

## AUDIT COMMITTEE AND INTERNAL AUDIT FUNCTION UPDATE

### PURPOSE:

To provide the Board of Trustees with an update on the establishment of an Audit Committee and an Internal Audit function, as directed and prescribed by the Ministry of Education (“Ministry”).

### BACKGROUND INFORMATION:

1. Staff Report 9.2 “Update on the Establishment of an Audit Committee and an Internal Audit Function” from the Board Meeting of February 2, 2010.

### COMMENTS:

1. All new information received since the previous Board report on February 2, 2010 is shown on the “**List of Appendices**” at the end of this report.
2. The previous report introduced the concept of a “host board” for each of the eight designated regions in the province. Halton CDSB is in the “West of Central Region” with the Waterloo Region DSB being our host board. Host boards will oversee the administration of the regional internal audit team and the funding for this initiative will flow to them according to a prescribed formula from the Ministry.
3. The previous report also mentioned a Working Committee that has been established with membership from the eight host boards, two non-host boards, and Ministry staff. The Working Committee’s responsibility is to assist the sector in building internal audit capacity in all school boards and in implementing audit committees. The Working Committee provides input and advice to the Ministry on the development of the following:
  - A risk assessment tool to be used by the sector
  - The internal audit function charter
  - The audit committee regulation / mandate
  - Salary ranges for the regional internal audit team
  - Sample job ads for the external members of audit committees and the regional internal audit team
  - Accountability measures for internal audit and audit committees
  - Training materials for audit committee members and school board staff

In addition, the Working Committee is assisting in establishing a streamlined and consistent approach for staffing audit teams and the of hiring external members of the audit committee.

4. **Appendices A-1, A-2 and A-3** contain one page summaries of the last three Host Board Workgroup meetings (February 4, February 18 and March 3, 2010 respectively).

5. The most recent presentation from the Ministry of Education is attached as **Appendix B** (March 2010), which was made at the Ontario Association of School Business Officials (OASBO) Finance Committee Workshop on March 4, 2010. Slides 5 and 6 show the key dates for the sector with respect to Audit Committees and Slide 9 shows the key dates for the sector with respect to Internal Audit. As mentioned in the previous report, school boards will be required to have Audit Committees in place by January 31, 2011 after the October 2010 election, with Audit Committee meetings beginning in February 2011. The internal audit teams in each region will hopefully be in place by June 2010, with the risk assessment of each board being undertaken shortly thereafter.
6. Excerpts from the Draft Regional Internal Audit Risk Assessment Tool are included as **Appendix C**. The Risk Assessment Tool is referenced on Slides 11 and 12 of Appendix B. The tool breaks down the school board "audit universe" into six (6) functional areas and will examine critical processes in each the functional areas, not unlike those found in an Operational Review. Each process is then assessed under eight (8) categories of risk to determine an overall level of risk for that process (high, medium, low). The risk assessment needs to be completed for each school board in the region prior to convening the first Audit Committee meeting so that the higher risk areas will be the first to be addressed in the internal audit plan presented at the initial meeting.
7. The Job Posting for the Regional Internal Audit Manager for the eight regions is attached as **Appendix D**. This posting was sent out through local newspapers in the regions and on various websites including OASBO. In the case of Halton CDSB, a meeting with the ten (10) Senior Business Officials from our region was held at the Waterloo Region DSB (our host board) on March 31, 2010. Interviews for the Regional Internal Audit Manager are expected to be conducted in early April, with an expected hire date of mid-May 2010. The hiring process for two (2) Senior Internal Auditors and two (2) Junior Internal Auditors to round out the team, will be undertaken by the newly hired Regional Internal Audit Manager and is expected to be completed by June 2010. The regional audit staff will likely be housed at the host board and travel to the other nine boards as required.
8. An OCSTA Memorandum regarding the Ministry Consultation on the Audit Committee Mandate is included as **Appendix E-1** and the Ministry Memorandum on the same to Directors and various provincial associations is included as **Appendix E-2**. As the Working Committee is comprised of eight (8) Senior Business Officials from the eight regions and one from a non-host board, the Council of Senior Business Officials has effectively given its feedback on the Audit Committee Mandate. Responses from associations listed will be taken into account as the Regulation governing the Audit Committee Mandate is amended and enacted into law in May 2010.

## **CONCLUSION:**

Staff will continue to keep the Board of Trustees abreast of any new developments as they occur and will ensure compliance with the timelines provided by the Ministry. The plan is to follow the prescribed process being put forward by the Ministry in order to meet their requirements at each step. It is expected that this approach would yield a positive response for purposes of the upcoming Operational Review, which dictates that a best practice is to have an Audit Committee established and an Internal Audit function in place.

