

**AUDIT COMMITTEE MEETING  
AGENDA**

**CHAIR: D. Morton  
RESOURCE: A. Lofts**

Date: November 11, 2021  
Time: 7:30 pm  
Location: Microsoft Teams

		<b>Pages</b>
<b>1.</b>	<b>Call to Order</b>	
1.1.	Opening Prayer (P. Murphy)	
<b>2.</b>	<b>Approval of the Agenda</b>	
<b>3.</b>	<b>Declarations of Conflict of Interest</b>	
<b>4.</b>	<b>Approval of Minutes</b>	
4.1.	Minutes of the Audit Committee Meeting September 23, 2021	1 - 5
<b>5.</b>	<b>Presentations</b>	
<b>6.</b>	<b>Business Arising from Previous Meetings</b>	
<b>7.</b>	<b>Action Items</b>	
7.1.	2020-21 Draft Audited Financial Statements (A. Lofts, A. Cross)	6 - 40
7.2.	2020-21 Audit Committee Annual Report to the Ministry (A. Lofts)	41 - 43
7.3.	Revisions to the Regional Internal Audit Mandate (RIAT)	44 - 52
<b>8.</b>	<b>Reports / Discussion Items</b>	
8.1.	Compliance Report (A. Lofts)	53 - 54
8.2.	2020-21 Treasurer's Annual Investment Report (A. Lofts)	55 - 61
8.3.	RIAT Status Report (RIAT)	62 - 62
<b>9.</b>	<b>Standing Reference Items</b>	
9.1.	Timing of the Audit Committee's Key Activities and Ministry's Proposed Audit Committee Meeting Schedule	63 - 71
9.2.	Ont Reg 361/10	72 - 77
<b>10.</b>	<b>Resolution re Absentees</b>	

11. Adjournment and Closing Prayer (A. Lofts)

## MINUTES OF THE AUDIT COMMITTEE MEETING

Date: September 23, 2021  
Time: 7:30 pm  
Location: Teleconference

Committee Members Present: D. Morton, Chair, External Member  
P. Murphy, Trustee  
V. Iantomasi, Trustee  
P. DeRosa, Trustee

Committee Members Excused: J. Fahrner, External Member

HCDSB Staff Present: P. Daly, Director of Education  
A. Lofts, Superintendent of Business Services  
A. Cross, Senior Manager, Financial Services

RIAT Staff Present: J. Baker, Manager, Regional Internal Audit Team (RIAT)  
A. Eltherington, Regional Internal Auditor

Invited Guests: D. Marks, External Auditor, KPMG  
M. Fisher, External Auditor, KPMG

Recording Secretary: K. Jones, Business Officer

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### 1. Call to Order

The Chair called the meeting to order.

#### 1.1 Opening Prayer

The meeting opened at 7:42 pm with a prayer led by P. DeRosa.

### 2. Election of Chair

A. Lofts conducted the Election of the Chair.

P. Murphy nominated D. Morton.

Moved by P. DeRosa

Seconded by P. Murphy

D. Morton accepted the nomination.

V. Iantomasi nominated P. Murphy. P. Murphy declined the nomination.

D. Morton was acclaimed.

**3. Approval of the Agenda**

Moved By: P. Murphy

Seconded By: D. Morton

**RESOLVED** that the agenda be accepted as presented.

The Chair called for a vote.

<b>IN FAVOUR</b>	<b>OPPOSED</b>	<b>ABSTAIN</b>	<b>ABSENT</b>
P. Murphy	V. Iantomasi		J. Fahrer
D. Morton			
P. DeRosa			

The motion *CARRIED*.

**4. Declaration of Conflict of Interest**

P. DeRosa noted that he has a potential conflict as he has a family member who is an employee of the Board.

The annual Declaration of conflict of Interest form was discussed. Questions were asked and answered regarding the format of the form. The form was initially introduced in September 2020 and Committee members were asked to submit it for September 2021 if they had not already done so. It was noted that the form is the same as last year with the exception of the dates.

**5. Approval of Minutes**

**5.1 Minutes of the Audit Committee Meeting November 26, 2020**

Moved By: P. Murphy

Seconded By: D. Morton

**RESOLVED** that the minutes of the November 26, 2020 meeting be accepted as presented.

The Chair called for a vote.

<b>IN FAVOUR</b>	<b>OPPOSED</b>	<b>ABSTAIN</b>	<b>ABSENT</b>
P. Murphy	V. Iantomasi	P. DeRosa	J. Fahrer
D. Morton			

The motion *CARRIED*.

**5.2 Minutes of the Audit Committee Meeting May 25, 2021**

Moved By: P. Murphy

Seconded By: D. Morton

**RESOLVED** that the minutes of the May 25, 2021 meeting be accepted as presented.

The Chair called for a vote.

<b>IN FAVOUR</b>	<b>OPPOSED</b>	<b>ABSTAIN</b>	<b>ABSENT</b>
P. Murphy	V. Iantomasi	P. DeRosa	J. Fahrer
D. Morton			

The motion *CARRIED*.

### **5.3 Minutes of the Audit Committee Meeting June 2, 2021**

Moved By: P. Murphy

Seconded By: D. Morton

**RESOLVED** that the minutes of the June 2, 2021 meeting be accepted as presented.

The Chair called for a vote.

<b>IN FAVOUR</b>	<b>OPPOSED</b>	<b>ABSTAIN</b>	<b>ABSENT</b>
P. Murphy	V. Iantomasi	P. DeRosa	J. Fahrer
D. Morton			

The motion *CARRIED*.

## **6. Presentations**

None.

## **7. Business Arising from Previous Meetings**

None.

## **8. Action Items**

None.

## **9. Discussion Items**

### **9.1 RIAT Status Report**

J. Baker explained that each September RIAT confirms their compliance to International standard and assert continuing education requirements have occurred for the designations that they hold.

## **10. Resolution re Absentees**

### **10.1 Motion to Excuse Absent Committee Members from the May 25, 2021 Audit Committee Meeting**

Moved By: P. Murphy

Seconded By: P. DeRosa

**RESOLVED** that D. Morton, P. DeRosa and V. Iantomasi be excused from the May 25, 2021 Audit Committee Meeting.

The Chair called for a vote.

<b>IN FAVOUR</b>	<b>OPPOSED</b>	<b>ABSTAIN</b>	<b>ABSENT</b>
P. Murphy		P. DeRosa	J. Fahrer
		V. Iantomasi	
		D. Morton	

The motion *CARRIED*.

**10.2 Motion to Excuse Absent Committee Members from the June 2, 2021 Audit Committee Meeting**

Moved By: P. Murphy

Seconded By: D. Morton

**RESOLVED** that P. DeRosa and V. Iantomasi be excused from the June 2, 2021 Audit Committee Meeting.

The Chair called for a vote.

<b>IN FAVOUR</b>	<b>OPPOSED</b>	<b>ABSTAIN</b>	<b>ABSENT</b>
P. Murphy		P. DeRosa	J. Fahrer
D. Morton		V. Iantomasi	

The motion *CARRIED*.

**11. Standing Reference Items**

These items are for reference only.

