATE: 22 October 2021
SUBJECT: Revisions to the Regional Internal Audit Mandate

The internal audit mandate formally defines the purpose, authority and responsibility of the regional internal audit function. As indicated in Ministry Memo 2016:SB31 'Update on Regional Internal Audit Consistency Measures' the mandate must be re-signed when there are changes in the make-up of the committee (such as a change in Director of Education, Chair of the Audit Committee or the Regional Internal Audit Manager) so that all parties understand the role and mandate of the regional internal audit team.

In addition, there have been a few changes to the mandate based on a Quality Assurance review that the Ontario East Regional Internal Audit Team recently underwent.

The primary changes to the Regional Internal Audit mandate from the previous version include:

- Renaming the mandate as a 'Charter';
- Clarification of the functional reporting relationship between the RIAM and the Audit Committees; and
- Detailing the reporting requirements when residual risk is accepted by Management.

All of the changes have been highlighted in red. The charter will be re-signed when a Regional Internal Audit Manager is appointed.



Regional Internal Audit **Charter**

PURPOSE AND DEFINITION

The purpose of the regional internal audit team is to provide independent, objective assurance and consulting services designed to add value and improve the district school boards' operations in the West of Central region. It helps the district school boards accomplish their objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

ROLE

The regional internal audit activity is established by the Ministry of Education through the annual Grants for Student Needs funding. The oversight role of the Audit Committee of the Board of Trustees (**Audit Committee**) over the regional internal audit activity is established by Regulation 361/10.

PROFESSIONALISM

The regional internal audit activity will adhere to the Institute of Internal Auditors' mandatory guidance including the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing (Standards)*. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the regional internal audit activity's performance.

AUTHORITY

The regional internal audit activity, with strict accountability for confidentiality and the safeguarding of records and information is authorized full, free and unrestricted access to any and all of the district school boards' records, physical properties, and personnel pertinent to carrying out any engagement. All school board employees are requested to assist the regional internal audit team in fulfilling its responsibilities. The regional internal audit team will also have free and unrestricted access to school board leaders and to the Audit Committee.

ORGANIZATION

The internal audit function follows a regional model. The function consists of a Regional Internal Audit Manager (**RIAM**) responsible to district school boards in one of the eight regions in the province of Ontario as identified by the Ministry of Education. The Regional Internal Audit Manager will report functionally to their regional audit committees and administratively are supported by a host school board Senior Business Official. Every effort is made to adequately staff the internal audit function, within available financial resources, in order to perform its audit activities.



The reporting relationship between the RIAM and each Audit Committee will be further demonstrated by each Audit Committee for their Board performing the following functions:

- Approve the regional internal audit **charter**;
- Recommend for approval the risk based internal audit plan;
- Receive information from the Regional Internal Audit Manager about the internal audit activity performance to plan and other relevant matters;
- Inquire of the Regional Internal Audit Manager and the Senior Business Official whether there are resource or scoping limitations; and
- Review annually the performance of the regional internal audit activity and provide the Board of Trustees with their comments regarding the performance of the Regional Internal Audit Manager.

The Regional Internal Audit Manager will interact directly with the Audit Committee, including in-camera sessions and between audit committee meetings as appropriate.

INDEPENDENCE AND OBJECTIVITY

The regional internal audit activity will remain free from interference by any element in the district school board including matters of audit selection, scope, procedures, frequency, timing or report content to permit maintenance of a necessary independent and objective mental attitude.

Regional internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records or engage in any other activity that may impair judgment.

Regional internal auditors will exhibit the highest standards of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Regional Internal Audit Manager will confirm to the Audit Committee, at least annually, the organizational independence of the internal audit activity.