**REPORT PREPARED BY:** P. McMAHON  
SUPERINTENDENT OF BUSINESS AND TREASURER OF THE BOARD

**REPORT SUBMITTED BY:** P. McMAHON  
SUPERINTENDENT OF BUSINESS AND TREASURER OF THE BOARD

**REPORT APPROVED BY:** M. W. PAUTLER  
DIRECTOR OF EDUCATION AND SECRETARY OF THE BOARD

## List of Appendices

**Appendix A-1** Audit Committee & Internal Audit Host Board Workgroup. Summary of Meeting Held February 4, 2010

**Appendix A-2** Audit Committee & Internal Audit Host Board Workgroup. Summary of Meeting Held February 18, 2010

**Appendix A-3** Audit Committee & Internal Audit Host Board Workgroup. Summary of Meeting Held March 3, 2010

**Appendix B** Financial Accountability: Audit Committees & Internal Audit Update Presentation March 2010

**Appendix C** Regional Internal Audit Risk Assessment Tool Excerpts (referenced on Slides 11 and 12 of Appendix B)

**Appendix D** Job Posting for Regional Internal Audit Manager, March 18, 2010

**Appendix E-1** OCSTA Memorandum March 23, 2010 – Ministry of Education Consultation re: Audit Committee Mandate

**Appendix E-2** Ministry Memorandum March 5, 2010 – Consultation on Audit Committee Mandate

## AUDIT COMMITTEES

### Audit Committee Regulation / Mechanics

- ✓ The sector consultation letter, including the Regulation's content, is targeted for release by February 12<sup>th</sup>. The consultation process will be 1 month in duration.
- ✓ Audit committee meetings will be in-camera sessions therefore this will be added to the regulation.

### External member recruitment

- ✓ The sample ad is finalized will be posted on the FAAB website by mid-February
- ✓ A draft acceptance letter has been presented to the workgroup

## INTERNAL AUDIT

### Risk Assessment Tool

- ✓ An updated version will be presented to the workgroup at the next meeting. The new version will reflect an updated universe and changes to questions in the tool.
- ✓ New release date to be April 30, 2010.

### Regional Internal Audit Manager Job Ad / Salary ranges

- ✓ There will be only one ad for the eight Regional Internal Audit Managers (previously co-ordinators) positions in the province, indicating the location for each region and with more details available on each host board's website.
- ✓ The position's description, responsibilities and salaries ranges will be established with guidance from the Ministry.
- ✓ The target posting date for the ad is mid-March.

### Internal Audit Guidelines

- ✓ Three guidelines were presented to the workgroup:
  - 1) Hiring / termination for the Regional Internal Audit Team members
  - 2) Regional Conflict Resolution Process
  - 3) Performance Evaluation of the Regional Internal Audit Team
- ✓ These documents will be available on the FAAB website upon finalization
- ✓ A draft guidance document for minimum core staffing for the Regional Internal Audit Team has been prepared and will be shared at the next meeting

## OTHER

- ✓ The host boards might start scheduling with other school boards in the region some possible dates and members of the hiring panel for the Regional Internal Audit Manager

## AUDIT COMMITTEES

### Member Acceptance Letter

- ✓ The acceptance letter was finalized and presented to the workgroup.
- ✓ The letter includes a few appendices, including the audit committee regulation (not yet included), the travel and meeting directive, and a confidentiality agreement.

### Request For Proposal (RFP) Training

- ✓ The RFP was posted on MERX and Biddingo on February 10<sup>th</sup>.
- ✓ Vendor will be selected the last week in May.
- ✓ The Ministry outlined the Client Supplier Agreements that the host boards will be signing with the winning proponent.

### Sector Consultation Letter

- ✓ Awaiting release, which we expect will be next week

## INTERNAL AUDIT

### Regional Internal Audit Manager Job Posting

- ✓ Job will be posted March 15<sup>th</sup> for app. a 2 week period, closing 31<sup>st</sup>
- ✓ The job posting will be a common posting, posted in the following areas: local newspapers (Toronto, London, Barrie, Ottawa, etc...); various websites: ICAO, OASBO, Workopolis, IIA - Toronto & all host boards
- ✓ The host boards should be contacting boards in their region to coordinate for interview times the first week of April

### Regional Internal Audit Team Workgroup

- ✓ The Ministry discussed the creation of a workgroup whose purpose would be to share best practices related to the internal audit, provide training opportunities for RIAT members and meet with the Ministry of Education to discuss concerns and issues regarding risk management, audit committees and internal audit throughout the sector.
- ✓ The workgroup suggested that this might be linked to the OASBO's subcommittee on internal audit

### Guidelines:

- ✓ The three guidelines presented at the Feb 4<sup>th</sup> meeting were shared as final documents.
- ✓ Three new guidelines were presented to the workgroup:
  - 1) Staffing Guideline
  - 2) Internal Audit Expenditure Envelope
  - 3) Resource Allocation
- ✓ The staffing and resource guidelines will be reviewed in more detail at the next meeting

## OTHER

### FAAB Website

- ✓ New section on the website for internal audit and audit committee should be ready by the end of next week

## AUDIT COMMITTEES

### Sector Consultation Letter

- ✓ Awaiting release, which we expect will be by the end of the week comments are requested by April 2, 2010.