11.1 Ont Reg 361-10

11.2 Timing of the Audit Committee's Key Activities

11.3 Ministry's Proposed Audit Committee Meeting Schedule

**12. Adjournment and Closing Prayer**

Moved By: P. Murphy

Seconded By: P. DeRosa

**RESOLVED** that the meeting move to Closed.

The Chair called for a vote.

<b>IN FAVOUR</b>	<b>OPPOSED</b>	<b>ABSTAIN</b>	<b>ABSENT</b>
P. Murphy			J. Fahrer
D. Morton			
P. DeRosa			
V. Iantomasi			

Moved By: P. Murphy

Seconded By: P. DeRosa

**RESOLVED** that the meeting be adjourned.

The Chair called for a vote.

<b>IN FAVOUR</b>	<b>OPPOSED</b>	<b>ABSTAIN</b>	<b>ABSENT</b>
P. Murphy			J. Fahrer

D. Morton			
P. DeRosa			
V. Iantomasi			

The motion *CARRIED*.

The meeting was adjourned at 8:06 pm with a closing prayer by V. Iantomasi.



2020-21 Draft Audited Financial Statements	<b>Item 7.1</b>
November 11, 2021	

**Alignment to Strategic Plan**

This report is linked to our strategic priority of **Foundational Elements:** Optimizing organizational effectiveness.

**NOTE:** The attached report is an Action Item on the Regular Board Agenda of November 16, 2021.

<p><b>RECOMMENDATION</b></p>	<p>Moved by:</p> <p>Seconded by:</p>
<p><b>RESOLVED</b>, that the Audit Committee approve the 2020-21 Draft Audited Financial Statements for submission to the Board of Trustees at the November 16, 2021 Regular Board Meeting.</p>	

Report Prepared by: A. Cross  
 Senior Manager, Financial Services

Report Submitted by: A. Cross  
 Senior Manager, Financial Services

Report Approved by: A. Lofts  
 Superintendent of Business Services and Treasurer of the Board





2020-21 Draft Audited Consolidated Financial Statements	Item 8.2
November 16, 2021	

### Alignment to Strategic Plan

This report is linked to our strategic priority of **Foundational Elements**: Optimizing organizational effectiveness.

### Purpose

To provide the Board of Trustees with the 2020-21 Draft Audited Consolidated Financial Statements for approval.

### Background Information

At the Board Meeting of June 15, 2021, the Board received and approved Action Item 8.2 “2020-21 Year-End Audit Planning Report from KPMG”. The report detailed the audit approach (including the areas of focus), audit materiality, required communications, and independence. KPMG has provided to Audit Committee its audit findings report for the year ended August 31, 2021. The report provides important information to assist the Board of Trustees in satisfying their governance responsibility related to the review and approval of the annual Financial Statements.

### Comments

1. The financial statements have been prepared per the Financial Administration Act supplemented by the Ontario Ministry of Education Memorandum 2004:B2 and Ontario Regulation 395/11 “Accounting Policies and Practices Public Entities” of the Financial Administration Act.
2. The attached 2020-21 Draft Consolidated Audited Financial Statements (“Financial Statements”) are comprised of the following pages:
  - a. Covering Page
  - b. Management’s Responsibility for the Consolidated Financial Statements
  - c. Independent Auditors’ Report
  - d. Consolidated Statement of Financial Position



- e. Consolidated Statement of Operations
  - f. Consolidated Statement of Change in Net Debt
  - g. Consolidated Statement of Cash Flows
  - h. Notes to Consolidated Financial Statements
3. The Financial Statements were prepared by the Business Services staff and have been audited by the Board's External Auditors (KPMG). The form and content of the Financial Statements are primarily prescriptive in nature and present the actual results for the 2020-21 fiscal year. The Board approved the 2020-21 Original Budget on July 29, 2020, and the 2020-21 Revised Budget on December 17, 2020. The 2020-21 Draft Audited Consolidated Financial Statements are the culmination of the annual reporting cycle. The Director of Education and Secretary of the Board, and the Chair of the Board are required to sign the approved Financial Statements on behalf of the Board.
  4. The *"Management's Responsibility for the Consolidated Financial Statements"* has remained essentially unchanged from the previous year.
  5. The *"Independent Auditor's Report"* contains four sections: Opinion, Basis for Opinion, Responsibilities of Management and Those Charged with Governance for the Financial Statements, and the Auditor's Responsibilities for the Audit of the Financial Statements. The auditor's opinion, which can be found at the beginning of the auditor's report, reflects a "clean" or unmodified audit opinion.
  6. The *"Consolidated Statement of Financial Position"* presents the Board's Financial Assets and Liabilities at a point in time (August 31, 2021). The statement's layout provides two key performance measures: the Board's ability to finance its operations and the Board's ability to deliver future services. The difference between total Financial Assets and Total Liabilities is referred to as Net Debt. The Board's Net Debt balance is \$521.4 million for fiscal 2020-21. Net Debt is added to the Non-Financial Assets (Prepaid Expenses and Tangible Capital Assets) to give the Accumulated Surplus. The total Accumulated Surplus position of the Board is \$178.7 million.

Accounts receivable was \$22.8 million in 2020-21, a decrease of \$22.2 million from 2019-20. The decrease is primarily due to the receipt of the deferred education property taxes in 2020-21. In 2019-20 the Province of Ontario extended the municipalities' deadlines to pay education property tax to school boards.

The Long-term Accounts Receivable of \$166.7 million includes \$127.1 million due from the Province over the remaining term of existing capital debt instruments issued to finance approved capital and \$13.4 million due from the Province in early 2022 for capital funded through the funding model.

Beginning in 2018-19, the Ministry of Education introduced a cash management strategy. As part of the Ministry's strategy, it delayed part of the grant payment to Halton Catholic District School Board. The delayed grant payment reflected in the Financial Statements is \$26.2 million for fiscal 2020-21 and was included in the long-term receivable – Government of Ontario.



Overall, the Provincial long-term receivable balance decreased by \$7.8 million from 2019-20. The decrease resulted from \$11.8 million in principal payments made on the retirement of supported debt. This decrease was partially offset by an increase of \$3.4 million in capital construction grants and an increase of \$0.6 million in the delayed grant payment. Supported debt is old debenture debt through the Ontario School Boards Financing Corporation (OSBFC) and new debenture debt under the Ontario Financing Authority (OFA), both of which were primarily used to provide new pupil places.

Accounts payable decreased by approximately \$23.5 million compared to 2019-20. The decrease is due to the repayment of \$24.1 million in funds received from the Ministry for cashflow purposes after the Ministry passed a new regulation under the *Education Act* that extended the education tax due dates of June 30, 2020, and September 30, 2020, to September 30, 2020, and December 31, 2020.

Temporary borrowing decreased (\$1.0) million due to a reduction in the EDC credit facility.

The decrease of deferred revenue by approximately \$0.5 million is resulting from:

- (\$0.5) million in proceeds of disposition;
- (\$0.8) million in deferred revenue relating to international students.

Partially offset by an increase in deferred revenue related to the following:

- \$0.1 million in Special Education deferred revenue;
- \$0.7 million increase in student achievement deferred revenue.

The Employee Future Benefits liability has decreased by \$0.7 million due to the actuarial valuation undertaken this year and changes in discount rates as explained in Note 6 (pages 12-15) of the Financial Statements.