RESPONSIBILITY

The scope of work of the regional internal audit team encompasses but is not limited to:

- Evaluating risk exposure relating to the achievement of the district school board's strategic objectives;
- Evaluating the reliability and integrity of information and the means used to identify measure, classify and report information;
- Evaluating the systems which ensure compliance with policies, procedures, applicable laws and regulations which impact the district school board;
- Evaluating whether resources are acquired economically, used efficiently, and are adequately protected;
- Evaluating operations and processes to ascertain whether results are consistent with established objectives and whether processes are functioning as planned;



- Performing consulting and advisory services or assessments of specific operations as requested by the Audit Committee or district school board management as appropriate;
- Evaluating the effectiveness of the district school board's risk management and governance processes;
- Reporting periodically on the regional internal audit performance against plans; and
- Reporting significant risk exposures and control issues, including fraud risks, governance issues and other matters requested by the Audit Committee.

INTERNAL AUDIT PLAN

Annually, the Regional Internal Audit Manager will submit to district school board management and to the Audit Committee an internal audit plan for recommendation to their Board of Trustees for approval. If there are any resource limitations or interim changes, these will be communicated.

The internal audit plan will be developed based on a prioritization of the internal audit universe using a risk based methodology which includes input of district school board management. The Regional Internal Audit Manager will review and adjust the plan as required in response to changes in the risk profile. Any significant deviation from the approved internal audit plan will be communicated through periodic status reports. The Regional Internal Audit Manager or any of his or her team may initiate and conduct any other audit or review deemed necessary for potential illegal acts, fraud, abuse, or misuse of funds. Reasonable notice shall be given to appropriate personnel of intent to audit in their areas except when conditions warrant an unannounced audit.

REPORTING AND MONITORING

Opportunities for improving internal control may be identified during audits. A written report will be issued by the Regional Internal Audit Manager at the conclusion of each audit and will be distributed according to the school board's requirements. (This could include the head of the audited activity or department, the director of education, the audit committee and the external auditor of the district school board.)

Each report will describe opportunities to strengthen district school board risk, internal control and governance processes and conclude on the adequacy and effectiveness of the processes. The district school board management will provide action plans and timelines to address each opportunity (observation). The regional internal audit team is responsible to perform appropriate follow-up procedures to attest to the completion of action plans. Significant observations will remain in an open issue status until cleared.

If management decides to accept a certain level of risk after considering compensating controls, the remaining risk will be disclosed to the Audit Committee.



QUALITY ASSURANCE

The regional internal audit team will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity and conformance with the International Standards for the Professional Practice of Internal Auditing.

The Regional Internal Audit Manager will communicate to district school board management and the Audit Committee on the internal audit activity's quality assurance and improvement program, including the results of ongoing internal assessments and external assessments conducted as appropriate, usually on a five year cycle.

Regional Internal Audit Manager

Audit Committee Chair

Director of Education

Dated

DEFINITION OF SELECTED TERMS

Add Value	Value is provided by improving opportunities to achieve organizational objectives, identifying operational improvement, and/or reducing risk exposure through both assurance and consulting services.
Advisory/ Consulting Services/ Review	Advisory and related client service activities, the nature and scope of which are agreed to with the client and which are intended to add value and improve a school board's governance, risk management and control processes without the regional internal auditor assuming management responsibility. Examples include counsel, advice, facilitation and training. These activities can also be described as "review", interchangeably with "consulting".
Assurance	An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization. Results can be relied upon for supporting informed decision making.
Board of Trustees	A legislative body that has overall responsibility and accountability for the district school board. For purposes of this Charter , this also includes committees that support the Board of Trustees including the audit committee.
Compliance	Conformity and adherence to policies, plans, procedures, laws, regulations, contracts or other requirements.
Control Environment	The attitude and actions of the Board of Trustees and district board management regarding the significance of control within the organization. The control environment provides the discipline and structure for the achievement of the primary objectives of the system of internal control. The control environment includes the following elements: <ul style="list-style-type: none"> <input type="checkbox"/> Integrity and ethical values. <input type="checkbox"/> Management's philosophy and operating style. <input type="checkbox"/> Organizational structure. <input type="checkbox"/> Assignment of authority and responsibility. <input type="checkbox"/> Human resource policies and practices. <input type="checkbox"/> Competence of personnel.
Control/Internal Controls	Any action taken by district board management and other parties to enhance risk management and increase the likelihood that established objectives and goals will be achieved. Management plans, organizes and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved. The system of management controls (business plans, capturing and analyzing data, performance reporting, code of conduct, etc.) that are implemented within a school board to ensure that assets (human, physical and information) are protected and to provide reasonable assurance that its objectives can be achieved.
Control Processes	The policies, procedures and activities that are part of a control framework, designed to ensure that risks are contained within the risk tolerances established by the risk management process.