## INTERNAL AUDIT

### Regional Internal Audit Team Job Posting

- ✓ The Regional Internal Audit Manager Job will be posted March 15<sup>th</sup> for app. a 2 week period, closing 31<sup>st</sup>
- ✓ The job posting will be a common posting, posted in newspapers Saturday March 20<sup>th</sup>.
- ✓ The posting will also appear in French in the cities where a major French newspaper is running.
- ✓ The host boards should be contacting boards in their region to coordinate for interview times the first week of April
- ✓ The job ads for Senior and Junior auditors have been presented

### Regional Internal Audit Team Workgroup

- ✓ The workgroup suggested that this might be linked to the OASBO's subcommittee on internal audit
- ✓ An update of this initiative has been presented to the workgroup

### Guidelines:

- ✓ Two previously presented guidelines were revised and reviewed in detail. They will be brought back for further discussion at the next meeting:
  - 1) Staffing Guideline
  - 2) Resource Allocation
- ✓ One new guideline for the Client Satisfaction Survey was presented to the workgroup and will be marked as final following a minor change

### School Board Universe definitions

- ✓ A listing of the audit universe and the activities that are a part of each process was presented to the workgroup
- ✓ The host boards will review the document and it will be discussed in a future meeting

## OTHER

### FAAB Website

- ✓ New section on the website for internal audit and audit committee should be ready by the end of the week

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# Financial Accountability: Audit Committees & Internal Audit Update

Financial Analysis & Accountability Branch  
Finance Committee Workshop  
March 2010

- ❑ Provide an update on the audit committee and an internal audit initiatives
  - Activities undertaken to date
  - Key dates for the sector
  - Reference documents for the sector
  
- ❑ Overview of risk assessment tool



- Collaborative approach with the sector
  - Host board workgroup – meet every 2 weeks
    - Audit committee regulation
    - Internal audit mandate
    - Risk assessment tool
    - Request for proposal for audit committee training
    - Recruitment ad for external audit committee members
    - Job ads for regional internal audit manager
  
- Sector consultation on audit committee regulation
  
- Presentations and meetings to trustee associations
  
- Presentations to regional education council for Directors of Education
  
- COSBO / OASBO updates

## □ Regulation

- Bill 177 received Royal Assent December 10, 2009
- Regulation drafted in consultation with host board workgroup
- Sector consultation letter on content (March 2010)
- To be enacted into law May 2010
- Implementation date post trustee elections (January 31, 2011)

## □ Audit Committee Training

- Host board workgroup issued RFP early February
- Roles and responsibilities of audit committee members
- Contract to be awarded May 31, 2010
- 2 day training sessions to be delivered January – February 2011
- 1 training session per region + electronic version on FAAB website
- Invited guests:
  - audit committee members (trustee & non-trustee members), director of education, senior business official, internal audit staff, 1-2 other school board staff (discretionary)
- Separate segment introducing external members to the education sector

# Audit Committees: Key Dates For Sector Appendix B

Get familiar with content on FAAB website Summer 2010

Recruitment of external members Oct 2010

Present regulation to board of trustees Fall 2010

Inform board of meeting calendar for audit committee Fall 2010

	<u>Year 1</u>	<u>Year 2 +</u>
First	Feb 2011	May 2012
Second	Sep 2011	Sep 2012
Third	Nov 2011	Nov 2012
Fourth	Feb 2012	Feb 2013

← Expanded  
on next  
slide

Appoint trustees to committee Dec 2010

Confirm participation of training to EDU Dec 2010

Post audit committee regulation on board website Jan 2011

Audit committee in training Jan / Feb 2011

Audit committees in place Jan 31, 2011

Beginning of audit committee meetings Feb 2011



# Audit Committees: Draft Meeting Calendar Appendix B

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- ❑ February 2011<sup>1</sup>= Planning meeting ( FY Sept 2011 – Aug 2012)
  - Nominate chair and secretary
  - Approve internal audit plan
  - Develop work plan, meeting schedule, tentative agendas
  - Identify potential problem areas / accounting issues that may arise in the year
  
- ❑ September 2011= Pre-audit meeting (FY Sept 2010 – Aug 2011)
  - Review and comment on audit plan and audit scope
  - Discuss on significant deficiencies in internal control
  - Discuss any knowledge of instances of fraud
  
- ❑ November 2011 = Post-audit meeting (FY Sept 2010 – Aug 2011)
  - Review draft fs of subsidiaries
  - Review draft report of auditor's report
  - Review legal matters with counsel
  - Review annual report of internal auditor
  - Recommend financial statement approval to board of trustees
  
- ❑ February 2012 = Meeting if required (FY Sept 2011 – Aug 2012)

<sup>1</sup> Will be in May of each year except for 2011/12 school year

# Audit Committees: Reference Documents Appendix B

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## FINALIZED:

- Recruitment job ad for external member
- Acceptance letter for audit committee members

## DRAFT:

- Meeting calendar
- Frequently asked questions on audit committees

## FUTURE:

- Sample interview type questions for external members
- Sample agendas for meetings
- Self-assessment tool
- Sample reports to submit to board of trustees & education

- ❑ Staffing
  - NOT Ministry staff
  - Regional internal audit manager
    - Job ad posting date March 15 'till March 31<sup>st</sup>
    - In place by May 15th
  - Senior internal auditors and junior internal auditors
    - Job ad posting dates end of May
    - In place by early July
  
- ❑ Guidelines
  - To support regional model (listed in slide 9)
  