The decrease in net long-term liabilities of (\$13.0) million is the result of principal debt payments made throughout the year.

The Total Accumulated Surplus is broken down in Note 10 (Accumulated Surplus) of the Draft Audited Consolidated Financial Statements, and it is important to note that the non-designated portion (or unappropriated portion) for the 2020-21 year of this Total Accumulated Surplus is an operating surplus of \$1.1 million.

The in-year surplus for 2020-21 has been internally appropriated as follows:

- Transfer of (\$0.1) million out of retirement gratuities,
- Transfer of (\$0.1) million for WSIB costs,
- Transfer of \$4.0 million to Operating Reserve,
- Transfer of \$0.1 million to the Reserve for Student Activities,
- Net transfer of \$1.4 million to Facility Capital Reserve,
- Transfer of (\$0.1) million out of the Committed Sinking Fund interest earned,
- Transfer of (\$1.2) million out of the Committed Capital Projects, and



- Thus, the unappropriated and appropriated surplus reflects an in-year Total Accumulated Surplus Available for Compliance of \$4.0 million. The Revised Estimates approved by the Board on December 17, 2020, outlined an expected in-year deficit available for compliance of (\$7.7) million. The positive impact on the Financial Statements was mainly the result of increased funding stabilization revenue of \$2.3 million, a decrease of \$(0.3) in other revenue sources and lower salary and benefit costs of \$(2.9) million, rental expenses of \$(1.4) million, supplies and service costs of \$(2.4) million, fees and services \$(2.0) million and other expenses of \$(1.0) million.
7. The “*Consolidated Statement of Operations*” explains the change in the Board’s accumulated surplus balance from the prior year. The difference between Revenues and Expenses gives the Total Annual Surplus/(Deficit) for the year, which is then added to the opening Total Accumulated Surplus/(Deficit) position to provide the closing Total Accumulated Surplus/(Deficit) position. The annual surplus for the year is \$20.9 million and includes the in-year Available for Compliance Surplus of \$4.0 million and the in-year Unavailable for Compliance Surplus of \$16.9 million. The Unavailable for Compliance Surplus includes \$0.46 million decreases in unfunded Employee Future Benefits, \$0.2 million for accrued interest, (\$1.3) million for School Generated Funds, and \$17.5 million in EDC revenue.
  8. The “*Consolidated Statement of Change in Net Debt*” explains why the Board’s net debt position changed. It highlights the changes due to tangible capital asset (TCA) activities in the year and includes the acquisition of new TCA, amortization of existing TCA, and the sale of TCA, if any occurred during the year. An increase in net debt means that more future revenues will be needed to pay for past transactions.
  9. The “*Consolidated Statement of Cash Flows*” explains the change in cash and cash equivalents from the prior year and provides information about how the Board generated cash to meet its obligations. The statement presents the Board’s cash flow for the year in three categories: Operating, Capital, and Financing Activities. The Board follows the indirect method, starting with the Annual Surplus/(Deficit), adding back non-cash items, and then analyzing the changes in amounts on the other lines in the Statement of Financial Position that affect cash flows.
  10. The Ministry’s Education Finance Information System (EFIS) forms were submitted electronically on November 15, 2021; however, staff has received Ministry approval to resubmit following the November 16, 2021 Board meeting, which allows for any required adjustments. The resubmission will include the required signed forms needed to complete the Financial Statement’s package.
  11. The Board is compliant with the Ministry’s defined expense enveloping provisions for the Administration and Governance Grant.
  12. The grant allocation for Special Education is \$49.7 million, \$0.3 million higher than in 2019-20. Special Education expenses continue to exceed the allocation, and the shortfall for 2020-21 is \$6.3 million. The Special Education deferred revenue balance is \$0.7 million; however, these funds can only be used for Special Equipment Amount expenses.
  13. In accordance with Section 252(2) of the Education Act, and the Publication and Notice instructions from the Ministry of Education, the final Audited Financial Statements will be made



available on the Board's website, and a notice indicating the same will be published in the Metroland newspapers throughout the four municipalities in the Region of Halton.

14. Attached is a 2020-21 Year-End Schedule, showing the remaining items to be completed.

## Conclusion

Staff has submitted the draft audited financial statements, which include an unqualified audit opinion for approval.

## Recommendation

The following recommendation is presented for the consideration of the Board:

<b>Resolution#:</b>	<i>Moved by:</i>
	<i>Seconded by:</i>
<b>RESOLVED</b> that the Halton Catholic District School Board approve the 2020-21 Draft Audited Financial Statements.	

**Report Prepared by:** A. Cross  
Senior Manager, Financial Services

**Report Submitted by:** A. Lofts  
Superintendent of Business and Treasurer of the Board

**Report Approved by:** P. Daly  
Director of Education and Secretary of the Board

Consolidated Financial Statements of

**HALTON CATHOLIC DISTRICT  
SCHOOL BOARD**

And Independent Auditors' Report hereon

Year ended August 31, 2021

DRAFT

## **Management's Responsibility for the Consolidated Financial Statements**

The accompanying consolidated financial statements of the Halton Catholic District School Board are the responsibility of the Board management and have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act, as described in Note 1 to the consolidated financial statements.

A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Audit Committee meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to the Board's approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Board. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.

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Patrick Daly  
Director of Education  
and Secretary of the Board

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Aaron Lofts  
Superintendent of Business Services  
and Treasurer of the Board

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the Halton Catholic District School Board:

### ***Opinion***

We have audited the consolidated financial statements of the Halton Catholic District School Board ("the Entity"), which comprise:

- the consolidated statement of financial position as at August 31, 2021
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows and for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies.

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at August 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our report.

We are independent of the Entity in accordance with the applicable independence standards, and we have fulfilled our other ethical responsibilities in accordance with these standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the basis of accounting as described in Note 1 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient audit evidence regarding the financial information of the entities or business activities within the Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

November 16, 2021

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

## Consolidated Statement of Financial Position

As at August 31, 2021, with comparative information for 2020

	2021	2020
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 27,624,936	\$ 25,434,512
Accounts receivable (notes 2 and 18)	22,796,963	45,031,161
Long-term receivable - Government of Ontario (note 3)	166,717,068	174,475,245
<b>Total financial assets</b>	<b>217,138,967</b>	<b>244,940,918</b>
<b>Financial Liabilities</b>		
Temporary borrowing (note 4)	73,000,000	74,000,000
Accounts payable and accrued liabilities (note 18)	33,870,309	57,356,496
Deferred revenue (note 5)	22,365,790	22,899,613
Retirement and other employee future benefits payable (note 6)	6,693,878	7,364,036
Net long-term liabilities (note 7)	132,903,003	145,881,589
Deferred capital contributions (note 8)	469,740,720	455,074,415
<b>Total financial liabilities</b>	<b>738,573,700</b>	<b>762,576,149</b>
<b>Net debt</b>	<b>(521,434,733)</b>	<b>(517,635,231)</b>
<b>Non-Financial Assets</b>		
Prepaid expenses	33,151	457,443
Tangible capital assets (note 9)	700,088,699	675,011,040
<b>Total non-financial assets</b>	<b>700,121,850</b>	<b>675,468,483</b>
<b>Accumulated surplus (note 10)</b>	<b>\$ 178,687,117</b>	<b>\$ 157,833,252</b>
Contractual obligations and contingent liabilities (note 15)		
Impact of COVID-19 (note 19)		

The accompanying notes are an integral part of these consolidated financial statements.