Fraud	Any illegal acts characterized by deceit, concealment or violation of trust. These acts are not dependent upon the application of threat of violence or of physical force. Frauds are perpetrated by parties and organizations to obtain money, property or services; to avoid payment or loss of services; or to secure personal or business advantage.
Governance	The combination of processes and structures implemented by the Board of Trustees in order to inform, direct, manage and monitor the activities of the organization toward the achievement of its objectives.
In-camera	A separate discussion between members of the Audit Committee and the Regional Internal Audit Manager promoting open communication and discussion of any sensitive issues or problems.
Independence	The freedom from conditions that threaten objectivity or the appearance of objectivity. Such threats to objectivity must be managed at the individual auditor, engagement, functional and organizational levels.
Objectivity	An unbiased mental attitude that allows regional internal auditors to perform engagements in such a manner that they have an honest belief in their work product and that no significant quality compromises are made. Objectivity requires regional internal auditors to not subordinate their judgment on audit matters to that of others.
Risk	Effect of uncertainty on objectives or outcomes.
Risk Management	A structured and disciplined approach aligning strategy, processes, people, technology and knowledge with the purpose of evaluating and managing the risks an organization faces. Overall, it is about choices made under conditions of uncertainty, balanced by acceptable levels of risk.



INTERNAL AUDIT TEAM

West of Central Region

MEMO

TO: Duane Bender, Chief Information Officer
C.C.: Marian Reimer-Friesen, Superintendent of Curriculum & Student Achievement
Steve Klimczuk, Chief Technology Officer
Warren Hoshizaki, Director of Education
Stacy Veld, Superintendent of Business Services
Audit Committee Members
FROM: Andrea Eltherington, Senior Regional Internal Auditor
John Forte, Regional Internal Auditor
DATE: October 12, 2021
SUBJECT: Information Technology (IT) Security Controls Terms of Reference

Please find below the terms of reference for the IT Security Controls Review, scheduled to begin immediately. The internal audit plan approved on June 7, 2021 for the 2021-22 year included this audit.

BACKGROUND

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 is a key component of a properly designed network security structure. Another key component is ensuring that IT has the appropriate skill set to achieve the objectives.

KEY CONTACTS

Name	Title	Phone	E-mail
Duane Bender	Chief Information Officer	905-641-1550 x54027	Duane.Bender@dsbn.org
Steve Klimczuk	Chief Technology Officer	905-641-1550 x54005	Steve.Klimczuk@dsbn.org
Marian Reimer-Friesen	Superintendent of Curriculum & Student Achievement	905-641-1550 x54108	Marian.ReimerFriesen@dsbn.org
Stacy Veld	Superintendent of Business Services	905-641-1550 x54125	Stacy.Veld@dsbn.org

Andrea Eltherington	Senior Regional Internal Auditor	519-571-5220	Andrea_Eltherington@wrdsb.ca
John Forte	Regional Internal Auditor	519-504-0120	John_Forte@wrdsb.ca

AUDIT OBJECTIVES

To assess if IT has the appropriate operational structure to effectively manage the Board's information technology security controls which protect their data assets and information and to assess the effectiveness of those controls.

AUDIT SCOPE

This audit will be performed in two parts:

Part 1: The first part will consist of 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. This assessment will be performed by Optimus SBR, an external management consulting firm. They will assess how these requirements are embedded into an IT process framework that ensures transparency and control along with alignment to the objectives, policies and procedures of the school board. Optimus will provide a complete report with the results of their work for this part of the review.