- ❑ Risk Assessment Tool
  - Quantitative assessment of risk for the district school board
  
- ❑ Ministry Staff
  - Project Mgr, Senior Analysts (2), Analysts (2)

# Internal Audit: Key Dates For Sector

Appendix B

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Get familiar with content on FAAB website	Spring 2010
Regional internal audit manager Job Posting*	Mar 2010
Interviews	Apr 2010
Senior and Junior Staff Job Posting*	May 2010
Interviews*	Jun 2010
Post internal audit mandate on board websites	Jun 2010
Risk assessments of each board	Jun 2010 – Jan 2011

\* For host boards only

## FINALIZED:

- Regional internal audit manager job advertisement
- Hiring / termination guideline
- Conflict resolution guideline
- Regional internal audit team evaluation guideline
- Internal audit funding enveloping guideline

## DRAFT:

- Internal audit mandate
- Senior internal auditor job advertisement
- Junior internal auditor job advertisement
- Core staffing allocation guideline
- Resource allocation for each board in the region
- Customer satisfaction survey
- Best practices on how to develop an annual and multi-annual audit plan

## FUTURE:

- Sample interview questions for manager, junior and senior positions
- Audit instruments
- Self-assessment tool
- Audit report templates

Risk Assessment: First step in determining the focus of the internal audit function

How is a risk assessment performed?

1. School Board Audit Universe: (see page called school board audit universe)  
Develop a map of all areas that are available to be audited in school boards
  - A. 6 school board functions: instruction and schools, business services, facilities, human resources, information technology & communications and transportation
  - B. Processes in each of the 6 categories
  - C. comparable between boards
  
2. Risk Categories: (see page called internal audit risk assessment tool) Identify risks that must be managed in order to achieve educational outcomes
  - A. 8 categories: financial, information mgt, legal and compliance, technology, human resources, operations, stakeholder & public, and governance

# Internal Audit: Risk Assessment Tool (Cont'd)

Appendix B

3. Tool: (see page called internal audit risk assessment tool) For each risk category, analysis of the likelihood of the identified risks materializing and impacting the school board's various processes
- A. Answer pre-determined questions for each risk category relating to an audit area to assess inherent risk
  - B. You then apply mitigating factors / controls to each question that was answered to determine residual risk
  - C. Assess financial impact
  - D. Assess reputational impact
  - E. Get risk assessment for the auditable activity →  
(see page called risk categories and rankings)
  - F. Repeat for all auditable activities
  - G. Add all risk assessments per auditable activity to obtain overall risk assessment for the board (see page called school board audit universe)

Low	0 – 40%	
Medium	41 – 70%	←
High	71 – 100%	←



# Contacts – Governance & Audit Support Team

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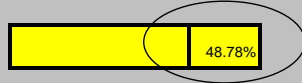
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# School Board Audit Universe (DRAFT)

## Overall School Board Risk Ranking



Instruction and Schools 50.79%	Plan and develop programs	66.67%	Plan and provide support services	25.00%	Enrolment	100.00%	Attendance	70.00%	Managing Instructional Day	85.00%	Monitoring & Reporting outcomes	43.00%
	Special Education	20.00%	Special education - High Needs	55.00%	Coordinate Student organizations & athletics	51.00%	Professional Development	11.00%	Management of Suspensions & Expulsions	32.00%		

Business Services 54.45%	Budget planning development & control	81.38%	Financial reporting and analysis	71.00%	Ministry reporting	71.00%	Grant and non grant revenue management	71.00%	Fundraising	71.00%	Treasury	71.00%
	Facility Procurement	32.00%		28.00%	Purchasing Cards	27.00%	Expense Reporting	40.00%	Risk Management	50.00%	Payroll	40.00%

Facilities 50.00%	Facility requirement forecasting/capital planning	50.00%	EDC by law process	50.00%	Manage facility operations	50.00%	Repairs & Maintenance	50.00%	Custodial services	50.00%	Construction monitoring & management	50.00%
	ODA Compliance	50.00%										

Human Resources 36.11%	Recruiting and retention	50.00%	Hiring	50.00%	Teacher staffing	40.00%	Non teacher staffing allocation	40.00%	Attendance support	25.00%	Compensation & benefits	15.00%
	Termination & retirement	22.00%	Manage labour relations	45.00%	Health & Safety	38.00%						

Information Tech & Comm. 50.67%	Develop IT strategy	40.00%	Develop & deploy applications	40.00%	Network and application access management	41.00%	Manage IT security	41.00%	Data management	71.00%	Records Management	71.00%
	Back up	40.00%	Manage communication system	41.00%	Deploy non-IT resources	71.00%						

Transportation 50.67%	Determine Transportation Policy	40.00%	Monitor consortium relationship	41.00%	Manage service delivery	71.00%						

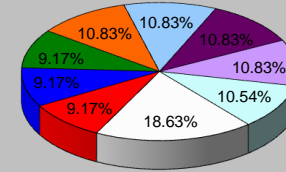
Colour Key:	Review of this process identified a <b>high</b> level of risk	71++
	Review of this process identified a <b>moderate</b> level of risk	41-70%
	Review of this process identified a <b>low</b> level of risk	0 - 40%