Patrick Daly,  
Director of Education and  
Secretary of the Board

Patrick Murphy,  
Chair of the Board

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

## Consolidated Statement of Operations

For the year ended August 31, 2021 with comparative information for 2020

	2021 Budget (note 16)	2021 Actual	2020 Actual
<b>Revenues:</b>			
Provincial legislative grants (note 11)	\$ 405,928,032	\$ 401,790,189	\$ 384,029,644
Provincial grants – other (note 18)	3,493,082	17,670,805	4,420,078
	<u>409,421,114</u>	<u>419,460,994</u>	<u>388,449,722</u>
Federal grants and fees	3,008,562	2,314,074	2,484,462
Other fees and revenues	13,329,800	23,483,890	14,576,135
Investment income	650,000	217,780	716,527
School fundraising	10,000,000	2,414,187	8,175,096
Amortization of deferred capital contributions (note 8)	17,760,260	18,096,644	16,283,524
<b>Total revenues</b>	<u>454,169,736</u>	<u>465,987,569</u>	<u>430,685,466</u>
<b>Expenses:</b>			
Instruction	347,575,816	349,427,191	326,436,642
Administration	12,052,929	12,820,596	12,221,392
Transportation	9,554,859	10,529,296	8,891,123
Pupil accommodation	63,958,915	63,570,430	60,602,109
Other	3,514,528	5,071,030	1,838,159
School funded activities	10,000,000	3,715,161	7,949,524
<b>Total expenses (note 12)</b>	<u>446,657,047</u>	<u>445,133,704</u>	<u>417,938,949</u>
<b>Annual surplus</b>	<u>7,512,689</u>	<u>20,853,865</u>	<u>12,746,517</u>
Accumulated surplus, beginning of year	157,833,252	157,833,252	145,086,735
<b>Accumulated surplus, end of year (note 10)</b>	<u>\$ 165,345,941</u>	<u>\$ 178,687,117</u>	<u>\$ 157,833,252</u>

The accompanying notes are an integral part of these consolidated financial statements.

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

## Consolidated Statement of Change in Net Debt

For the year ended August 31, 2021, with comparative information for 2020

	2021 Budget	2021 Actual	2020 Actual
Annual surplus	\$ 7,512,689	\$ 20,853,865	\$ 12,746,517
Acquisition of tangible capital assets	(12,866,443)	(44,558,774)	(43,262,949)
Amortization of tangible capital assets	19,155,162	19,481,115	17,603,003
Use (receipt) of prepaid expenses	–	424,292	(141,330)
Change in net debt	13,801,408	(3,799,502)	(13,054,759)
Net debt, beginning of year	(517,635,231)	(517,635,231)	(504,580,472)
Net debt, end of year	\$ (503,833,823)	\$ (521,434,733)	\$ (517,635,231)

The accompanying notes are an integral part of these consolidated financial statements.

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

## Consolidated Statement of Cash Flows

For the year ended August 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating Activities:		
Annual surplus	\$ 20,853,865	\$ 12,746,517
Items not involving cash:		
Amortization of tangible capital assets	19,481,115	17,603,003
Change in employee future benefits	(670,158)	1,422,316
Amortization of deferred capital contributions	(18,096,644)	(16,283,524)
Change in non-cash assets and liabilities:		
Accounts receivable	22,234,198	(26,829,096)
Accounts payable and accrued liabilities	(23,486,187)	24,691,995
Deferred revenue	(533,823)	(11,901,372)
Prepaid expenses	424,292	(141,330)
Net change in cash from operating activities	20,206,658	1,308,509
Capital Activities:		
Cash used to acquire tangible capital assets	(44,558,774)	(43,262,949)
Net change in cash from capital activities	(44,558,774)	(43,262,949)
Financing Activities:		
Increase to deferred capital contributions	32,762,949	36,118,830
Decrease (increase) in long-term receivable - Government of Ontario	7,758,177	(3,146,536)
Debt principal repayments	(12,978,586)	(12,340,857)
Net change in cash from financing activities	27,542,540	20,631,437
Net change in cash and cash equivalents	3,190,424	(21,323,003)
Cash and cash equivalents, beginning of year	(48,565,488)	(27,242,485)
Cash and cash equivalents, end of year	\$ (45,375,064)	\$ (48,565,488)

The components of cash and cash equivalents are as follows:

	2021	2020
Cash and cash equivalents	\$ 27,624,936	\$ 25,434,512
Temporary borrowings	(73,000,000)	(74,000,000)
	\$ (45,375,064)	\$ (48,565,488)

The accompanying notes are an integral part of these consolidated financial statements.

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2021

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## 1. Significant accounting policies:

The consolidated financial statements of the Halton Catholic District School Board (the "Board") are prepared by management in accordance with the basis of accounting described below. Significant accounting policies of the Board are as follows:

### (a) Basis of accounting:

The consolidated financial statements have been prepared in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act.

The Financial Administration Act requires that the consolidated financial statements be prepared in accordance with the accounting principles determined by the relevant Ministry of the Province of Ontario. A directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards to adopt Canadian public sector accounting standards commencing with their year ended August 31, 2004 and that changes may be required to the application of these standards as a result of regulation.

In 2011, the government passed Ontario Regulation 395/11 of the Financial Administration Act. The Regulation requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the statement of operations over the periods during which the asset is used to provide service at the same rate that amortization is recognized in respect of the related asset. The regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than depreciation, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue.

The accounting policy requirements under Regulation 395/11 are significantly different from the requirements of Canadian public sector accounting standards which requires that:

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410;
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100; and
- property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

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## 1. Significant accounting policies (continued):

### (a) Basis of accounting (continued):

As a result, revenue recognized in the consolidated statement of operations and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

### (b) Reporting entity:

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the Board and which are controlled by the Board.

School generated funds, which include the assets, liabilities, revenues and expenses of various organizations that exist at the school level and which are controlled by the Board are reflected in the consolidated financial statements.

Consolidated entities:

- School Generated Funds

Proportionately consolidated entities:

- Halton Student Transportation Services

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

### (c) Trust funds:

Trust funds and their related operations administered by the Board are not included in the consolidated financial statements, as these funds are not controlled by the Board.

### (d) Cash and cash equivalents:

Cash and cash equivalents comprise of cash on hand and short-term investments. Short-term investments are highly liquid, subject to insignificant risk of changes in value and have a short maturity term of less than 90 days.

### (e) Deferred revenue:

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenses are incurred, or services performed.



# HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

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## 1. Significant accounting policies (continued):

### (f) Deferred capital contributions:

Contributions received or receivable for the purpose of acquiring or developing depreciable tangible capital assets for use in providing services, or any contributions of depreciable tangible assets received or receivable for use in providing services, are recorded as deferred capital contributions when the asset has been acquired as required by Ontario Regulation 395/11. Amounts are recognized as revenue in the statement of operations at the same rate and over the same periods as the related asset is amortized.