Part 2: The second part of the audit will focus on general IT security controls. Tests will be designed to determine if:

1. Procedures exist and are followed to authenticate all users of the system to support the validity of transactions;
2. Procedures exist and are followed to maintain the effectiveness of authentication and access mechanisms (e.g., regular password changes);
3. Procedures exist and are followed relating to timely action to requesting, establishing, issuing, suspending and closing of user accounts;
4. Procedures exist and are followed to periodically review and confirm access rights. The access rights of third-party service providers are defined through service level agreements.
5. Where network connectivity is used, appropriate controls, including firewalls, intrusion detection and vulnerability assessments, exist and are used to prevent unauthorized access;

6. IT security administration monitors and logs security activity at the application and database, and identified security violations are reported to senior management;
7. Controls relating to appropriate segregation of duties over requesting and granting access to systems and data exist and are followed;
8. Processes are in place to ensure that applications and devices are patched to fix bugs and to address security vulnerabilities;
9. Procedures exist to backup key applications and data to mitigate the risk of data loss resulting from system failure or hardware problems or a cyber-attack;
10. Procedures exist and are followed relating to identifying, tracking and/or resolving security incidents; and
11. IT Management is aware of vulnerabilities and how they are being addressed.

Some of these tests will be performed using a diagnostic tool called 'Nessus'. This tool extracts security objects and evaluates them against generally accepted security standards and industry best practices and provides information on how to mitigate any security exposures.

SCHEDULING

The proposed timetable for this audit is as follows:

Start date in the field: October 18, 2021
Estimated field work completion date: April 30, 2022

AUDIT TEAM

The audit team will include the following members:

Audit Planning and Project Oversight Part 1:
Andrea Eltherington, CIA, CRMA, CISA – Senior Regional Internal Auditor;
John Forte, MBA, Regional Internal Auditor
Part 2 Project Execution:
Andrea Eltherington, CIA, CRMA, CISA – Senior Regional Internal Auditor

AUDIT APPROACH

It is proposed that the Regional Internal Audit Team will run the vulnerability scans and will use the information as an input to the security assessment. After the scans have been completed, a work plan schedule will be established by Andrea Eltherington.

As part of the professional practice standards, certain evidence must be obtained to support the results of audit tests and on which the final audit opinion is based. Any



information that we require access to, will be maintained on a private secure RIAT drive.

As the audit progresses, we will endeavor to keep you informed as to the progress made and share with you any preliminary findings. As field work nears completion, a meeting will be scheduled to discuss all preliminary findings in advance of preparing a draft report.

A draft report will be compiled summarizing the results of the audit and will be distributed for discussion purposes to those staff who will be asked to respond to the final draft report. The purpose is to ensure our interpretation of the facts is correct; to seek clarification where we may have misinterpreted test evidence or to obtain additional information we may not have been aware of. Once the draft has been revised, the report will be formally issued for you to provide your management action plan in response. We would ask that your response be provided back to us within two to four weeks after the draft has been issued. It is a requirement of the International Standards for the Professional Practise of Internal Auditors (IPPF) that the final report contain the conclusion and opinion with respect to the assessment of the process, under review. The final audit report will be presented immediately thereafter and to the Audit Committee at the next scheduled meeting.

If you have any questions about this audit, please do not hesitate to contact Andrea at 519.571.5220 or John at 519.504.0120.

**Annual Report to the Board of Trustees
and forwarded to the Ministry of Education
for the year ended August 31, 2021**

District School Board Name: DISTRICT SCHOOL BOARD OF NIAGARA

Fiscal Year: 2020-2021

**Re: ANNUAL AUDIT COMMITTEE REPORT TO THE
MINISTRY OF EDUCATION AS PER
ONTARIO REGULATION 361/10**

The following audit follow-up was approved in the 2020-2021 audit plan and was completed and/or presented in the 2020-2021 fiscal year:

1. Privacy Audit

The following audits were started in 2020-2021 and will continue with follow-up reviews in 2021-2022:

1. Back-up, Disaster and Recovery
2. Repairs and Maintenance
3. Attendance Support
4. Records Management

Based on the internal audit plan, we are not expecting any enrolment audits to be performed.

<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> Date	<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> Signature, Yusuf Essop	<u>Audit Committee Chair</u> Title
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