## Internal Audit Risk Assessment Tool (DRAFT)

**This is showing High Risk**

<b>Board Name:</b>	Rainbow DSB
<b>Board Number:</b>	28002
<b>Process:</b>	Budget planning development & control
<b>Region:</b>	Barrie Region
<b>Lead Auditor:</b>	↓
<b>Date Completed:</b>	

Risk Category	Residual Risk	Financial Impact	Reputational Impact	Total Impact	Risk Assessment
Financial Risk	100%	H	L	60.00%	9.17%
Governance Risk	100%	H	L	60.00%	9.17%
Human Resource Risk	100%	H	L	60.00%	9.17%
Information Management Risk	100%	H	M	80.00%	10.83%
Legal and Compliance Risk	100%	H	M	80.00%	10.83%
Operational Risk	100%	H	M	80.00%	10.83%
Stakeholder and Public Risk	100%	H	M	80.00%	10.83%
Technology Risk	53%	H	H	100.00%	10.54%
<b>Overall Risk Rating</b>					<b>81.38%</b>



- Percentage No Risk
- Financial Risk
- Governance Risk
- Human Resource Risk
- Information Management Risk
- Legal and Compliance Risk
- Operational Risk
- Stakeholder and Public Risk
- Technology Risk

Risk Range		Comments:
Low Risk	0 - 40%	
Medium Risk	41 - 70%	
High Risk	71%++	

**Sign Off**

Regional Internal Audit Coordinator \_\_\_\_\_

Date: \_\_\_\_\_

## Risk Categories and Rankings (DRAFT)

Risk Categories and Scoring	0 points	1 point	3 points	5 points
<b><i>Inherent Risk</i></b>	The realization of inherent risk within this category would have <b>no</b> impact on the ability of the school board to meet it's goals and/or objectives.	The realization of inherent risk within this category would have <b>limited</b> impact on the ability of the school board to meet it's goals and/or objectives. The impact on the process would be less than 40%.	The realization of inherent risk within this category would have <b>moderate</b> impact on the ability of the school board to meet it's goals and/or objectives. The impact on the process would be between 41% and 70%.	The realization of inherent risk within this category would have <b>significant</b> impact on the ability of the school board to meet it's goals and/or objectives. The impact on the process would be greater than 70%.
<b><i>Financial Impact</i></b>	The realization of risk within this category would have <b>no</b> financial impact to the school board.	The realization of risk within this category would have <b>limited</b> financial impact to the school board. Less than 1.5% of total revenues.	The realization of risk within this category would have a <b>moderate</b> financial impact to the school board. Between 1.5% and 3% of total revenues.	The realization of risk within this category would have a <b>significant</b> financial impact to the school board. Greater than 3% of total revenues.
<b><i>Reputational Impact</i></b>	The realization of risk within this category would have <b>no</b> reputational impact on the school board.	The realization of risk within this category would have <b>limited</b> reputational impact on the school board. Within the school board community.	The realization of risk within this category would have <b>moderate</b> reputational impact on the school board. Such as media scrutiny.	The realization of risk within this category would have <b>significant</b> reputational impact on the school board. Such as political ramifications. Ministry involvement.

### Process Risk Ranking

<b>High Risk</b>	Review of this process identified a high level of risk	<b>71++</b>
<b>Medium Risk</b>	Review of this process identified a moderate level of risk	<b>41-70%</b>
<b>Low Risk</b>	Review of this process identified a low level of risk	<b>0 - 40%</b>

The District School Boards of Ontario invite applications for the following Non-Unionized positions:

**Regional Internal Audit Manager****03-18-10****Locations and number of positions:**

Barrie Region (1 English), North Bay/Sudbury Region (1 English), Ottawa Region (1 English), South Region (1 English), Thunder Bay Region (1 English), Toronto and Area Region (1 English), West of Central Region (1 English), Region for French Language boards (1 French)

**Nature of Position:** Full-time**Posting Date:** March 15, 2010**Posting Closing Date:** March 31, 2010**POSITION SUMMARY**

Reporting directly to audit committees within the Region and administratively to the Superintendent of Business of the host district school board within the Region; provides an independent assessment and evaluation of the internal controls, risk management and business operations of the district school boards within the region; develops, coordinates and leads in the delivery of internal audits focused on financial, operational and compliance related risk; reviews and tests the effectiveness of the internal and management controls, the reliability of information, the efficiency of operations, the compliance with laws, regulations and program requirements. The candidate will directly supervise/coach internal audit senior and junior staff and liaise with senior school board officials, school board trustees, audit committee members, colleagues in other regions, external auditors, the Ministry of Education and various other stakeholders.

**QUALIFICATIONS**

The candidate must have a professional accounting designation, 10 years of work related experience and 5 years of experience planning audits, performing audits and supervising professional audit staff. A CIA designation and knowledge of the school board sector would be considered an asset. The candidate will have expert knowledge of generally accepted auditing standards, accounting principles, practices and advancements in audit methodologies; extensive experience in financial and systems audits and operational reviews; significant audit field experience at all levels of responsibility; the skill set to develop an annual and multi year audit plan; extensive knowledge of IIA standards; experience in value-for-money-audits; experience in auditing governmental programs and operations; demonstrable strengths in written and oral communications; strong facilitation, problem solving, conflict resolution, administrative, and organizational skills; and, proven project management and leadership skills to coach, counsel and evaluate staff to ensure the internal audit deliverables are completed within budget.