### (g) Retirement and other employee future benefits:

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance, health care benefits, dental benefits, retirement gratuity, worker's compensation and long-term disability benefits. As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-Principals Associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-2017: OECTA. The following ELHTs were established in 2017-2019: EWAO, CUPE, ONE-T for non-unionized employees including principals and vice-principals. The ELHTs provide health, dental and life insurance benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), and other school board staff. Currently ONE-T ELHT also provides benefits to individuals who are retired prior to the Board's participation date in the ELHT. These benefits are provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. Boards no longer administer health, life and dental plans for their employees and instead are required to fund the ELHTs on a monthly basis based on a negotiated amount per full-time equivalency (FTE). Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN), including additional ministry funding in the form of a Crown contribution and Stabilization Adjustment.

Depending on prior arrangements and employee groups, the Board provides health, dental and life insurance benefits for retired individuals that were previously represented by the following unions/federations: OECTA and CUPE.

The Board has adopted the following policies with respect to accounting for these employee benefits:

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

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## 1. Significant accounting policies (continued):

### (g) Retirement and other employee future benefits (continued):

The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates. In prior years, the cost of retirement gratuities that vested or accumulated over the periods of service provided by the employee were actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement and discount rates. As a result of the plan change, the cost of retirement gratuities were actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. The changes resulted in a plan curtailment and any unamortized actuarial gains and losses were recognized as at August 31, 2012. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.

For self-insured retirement and other employee future benefits that vest or accumulated over the periods of service provided by employees, such as life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's compensation and long-term disability, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

- (i) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employee Retirement System pensions, are the employer's contributions due to the plan in the period;
- (ii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

### (h) Tangible capital assets:

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset, as well as interest related to financing during construction. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization.

Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

## 1. Significant accounting policies (continued):

### (h) Tangible capital assets (continued):

Tangible capital assets, except land, are amortized on a straight-line basis over their estimated useful lives as follows:

<b>Asset</b>	<b>Estimated Useful Life in Years</b>
Land improvements	15 years
Buildings	40 years
Furniture and equipment	5 to 15 years
Computer hardware	3 years
Computer software	5 years
Vehicles	5 to 10 years
Leasehold improvements	Over the lease term

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction and assets that relate to pre-acquisition and pre-construction costs are not amortized until the asset is available for productive use.

The useful life for computer hardware was revised from five years to three years based on new information related to the actual life of the assets. As such, additional amortization has occurred for these assets as needed to bring the net book value in line with this new policy. The impact of this change in estimates is \$1,434,944.

Land permanently removed from service and held for sale is recorded at the lower of cost and estimated net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service and held for sale cease to be amortized and are recorded at the lower of carrying value and estimated net realizable value. Tangible capital assets which meet the criteria for financial assets are reclassified as "assets held for sale" on the consolidated statement of financial position.

### (i) Government transfers:

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made. If government transfers contain stipulations which give rise to a liability, they are deferred and recognized in revenue when the stipulations are met.

Government transfers for capital are deferred as required by Regulation 395/11, recorded as deferred capital contributions (DCC) and recognized as revenue in the consolidated statement of operations at the same rate and over the same periods as the tangible capital asset is amortized.

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

## 1. Significant accounting policies (continued):

(j) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on externally restricted funds such as pupil accommodation, education development charges and special education forms part of the respective deferred revenue balances.

(k) Budget figures:

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Board of Trustees (Trustees). The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model.

(l) Use of estimates:

The preparation of consolidated financial statements in conformity with the basis of accounting described in Note 1(a) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from these current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in net expenses in the periods in which they become known. Significant estimates include assumptions used in estimating the collectability of accounts receivable to determine the allowance for doubtful accounts, in estimating provisions for accrued liabilities and in performing actuarial valuations of employee future benefits liabilities.

(m) Property tax revenue:

Under Canadian Public Sector Accounting Standards, the entity that determines and sets the tax levy records the revenue in the financial statements, which in the case of the Board, is the Province of Ontario. As a result, property tax revenue received from the municipalities is recorded as part of Provincial Legislative Grants.

## 2. Accounts receivable:

Accounts receivable consists of the following:

	2021	2020
Government of Canada	\$ 3,404,011	\$ 3,279,194
Government of Ontario	2,926,924	1,823,752
Local governments	14,343,749	37,378,965
Other	2,122,279	2,549,250
	<u>\$ 22,796,963</u>	<u>\$ 45,031,161</u>

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

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### 3. Long-term receivable - Government of Ontario:

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. The Board received a one-time grant that recognizes capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board will receive this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital grants to support capital programs which would be reflected in this account receivable.

The Board has an account receivable from the Province of Ontario of \$140,473,593 as at August 31, 2021 (2020 - \$148,855,335) with respect to this capital grant.

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the ministry delays part of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments included in the receivable balance from the Government of Ontario at August 31, 2021 is \$26,243,475 (2020 - \$25,619,910).

### 4. Temporary borrowing:

To address operating requirements and to bridge capital expenses, the Board has an operating line of credit and short-term loans.

The operating line of credit bears interest at the bank's prime lending rate less 0.85%, is unsecured, is due on demand, and has a maximum limit of \$175,000,000. As at August 31, 2021, the amount drawn under the operating line of credit was \$nil (2020 - \$nil).

The short-term loans bear interest ranging from 1.11% to 1.12%, are unsecured, and are due on dates ranging from September 9, 2021 to October 12, 2021. As at August 31, 2021, the Board has short-term loans of \$73,000,000 (2020 - \$74,000,000).

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

## 5. Deferred revenue:

Revenues received and that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the consolidated statement of financial position.

Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at August 31, 2021 is comprised of:

	Balance as at August 31, 2020	Externally restricted revenue and investment income	Revenue recognized in the period	Transfer to deferred capital contributions (note 8)	Balance as at August 31, 2021
Special education	\$ 700,882	\$ 49,571,191	\$ (49,560,069)	-	\$ 712,004
Mental Health Leader	-	307,666	(300,543)	-	7,123
Proceeds of disposition	15,100,094	95	-	(539,756)	14,560,433
Retrofit for childcare	1,032,200	-	-	-	1,032,200
School renewal	1,824,504	4,854,066	(897,000)	(4,600,508)	1,181,062
International students' tuition	1,971,389	1,120,254	(1,886,354)	-	1,205,289
Other	2,270,544	56,720,718	(49,801,207)	(5,522,376)	3,667,679
	\$ 22,899,613	\$ 112,573,990	\$ (102,445,173)	\$ (10,662,640)	\$ 22,365,790

## 6. Retirement and other employee future benefits:

Retirement and other employee future benefit liabilities	Retirement benefits	Other employee future benefits	2021 Total employee future benefits	2020 Total employee future benefits
Accrued employee future benefit obligations at August 31	\$ 1,726,438	\$ 4,986,591	\$ 6,713,029	\$ 7,541,840
Less: unamortized actuarial loss at August 31	(19,151)	-	(19,151)	(177,804)
Employee future benefits liability at August 31	\$ 1,707,287	\$ 4,986,591	\$ 6,693,878	\$ 7,364,036

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

## 6. Retirement and other employee future benefits (continued):

Retirement and other employee future benefit expenses	Retirement benefits	Other employee future benefits	2021 Total employee future benefits	2020 Total employee future benefits
Current year benefit expense	\$ (267,590)	\$ 1,300,089	\$ 1,032,499	\$ 2,763,483
Interest on accrued benefit obligation	32,238	65,055	97,293	130,762
Employee future benefits expenses	\$ (235,352)	\$ 1,365,144	\$ 1,129,792	\$ 2,894,245
Total payments made during the year	\$ (303,048)	\$ (1,496,902)	\$ (1,799,950)	\$ (1,471,929)

Included in the current year benefit expense is a loss of \$275,965 (2020 – income of \$31,687) for amortization of net actuarial losses. The unamortized actuarial loss is amortized over the expected average remaining service life of 9.20 years (2020 - 9.54 years) other than sick leave benefits which are amortized in the year. The actuarial loss for the year was \$117,312 (2020 – gain of \$58,681).

