

**AUDIT COMMITTEE MEETING  
AGENDA**

**CHAIR: J. Fahrer  
RESOURCE: A. Lofts**

Date: Thursday, September 17, 2020  
Time: 7:00 pm  
Location: Teleconference

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	<b>Pages</b>
<b>1. Call to Order</b>	
<b>1.1 Opening Prayer (P. DeRosa)</b>	
<b>2. Approval of the Agenda</b>	
<b>3. Election of Chair (A. Lofts)</b>	
<b>4. RIAT Mandate (If Required)</b>	<b>1 - 6</b>
<p>Attached is the Regional Internal Audit Mandate for review and adoption if required. The School Business Support Branch memo, 2016: SB31: 'Update on Regional Internal Audit Consistency Measures' requires that this mandate be re-signed when there are changes in the make-up of the committee so that all parties understand the role and mandate of the regional internal audit team.</p>	
<b>5. Declaration of Conflict of Interest</b>	
<b>6. Approval of Minutes</b>	<b>7 - 9</b>
<b>7. Business Arising from Previous Meetings</b>	
<b>8. Action Items</b>	
<b>9. Discussion Items</b>	
<b>9.1 RIAT Status Report (RIAT)</b>	<b>10 - 11</b>
<b>10. Motion to Adjourn</b>	

# **Regional Internal Audit Mandate**

## **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 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 of the Board of Trustees.

## **ORGANIZATION**

The internal audit function follows a regional model. The function consists of a Regional Internal Audit Manager 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 of the Boards of Trustees 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.

Each Audit Committee of the Board of Trustees will for their Board:

- Approve the regional internal audit mandate;
- 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 Regional Internal Audit Manager.

The Regional Internal Audit Manager will interact directly with the Audit Committee of the Board of Trustees, 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 of the Board of Trustees, 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 of the Board of Trustees 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 of the Board of Trustees.

## **INTERNAL AUDIT PLAN**

Annually, the Regional Internal Audit Manager will submit to district school board management and to the Audit Committee of the Board of Trustees 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.

## **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 of the Board of Trustees 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.

—  
*Jenny Baker*  
Regional Internal Audit Manager

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Audit Committee Chair

\_\_\_\_\_  
Director of Education or designate

September , 2020  
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	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.
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 that has overall responsibility and accountability for the district school board. For purposes of this Mandate, 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	<p>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:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Integrity and ethical values.</li> <li><input type="checkbox"/> Management's philosophy and operating style.</li> <li><input type="checkbox"/> Organizational structure.</li> <li><input type="checkbox"/> Assignment of authority and responsibility.</li> <li><input type="checkbox"/> Human resource policies and practices.</li> <li><input type="checkbox"/> Competence of personnel.</li> </ul>
Control/Internal Controls	<p>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.</p> <p>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.</p>

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 <i>Regional Internal Audit Manager</i> 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.

## MINUTES OF THE AUDIT COMMITTEE MEETING

Date: May 26, 2020  
Time: 7:00 pm  
Location: Catholic Education Centre – Board Room  
802 Drury Lane, Burlington, Ontario

Committee Members Present: J. Fahrer (Chair)  
D. Morton  
P. DeRosa  
P. Murphy  
V. Iantomasi

Committee Members Excused:

HCDSB Staff Present: P. Daly  
A. Lofts

RIAT Staff Present: J. Baker

Invited Guests: D. Marks, External Auditor, KPMG  
M. Fisher, KPMG  
Janet O’Hearn-Czarnota, Trustee  
H. Karabela, Trustee

Recording Secretary: K. Jones

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**1. Call to Order**

**1.1 Opening Prayer**

The meeting opened with a prayer led by P. Murphy.

**2. Approval of the Agenda**

The agenda was reviewed.

Moved By: V. Iantomasi

Seconded By: P. De Rosa

**RESOLVED** that the agenda be accepted.

**CARRIED**

**3. Approval of Minutes of the Audit Committee of November 19, 2019**

Moved By: V. Iantomasi

Seconded By: V. Iantomasi D. Morton

**RESOLVED** that the minutes of the November 19, 2019, meeting be accepted as presented.

**CARRIED**

**4. Business Arising from Previous Meetings**

None.

**5. Action Items**

**5.1 2019-20 Year-End Audit Planning Report (D. Marks, KPMG)**

It was noted that the cover report submitted as part of this package indicates that the Year-End report would be presented to the Audit Committee and to the Board on November 17; however, the correct dates are Audit Committee on Thursday, November 19, 2020, and Board meeting on December 1, 2020. It was noted that in an election year, the Year-End Financial statements must be presented prior to December 1, before the end of the Trustee term of office.