**RESPONSIBILITIES**

Responsibilities include but are not limited to managing the Regional Internal Audit Team; planning and scheduling audit work; assessing performance of the team; recruiting, training, supervising and maintaining a highly skilled and qualified professional staff; coordinating meeting dates with the Regional Audit Committees within the Region; planning, performing and evaluating risk assessments of district school boards; developing an annual and multi year audit plan; contributing to the development, implementation and refinement of a disciplined but flexible audit methodology; communicating audit findings and recommendations both written and orally to department head auditees; reporting audit findings to the Audit Committees within the Region; working closely with the district school boards' external auditors; building

and maintaining respectful and effective partnerships with senior business officials, the audit committees and other stakeholders; conducting special projects and studies as requested by the district school boards in the Region; resolving complex issues as they arise; liaising with colleagues in the other regions to develop provincial best practices and performing other duties necessary for the effectiveness of the Regional Internal Audit Team.

Prior to an offer of employment the successful candidate will be required to produce a satisfactory criminal background check.

If you possess the skills, qualifications and personal attributes listed above please submit your resume with proof of educational qualifications and three employment references to the district school board listed below in the region of your choice. Please quote the job # in the application. Only applications by email will be considered. We thank all candidates for their interest, however, only those selected for an interview will be contacted.

Barrie Region  
c/o *Simcoe County DSB*  
website: [www.scdsb.on.ca](http://www.scdsb.on.ca)  
Job #: OA-3

Thunder Bay Region  
c/o *Thunder Bay Catholic DSB*  
website: [www.tbcdsb.on.ca](http://www.tbcdsb.on.ca)  
Job #: N/A

North Bay/Sudbury Region  
c/o *Sudbury Catholic DSB*  
website: [www.sudburycatholicschools.ca](http://www.sudburycatholicschools.ca)  
Job #: N09/10-07

Toronto and Area Region  
c/o *Peel DSB*  
website: [www.peel.edu.on.ca/work/board/board.htm](http://www.peel.edu.on.ca/work/board/board.htm)  
Job #: 7

Ottawa Region  
c/o *Ottawa Catholic DSB*  
website: [www.ottawacatholicschools.ca](http://www.ottawacatholicschools.ca)  
Job #: COMP 10/004

West of Central Region  
c/o *Waterloo Region DSB*  
website: [www.wrdsb.on.ca](http://www.wrdsb.on.ca)  
Job #:10.021

South Region  
c/o *Thames Valley DSB*  
website: [www.tvdsb.on.ca](http://www.tvdsb.on.ca)  
Job #: N/A

Region for French Language Boards  
c/o *CSDC du Centre-Est de l'Ont*  
website: [www.ecolecatholique.ca](http://www.ecolecatholique.ca)  
Job #: 75/09-10

Additional information regarding this posting can be obtained through each school board's website.

**Distributed through the oasbo mailing service for a fee of \$275.00 + gst email to: [office@oasbo.org](mailto:office@oasbo.org)**



Ontario Catholic School  
Trustees' Association

P.O. Box 2064, Suite 1804  
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T. 416.932.9460 F. 416.932.9459  
[ocsta@ocsta.on.ca](mailto:ocsta@ocsta.on.ca) [www.ocsta.on.ca](http://www.ocsta.on.ca)

Paula Peroni, *President*  
Nancy Kirby, *Vice President*  
John Stunt, *Executive Director*

March 23, 2010

**MEMORANDUM**

**TO:** Chairpersons and Directors of Education  
- All Catholic District School Boards  
  
Members of OCSTA Working Group on Funding

**FROM:** Carol Devine, Director, Legislative and Political Affairs

**SUBJECT: Ministry of Education Consultation re: Audit Committee Mandate**

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Bill 177, which was passed into law December 10, 2009, requires the establishment of an audit committee in school boards and the inclusion of external members on the committees.

OCSTA has been requested to provide feedback on the proposed terms and mandate of board Audit Committees, to assist the Ministry in developing a regulation in this regard.

Attached to this email you will find the Ministry's request, together with Appendix A, the proposed terms and mandate for Audit Committees.

OCSTA would very much appreciate you reviewing this document and providing us with your input regarding any issues, concerns and/or questions it raises for you. Please return your comments to OCSTA through [cdemelo@ocsta.on.ca](mailto:cdemelo@ocsta.on.ca) by **Tuesday, March 30**.

We apologize for the short timeline required by the Ministry's deadline.

Many thanks for your continuing cooperation.