Retirement benefits:

(i) Ontario Teacher's Pension Plan:

Teachers and related employee groups are eligible to be members of Ontario Teacher's Pension Plan. Employer contributions for these employees are provided directly by the Province of Ontario. The pension costs and obligations related to this plan are the direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's consolidated financial statements.

(ii) Ontario Municipal Employees Retirement System:

All non-teaching and support staff employees of the Board are eligible to be members of the Ontario Municipal Employees' Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2021, the Board contributed \$5,835,135 (2020 - \$4,961,113) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

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## 6. Retirement and other employee future benefits (continued):

Retirement benefits (continued):

### (ii) Ontario Municipal Employees Retirement System (continued):

The OMERS pension plan had a deficit as at December 31, 2020 based on the actuarial valuation of the pension benefit obligation resulting in the plan being 97.0% funded (2020 - 97.0% funded). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

### (iii) Gratuity benefits:

The Board provides gratuities to certain groups of employees hired prior to specified dates. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. The amount of the gratuities payable to eligible employees is based on their salary, accumulated sick days, and years of service up to August 31, 2012.

### (iv) Retirement life insurance and health care benefits:

The Board provides life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age.

The premiums are based on the Board experience and retirees' premiums may be subsidized by the Board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the Board's consolidated financial statements. Effective September 1, 2013, employees retiring on or after this date, do not qualify for board subsidized premiums or contributions.

Other employee future benefits:

### (i) Workplace Safety and Insurance Board obligations:

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. School boards are required to provide salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such a provision.



# HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

## 6. Retirement and other employee future benefits (continued):

Other employee future benefits (continued):

### (ii) Long-term disability salary compensation:

The Board provides long-term disability benefits including partial salary compensation during the period an employee is unable to work or until their normal retirement date. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

### (iii) Sick leave benefits:

As a result of new changes made in 2013 to the short-term sick leave and disability plan, a maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the 2021 consolidated financial statements as a result of the change in the benefits was \$769,961 (2020 - \$155,258).

The accrued benefit obligations for employee future benefit plans as at August 31, 2021 are based on the most recent actuarial valuations completed for accounting purposes as at August 31, 2021. These valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2021	2020
Inflation	1.5%	1.5%
Wage and salary escalation	0.0%	0.0%
Insurance and health care cost escalation	7% decreasing by ¼% each year to 4.5%	7.5% decreasing by ¼% each year to 4.5%
Dental cost escalation	4.5% increase per annum	4.5% increase per annum
Discount on accrued benefit obligations	1.8%	1.4%

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

## 7. Net long-term liabilities:

	2021	2020
OSBFC (2000) – F10, repayable in semi-annual installments of \$959,133 plus interest at 7.20% per annum, maturing June 9, 2025	\$ 6,565,557	\$ 7,936,641
OSBFC (2001) – A3, repayable in semi-annual installments of \$2,515,121 plus interest at 6.55% per annum, maturing October 19, 2026	22,920,968	26,283,800
OFA (2003) – A2, repayable in semi-annual installments of \$189,051 plus interest at 5.80% per annum, maturing November 7, 2028	2,273,291	2,509,230
OFA (2006) – repayable in semi-annual installments of \$23,381 plus interest at 4.56% per annum, maturing November 15, 2031	386,751	414,911
OFA (2007) – A1, repayable in semi-annual installments of \$1,117,034 plus interest at 5.38% per annum, maturing June 25, 2032	19,259,625	20,515,438
OFA (2008) – F02, repayable in semi-annual installments of \$17,597 plus interest at 4.90% per annum, maturing March 3, 2033	312,473	331,648
OFA (2008) – F03, repayable in semi-annual installments of \$26,107 plus interest at 4.83% per annum, maturing March 3, 2033	465,378	494,072
OFA (2009) – repayable in semi-annual installments of \$908,987 plus interest at 5.06% per annum, maturing March 13, 2034	16,996,512	17,918,957
OFA (2009) – A3, repayable in semi-annual installments of \$61,119 plus interest at 5.06% per annum, maturing March 13, 2034	1,142,818	1,204,842
OFA (2010) – F02, repayable in semi-annual installments of \$738,166 plus interest at 5.23% per annum, maturing April 13, 2035	14,459,429	15,151,951
OSBFC (2010) – repayable in semi-annual installments of \$1,294,708, plus interest at 3.94% per annum, maturing September 19, 2025	10,254,292	12,376,536
OFA (2011) – repayable in semi-annual installments of \$719,169 plus interest at 2.43% per annum, maturing November 15, 2021	710,553	2,106,226
OFA (2012) – F02, repayable in semi-annual installments of \$357,767 plus interest at 3.56% per annum, maturing March 9, 2037	8,592,531	8,991,142
OFA (2014) – F02, repayable in semi-annual installments of \$1,068,719 plus interest at 4.00% per annum, maturing on March 11, 2039	27,044,250	28,068,262
OFA (2015) – repayable in semi-annual installments of \$53,072 plus interest at 2.99% per annum, maturing on March 9, 2040	1,518,575	1,577,933
	<b>\$ 132,903,003</b>	<b>\$ 145,881,589</b>

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

## 7. Net long-term liabilities (continued):

Principal payments relating to net debt of \$145,881,589 are due as follows:

	Principal	Interest	Total
2021/22	\$ 12,932,950	\$ 6,554,146	\$ 19,487,096
2022/23	12,899,025	5,868,902	18,767,927
2023/24	13,615,031	5,152,895	18,767,926
2024/25	14,372,806	4,395,121	18,767,927
2025/26	11,528,616	3,629,964	15,158,580
Thereafter	67,554,575	15,732,464	83,287,039
	<u>\$ 132,903,003</u>	<u>\$ 41,333,492</u>	<u>\$ 174,236,495</u>

The expenditure for debt charges includes principal and interest payments as follows:

	2021	2020
Principal payments on long-term liabilities	\$ 12,978,586	\$ 12,340,857
Interest payments on long-term liabilities	7,227,705	7,865,408
	<u>\$ 20,206,291</u>	<u>\$ 20,206,265</u>

## 8. Deferred capital contributions:

Deferred capital contributions include grants and contributions received that are used for the acquisition of tangible capital assets in accordance with Ontario Regulation 395/11 that have been expended by year end. The contributions are amortized into revenue over the life of the asset acquired.