D. Marks and M. Fisher from KPMG presented the 2019-20 Year-End Audit Plan.

The year-end process, especially with respect to fieldwork, may change considering the COVID-19 situation, and any implications would be addressed in the report if need be.

M. Fisher reviewed the audit approach. For the accounting software conversion in March 2020, KPMG will audit the transition to the new system, specifically if the amounts were converted correctly and mapped correctly. KPMG will work with management to understand the new system in order to obtain an understanding of the conversion.

Materiality is set at 8.4M in the current year, based on a benchmark of total expenses for the year, so there is a slight increase from last year (2018-19 was 8.2M). This establishes the extent of audit procedures, i.e. sample sizes. The benchmark is \$420,000, and the amounts above that will be brought forward to the audit committee and mentioned in the audit findings report.

The audit findings report will include a management representation letter, and deficiencies will be brought to management in December.

**RECOMMENDATION**

*Moved by: D. Morton*

*Seconded by: P. Murphy*

**RESOLVED**, that the Audit Committee recommend that the Board of Trustees approve the External Auditor's 2019-2020 Year-End Audit Planning Report at the June 2, 2020, Regular Board Meeting.

**CARRIED**

**6. Discussion Items**

**6.1 RIAT Status Report**

J. Baker noted RIAT's independence.

**6.2 2020-2121 Proposed Meeting Dates**

A. Lofts reviewed the proposed dates for 2020-21 meeting dates:

September 17, 2020

November 19, 2020

May 25, 2021

**7. Adjournment**

The following motion was put forth: That the meeting is adjourned at 7:58 pm.

Moved By: P. DeRosa

Seconded By: V. Iantomasi

**RESOLVED**, that the meeting adjourns at 7:58 pm.

***CARRIED***



**INTERNAL  
AUDIT TEAM**  
**West of Central Region**

**MEMO**

TO: Halton Catholic District School Board  
FROM: Jenny Baker, Regional Internal Audit Manager  
DATE: 17 September 2020  
SUBJECT: Regional Internal Audit Status Report – Open Committee Session

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This memorandum will serve to update the Audit Committee of the Regional Internal Audit Team's (RIAT) work since May 26, 2020.

**A Other**

Please refer to the attached 2020-2021 training plan and a summary of training completed for the 2019-2020 year. This report is provided to confirm RIAT compliance to International Standard for the Professional Practice of Internal Auditing, standard #1230 - Continuing Professional Development.

**RIAT Education and Training Plan**

**Objective:**

1. To report on RIAT compliance to International Standards for the Professional Practice of Internal Auditing standard #1230-Continuing Development.
2. To define training plans to develop and maintain professional competencies.

**Completed 2019-20**

<b>Auditor</b>	<b>Training Focus</b>	<b>Date</b>
All Auditors	<ol style="list-style-type: none"> <li>1. RIAT Conference</li> <li>2. Ontario Association of School Business Officials,(OASBO) Internal Audit Section</li> <li>3. Relevant seminars/webinars on fraud, ethics, privacy and IT Security offered by the various institutes (*see acronyms below)</li> </ol>	<p>December 2019 Relevant sessions</p> <p>As offered throughout the year</p>
John Forte	1.Successfully Completed Part 1 of the Certified Internal Audit designation.	December 2,2019
Andrea Eltherington	<ol style="list-style-type: none"> <li>1. Met all of the requirements and was granted full rights and recognition for the CISA designation.</li> </ol> <p>Andrea confirms that she has met the annual continuing education requirements of the IIA.</p>	June 18,2020
Jenny Baker	Jenny confirms that she has met the annual continuing education requirements of CPA Ontario, ISACA and the ACFE.	

**Planned 2020-21**

<b>Auditor</b>	<b>Training Focus</b>	<b>Date</b>
All Auditors	<ol style="list-style-type: none"> <li>1. Attend ACFE Current Topics for Fraud Examiners. Four sessions which include: Making Ethical Decisions in Times of Uncertainty; Securing Your Data in the Digital Age; The Social Risk &amp; How Hackers Attack Your Staff &amp; Organization; and Detecting Deception in Everyday Communications.</li> <li>2. OASBO Internal Audit.</li> <li>3 Relevant seminars/webinars on fraud, ethics, privacy and IT Security offered by the various institutes.</li> </ol>	<p>September 21-24</p> <p>When relevant Throughout the year</p>
John Forte	Sit for Part 2 of CIA requirements	September 2020

**Acronyms**

**ACFE – Association of Certified Fraud Examiners**

**IIA- Institute of Internal Auditors**

**ISACA – Information Systems Audit and Control Association**

**CIA – Certified Internal Auditor**

**CPA – Chartered Professional Accountant**

**CISA – Certified Information Systems Auditor**