*Attachments*

**Ministry of Education**  
Financial Analysis and  
Accountability Branch

21<sup>st</sup> Floor, Mowat Block  
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Toronto, Ontario M7A 1L2  
Tel.: (416) 327-9356  
Fax: (416) 325-2007  
Email: [Andrew.Davis@Ontario.ca](mailto:Andrew.Davis@Ontario.ca)

**Ministère de l'Éducation**  
Direction de l'analyse et de la  
responsabilité financières

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Courriel: [Andrew.Davis@Ontario.ca](mailto:Andrew.Davis@Ontario.ca)



**MEMORANDUM TO:** Directors of Education  
Council of Ontario Directors of Education (CODE)  
Council of Senior Business Officials (COSBO)  
Association des conseils scolaires des écoles publiques de  
l'Ontario (ACEPO)  
Association Franco-Ontarienne des Conseils Scolaires Catholiques  
(AFOCSC)  
Ontario Catholic School Trustees' Association (OCSTA)  
Ontario Public School Boards' Association (OPSBA)

**FROM:** Andrew Davis  
Director  
Financial Analysis and Accountability Branch

**DATE:** March 5, 2010

**SUBJECT:** Consultation on Audit Committee Mandate

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I am writing to seek your feedback on the terms and mandate of audit committees that would form the basis of the content to assist the Ministry in developing a regulation which in turn would be taken forward for approval to the Lieutenant Governor in Council. The proposed terms and mandate included in this letter were jointly developed by the Ministry and the host boards working group. I am seeking your feedback now in follow-up to Bill 177, which requires the establishment of an audit committee in school boards and the inclusion of external members in audit committees, which was passed into law on December 10, 2009.

#### Sector Consultation

The Ministry had previously consulted with the trustees associations, CODE and COSBO on the proposed terms and mandate of audit committee during the fall of 2009. The Ministry had also formed a working group that includes the senior business officials of the eight regional host boards and one non-host board to discuss the mechanics of audit committees and internal audit functions. The updated terms and mandate (Appendix A) reflects the input received from the working group and from the initial sector consultations.

Also as a result of discussions with the host boards working group, the Ministry is proposing a new timeline requiring the establishment of an audit committee in all boards by **January 31, 2011**. This will allow for sufficient time for boards to recruit external members.

In order to help ensure the successful implementation of audit committees, an external training program will be offered to trustees, Directors of Education and senior business officials during the month of January 2011. The training program is intended to help members understand their roles and responsibilities as audit committee members.

The Ministry would like to receive your feedback in writing on the proposed terms and mandate (Appendix A) by April 2, 2010. Please send your feedback to:

Doreen Lamarche  
Project Manager – Audit Initiative  
Financial Analysis and Accountability Branch  
Ministry of Education  
1580 Merivale Road  
Suite 504  
Nepean, Ontario  
K2G 4B5

Yours sincerely,



Andrew Davis  
Director  
Financial Analysis and Accountability Branch

Attachment

cc. District School Board Superintendents of Business

**APPENDIX A: Proposed Mandate for Audit Committees**

1. **Application**

Audit committees must be established by all 72 district school boards.
2. **Composition of Audit Committees**

If a board has fewer than 14 trustees, the audit committee shall consist of 3 trustees and 2 persons who are not trustees. If a board has 14 or more trustees, the audit committee shall consist of 4 trustees and 3 persons who are not trustees.
3. **Appointment of Members**
  - I. Trustee members shall be appointed following a district school board's by-laws on the selection process for appointing members to participate in sub-committees. Without a specific by-law, the chair of the board of trustees will appoint the trustees. Non-trustee members shall be appointed by the board from those identified by the selection committee as described under Section 5 below.
  - II. If the board fails to appoint a person to the audit committee following the process described under Section 3 (I), the Minister may appoint a person to sit on the audit committee until a replacement is appointed by the chair of the board.
4. **Eligibility of non-trustee persons for appointment to audit committee**

There are four eligibility requirements as follows:

  - I. Person has accounting, financial management or legal experience that would enable him or her to understand accounting and auditing standards applicable to the public sector;
  - II. The person is not an employee or officer of the board or of any other district school board or school authority;
  - III. The person does not have a conflict of interest that precludes the person from being a member of the audit committee;
  - IV. The person was identified by the selection committee described below under Section 5 as a potential candidate for appointment to the audit committee.
5. **Selection committee for Non-Trustee persons**

Each board shall have a selection committee for the purpose of identifying potential candidates to participate in the audit committee. The selection committee shall be made up on the Director of Education and the Senior Business Official. Recommendations made by the selection committee shall be presented to the board for approval.
6. **Chair of audit committee**

The chair of the committee shall be chosen by its members at the first meeting of the year from among the trustees appointed to the committee.
7. **Term of Appointment**
  - 1) The term of office of a member shall be determined by the chair of the board and shall not exceed 4 years for trustee members and 3 years for members who are not trustees.

- 2) A member is eligible for reappointment if the person's performance as a member of the committee over the preceding term has been reviewed and approved by the chair of the audit committee and the chair of the board. When the term of a committee member expires, he or she continues to be a member until a successor is appointed.

8. Vacancies

A member vacates his or her position on the audit committee if he or she:

- I. has unauthorized absences from 3 regular consecutive meetings;
- II. is convicted of an indictable offence;
- III. ceases to hold the qualifications to be an audit committee member.