	2021	2020
Opening balance, September 1	\$ 455,074,415	\$ 435,239,109
Additions to deferred capital contributions	22,100,309	18,133,096
Transfer from deferred revenue (note 5)	10,662,640	17,985,734
Amortization of deferred capital contributions	(18,096,644)	(16,283,524)
Ending balance, August 31	<u>\$ 469,740,720</u>	<u>\$ 455,074,415</u>

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

## 9. Tangible capital assets:

Year ended August 31, 2021

	Cost			Accumulated Amortization						
	Balance at August 31, 2020	Additions and transfers	Transfers, disposals and write-offs	Balance at August 31, 2021	Balance at August 31, 2020	Amortization	Transfers, disposals and write-offs	Balance at August 31, 2021	Net book value August 31, 2021	Net book value August 31, 2020
Land	\$ 196,379,042	\$ 12,466,086	\$ –	\$ 208,845,128	\$ –	\$ –	\$ –	\$ –	\$ 208,845,128	\$ 196,379,042
Land improvements	22,164,733	1,459,269	96,616	23,720,618	10,963,358	1,554,345	–	12,517,703	11,202,915	11,201,375
Buildings	633,688,879	11,152,270	28,385,930	673,227,079	191,380,896	15,502,179	–	206,883,075	466,344,004	442,307,983
Construction in progress	20,692,902	14,100,594	(28,385,930)	6,407,566	–	–	–	–	6,407,566	20,692,902
Furniture and equipment	7,407,543	1,069,140	(928,932)	7,547,751	4,679,466	767,432	(928,932)	4,517,966	3,029,785	2,728,077
Computer hardware	2,635,265	4,246,194	(1,434,944)	5,446,515	1,277,099	1,603,143	(1,434,944)	1,445,298	4,001,217	1,358,166
Vehicles	289,958	–	(39,756)	250,202	152,483	54,016	(39,756)	166,743	83,459	137,475
Pre-acquisition costs (PAC)	206,020	65,221	(96,616)	174,625	–	–	–	–	174,625	206,020
	\$ 883,464,342	\$ 44,558,774	\$ (2,403,632)	\$ 925,619,484	\$ 208,453,302	\$ 19,481,115	\$ (2,403,632)	\$ 225,530,785	\$ 700,088,699	\$ 675,011,040

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

## 9. Tangible capital assets (continued):

### (a) Assets under construction:

Assets under construction having a value of \$6,407,566 (2020 - \$20,692,902) have not been amortized. Amortization of these assets will commence when the asset is put into service.

### (b) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year was \$nil (2020 - \$nil).

## 10. Accumulated surplus:

Accumulated surplus consists of the following:

	2021	2020
Available for compliance - unappropriated		
Total operating surplus	\$ 1,106,422	\$ 1,097,153
Available for compliance – internally appropriated		
Retirement gratuities	839,785	4,060,660
WSIB	3,008,936	-
Operating reserve	11,943,549	7,943,549
School budgets	1,182,928	1,043,445
Facility capital reserve	10,447,764	9,105,113
Capital capacity planning	70,533	70,533
Committed capital interest earned	1,214,463	1,290,845
Committed capital projects	11,597,491	12,770,436
Other programs	1,741,059	1,741,057
	43,152,930	39,122,791
Unavailable for compliance		
Employee future benefit	(2,845,157)	(3,303,376)
Interest accrual	(1,935,940)	(2,132,854)
School generated funds	2,462,564	3,763,538
Revenues recognized for land	137,852,720	120,383,153
	135,534,187	118,710,461
<b>Balance, end of year</b>	<b>\$ 178,687,117</b>	<b>\$ 157,833,252</b>

## 11. Provincial legislative grants:

Under Public Sector Accounting Standards the entity that determines and sets the tax levy records the revenue in their consolidated financial statements. As a result, property tax revenue received from the municipalities is recorded as part of Provincial legislative grants in the amount of \$91,903,643 (2020 - \$94,264,521).

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

## 12. Expenses:

The following is a summary of the current expenses reported on the Consolidated Statement of Operations by object:

	2021 Budget Note 1(k)	2021 Actual	2020 Actual
Salary and wages	\$ 301,960,595	\$ 303,616,610	\$ 284,886,672
Employee benefits	51,465,485	51,018,086	48,195,050
Staff development	1,281,364	1,173,845	735,155
Supplies and services	36,976,951	33,118,671	30,291,275
Interest	7,030,782	7,030,782	7,679,039
Rental expense	4,495,381	3,069,187	4,772,541
Fees and contract services	21,333,010	21,110,266	20,537,260
Other	2,958,317	5,515,142	3,238,954
Amortization of tangible capital assets	19,155,162	19,481,115	17,603,003
	<b>\$ 446,657,047</b>	<b>\$ 445,133,704</b>	<b>\$ 417,938,949</b>

## 13. Partnership in Halton Student Transportation Services:

On September 1, 2007, the Board entered into an agreement with Halton District School Board, Le Conseil scolaire de district Catholique due Centre-Sud and Le Conseil scolaire de district due Centre-Sud-Ouest to provide common administration of student transportation services. On February 10, 2009, Service de Transport des Eleves de Halton/Halton Student Transportation Services (HSTS) was incorporated under the Corporations Act of Ontario. A revised agreement dated April 17, 2009 was created in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the School Boards. Each Board participates in the shared costs associated with this service for the transportation of their respective students through HSTS.

Effective September 1, 2013, two school boards have left the partnership and the partnership is supplying services exclusively to Halton District School Board and the Board.

HSTS is proportionately consolidated in the Board's consolidated financial statements whereby the Board's pro-rata share of assets, liabilities, revenues and expenses of the consortium are included in the Board's consolidated financial statements. Inter-organizational transactions and balances have been eliminated.

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

## 13. Partnership in Halton Student Transportation Services (continued):

The following provides condensed financial information:

	2021		2020	
	Total	Board portion	Total	Board portion
<b>Financial Position:</b>				
Financial assets	\$ 778,985	\$ 294,625	\$ 236,365	\$ 87,470
Financial liabilities	(794,525)	(300,502)	(259,244)	(95,936)
Non-financial assets	16,300	6,165	23,639	8,748
Accumulated surplus	\$ 760	\$ 288	\$ 760	\$ 282
<b>Operations:</b>				
Revenues	\$ 30,451,648	\$10,532,222	\$ 24,027,244	\$ 8,891,550
Expenses	(30,451,648)	(10,532,222)	(24,027,244)	(8,891,550)
Accumulated surplus	\$ -	\$ -	\$ -	\$ -

## 14. Ontario School Board Insurance Exchange (OSBIE):

The school board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$27,000,000 per occurrence.

The ultimate premiums over a one-year period are based on the reciprocal's and the Board's actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro rata share of claims experience. The current one-year term expires January 1, 2022.