9. Duties of an audit committee

The audit committee has oversight duties to help the board of trustees to discharge their responsibilities. The duties are mainly in six areas:

I. Financial Reporting Process:

- i. Review elements that could have an impact on the board's financial statements;
- ii. Review the year end external audit process, including having appropriate discussions with the external auditor and management;
- iii. Ensure that the financial statements are complete and in accordance with the Education Act subsection 230.21(1)(a);
- iv. Recommend to the board of trustees approval of the financial statements.

II. Internal Controls:

- a. Review the effectiveness of the board's internal controls;
- b. Review the scope of the internal and external auditor's review of the board's internal controls, their findings and responses from the board to those recommendations.

III. Internal Auditing:

- a. Discuss with appropriate individuals the mandate, activities, staffing and organizational structure of the internal audit function;
- b. Make recommendations to the board on the content of the internal audit plan or changes to the plan;
- c. Ensure there are no unjustified restrictions or limitations on the scope of the internal audit and make recommendations to the board on the appointment, replacement or dismissal of the internal auditor;
- d. Review the performance of the internal auditor and make recommendations to the board on the annual compensation of the internal auditor;
- e. Review the effectiveness of the internal auditor in compliance with internal auditing standards;
- f. Meet with the internal auditor privately on matters that may need to be discussed;
- g. Review any changes in the planned scope of the audit plan, significant internal audit findings, recommendations and staff follow-up.

IV. External Auditing:

- a. Review the external auditor's audit plan;
- b. Review the performance of the external auditor and make recommendations to the board on the appointment, discharge and compensation of the external auditor;
- c. Confirm the independence of the external auditor;
- d. Meet with the external auditor privately on matters that may need to be discussed;
- e. Resolve disagreements between management and the external auditor on financial reporting matters;
- f. Recommend to the board and oversee a policy designating permissible services that the external auditor may perform for the board.

V. Compliance Matters

- a. Review the board's systems for monitoring compliance, noting instances of non-compliance and actions taken by the board to address the non-compliance;
- b. Review the findings of any examinations by regulatory agencies;
- c. Review the process for communicating the codes of conduct and the process for monitoring compliance with the codes;
- d. Obtain regular updates from individuals regarding compliance matters.

VI. Risk Management

- a. Inquire about significant risks, review the board's policies for risk assessment and risk management, and assess the steps taken to control such risks;
- b. Oversee special investigations where necessary.

VII. Other

- a. Perform other activities as requested by the board;
- b. Annually report to the board on the committee's discharge of its duties;
- c. Obtain confirmation that the board has met all statutory filings and requirements.

10. Powers of an audit committee

Audit committees have 6 key powers:

- I. Retain counsel, accountants or other professionals to advise the committee or assist in the conduct of any investigation needed to carry out any of its duties;
- II. Meet with or require the attendance of anyone at meetings of the committee, and require from such persons any information and explanation that in the audit committee's opinion may be necessary to enable the audit committee to carry out its duties;
- III. Meet with the board's internal and external auditors without the presence of the board's officers or trustees, other than those trustees who are members of the committee;
- IV. Require the external auditor or the internal auditor to provide reports to the committee;
- V. Have access, at all reasonable hours, to all records of the board;
- VI. Require any person to give evidence on oath or affirmation for the purposes of the audit and, for the purposes of the testimony, the audit committee has the powers of a commission under Part II of the Public Inquiries Act and that Part applies as if the audit committee were conducting an inquiry under that Act.

11. Meetings

The audit committee shall meet at least three times per year at the call of the chair, and at such other times and places as the chair considers advisable. A majority of the members of the committee constitutes a quorum for meetings of the committee. The chair of the committee shall ensure that minutes are taken at each meeting and provided to the members of the committee before its next meeting. The meetings will be closed to the public in accordance with the Education Act subsection 207 (2) (a) & (b) as the matters discussed could involve the security of the property of the board or could contain the disclosure of intimate, personal and financial information in respect of a member of the board or committee, an employee of the board or a pupil.

12. Declaration of conflicts

- I. Upon appointment and at the first meeting of each year, every member of an audit committee shall submit a written declaration to the chair of the committee declaring whether he or she has any conflicts of interest. At any time subsequent to their appointment, every member of an audit committee shall immediately, upon becoming aware that he or she has a conflict, disclose the conflict in writing.
- II. If a member of the committee or his or her parent, child or spouse could derive any financial benefits relating to an item on the agenda for a meeting, the member shall declare his or her interest at the start of the meeting and shall withdraw from the meeting during the discussion of the matter. If a conflict of interest is declared, details of the conflict shall be recorded in the minutes of the meeting.

13. Reporting

The audit committee shall submit an annual report to the board including:

- a. The annual or multi-year audit plan of the board's internal auditor;
- b. A description of any changes made to the annual or multi-year audit plan since the last report;
- c. A summary of the work performed by the internal auditor since the last report.

The report shall then be submitted by the board to the Ministry of Education, on or before a date specified by the Minister.

The audit committee shall submit an annual report to the board including:

- a. a summary of the work the committee performed to fully discharge its responsibilities during the preceding year;
- b. an assessment by the audit committee of the board's progress in addressing any findings and recommendations made by the internal and external auditor;
- c. a summary of the matters addressed by the committee at its meetings;
- d. the attendance record of members of the committee;
- e. any other matter that the committee considers relevant.