## 15. Contractual obligations and contingent liabilities:

- (i) The Board has obligations under operating leases that require annual lease payments in the following amounts:

2021/22	\$ 3,990,565
2022/23	2,725,643
2023/24	2,042,495
2024/25	1,426,478
2025/26 and thereafter	336,001

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

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## 15. Contractual obligations and contingent liabilities (continued):

- (ii) The Board was contingently liable under letters of credit issued to municipalities with respect to construction projects in the amount of \$2,841,356 (2020 - \$3,329,853).
- (iii) The nature of the Board activities is such that there is usually litigation pending or in the prospect at any time. With respect to claims at August 31, 2021, management believes that the Board has valid defenses and appropriate insurance coverage in place. In the event claims are successful, management believes that such claims are not expected to have a material effect on the Board's financial position.
- (iv) The Board, in the normal course of business, enters into commodities contracts, in order to fix the price of commodities to be acquired in the future. The Board has entered into these contracts in conjunction with two consortiums which includes other school boards.

## 16. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2021 original budget approved by the Board on July 29, 2021.

## 17. Repayment of "55 School Board Trust" funding:

On June 1, 2003, the Board received \$635,000 from The 55 School Board Trust for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered into with the trust. The 55 School Board Trust was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, the 55 School Board Trust repaid the Board's debt in consideration for the assignment by the Board to the trust of future provincial grants payable to the Board in respect of the NPF debt.

As a result of the above agreement, the liability in respect of the NPF debt is not reflected in the Board's financial position.

## 18. In-kind transfers from the Ministry of Government and Consumer Services:

The Board has recorded entries, both revenues and expenses, associated with centrally procured in-kind transfers of personal protective equipment (PPE) and critical supplies and equipment (CSE) received from the Ministry of Government and Consumer Services (MGCS). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MGCS and quantity information based on the board's records. The in-kind revenue recorded for these transfers is \$3,098,766 with expenses based on use of \$3,098,766 for a net impact of \$nil.



# HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

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## 19. Impact of COVID-19:

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (“COVID-19”) a global pandemic. This resulted in the Province mandating that all Boards close their schools and administrative buildings on March 13, 2020 and moving to online/learn-from-home education format for the remainder of the 2019-2020 school year based on recommendations from Public Health Ontario. For the 2020-2021 school year the schools reopened to students, effective September 2020, with enhanced public health protocols, or the option to continue with online education and at-home distance learning. The Board continues to monitor the situation and plan for potential changes during the fiscal 2021 school year and beyond.

As a result of the pandemic, the Board may experience increased risk exposure in several areas. This includes an increased credit risk exposure on accounts receivable where the risk of default on contractual obligations may increase and continued reduction in international tuition fees.

The Board is actively monitoring cash flow forecasts and budget. Due to the response to COVID-19, the Province of Ontario extended the deadlines for municipalities to pay Education Property Tax (EPT) amounts to the Board in 2020. This amount for the Board was \$nil (2020 - \$36,053,320) and has been included in accounts receivable on the statement of financial position. This amount was recovered fully by the Board in the 2020-21 school year. To mitigate the financial impact of this deferral, the Province adjusted its cash flow through the School Board Operating Grant in July 2020 to pay an additional amount equal to about 25% of the annual education property tax amount as forecasted by the Board in the 2019-20 Revised Estimates. This amount for the Board was \$nil (2020 - \$24,072,106) and is included in accounts payable and accrued liabilities on the statement of financial position. This amount was recovered by the Province in 2021.

### Halton Catholic District School Board 2020-2021 Year-End Schedule

Date (2021/2022)	Item	Description of Activity
November 11th	Draft Audited Financial Statements	Audit Committee Approval and Presentation of Audit Findings Report
November 16th	Draft Audited Financial Statements	Board Approval
December 3rd	Ministry Memorandum 2021: SB:19	Submission of Ministry Financial Statement Forms (EFIS) & Final Audited Financial Statements (signed)
Est. December 15th	Final Audited Financial Statements	Place on Board's Public Website and Staffnet (signed)
Est. December 15th	Final Audited Financial Statements	Publish notice in local newspapers [in accordance with Section 252(2) of the Education Act]
Est. December 15th	Management Letter (Draft)	Draft Management Letter received from KPMG
Est. January 17th	Management Letter (Final)	Receive Final Management Letter from KPMG
Est. January 24th	Management Letter (Draft)	Present Draft Management Letter with management responses at Administrative Council
Est. February 1st	Management Letter (Final)	Send the Management Letter with management responses to the Audit Committee
Est. February 4th	Management Letter (Final)	Send Final Management Letter to all Principals/Vice-Principals through numbered Business Services Memo
Est. February 4th	Management Letter (Final)	Send the specific Management Letter points to the four selected schools and respective Superintendent



2020-2021 Audit Committee Annual Report to the Ministry of Education	<b>Item 7.2</b>
November 11, 2021	

### Alignment to Strategic Plan

This report is linked to our strategic priority of **Foundational Elements**: Optimizing organizational effectiveness.

### Purpose

To provide the Halton Catholic District School Board Audit Committee with the 2020-2021 Annual Report to the Ministry of Education for approval and to recommend that it be forwarded to the Board of Trustees.

### Comments

This report includes the Annual Report of the Audit Committee to the Ministry of Education for the year ended August 31, 2021.

<b>RECOMMENDATION</b>	Moved by:
	Seconded by:
<b>RESOLVED</b> , that the Audit Committee approve the 2020-2021 Audit Committee Annual Report for submission to the Board of Trustees and forwarded to the Ministry of Education.	

**Report Prepared by:** A. Lofts  
Superintendent of Business Services and Treasurer of the Board

**Report Submitted by:** A. Lofts  
Superintendent of Business Services and Treasurer of the Board



Report Approved by:

D. Morton  
Chair, Audit Committee

**Audit Committee 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:** Halton Catholic District School Board

**Fiscal Year:** 2020-2021

**Re:** Annual audit committee report to the Ministry of Education as per Ontario Regulation 361/10

The following audits or audit follow-ups were approved in the 2020-2021 audit plan and were completed in the 2020-2021 fiscal year:

**Audits:**

1. Information Technology Security Audit Follow-up and Network Penetration Test

**Follow-up Audits:**

1. IT Strategy
2. BAS Data Integrity
3. Health and Safety
4. Printing Services Efficiency Review

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

On behalf of the Audit Committee,

\_\_\_\_\_  
D. Morton, Audit Committee Chair

\_\_\_\_\_  
Date



<a href="#">Revisions to the Regional Internal Audit Mandate</a>	<b>Item 7.3</b>
November 11, 2021	

### Alignment to Strategic Plan

This report is linked to our strategic priority of **Foundational Elements:** Optimizing organizational effectiveness.

### Purpose

To provide the Halton Catholic District School Board Audit Committee with the Revised Regional Internal Audit Mandate for approval.

### Comments

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.

The attached memo from RIAT outlines the changes made to the mandate – now called Charter.

<b>RECOMMENDATION</b>	Moved by:
	Seconded by:
<b>RESOLVED</b> , that the Audit Committee adopt the revised Regional Internal Audit Charter.	

Report Prepared by:

A. Lofts  
Superintendent of Business Services and Treasurer of the Board



Report Submitted by:

A. Lofts  
Superintendent of Business Services and Treasurer of the Board



## MEMO

TO: Halton Catholic District School Board Audit Committee  
FROM: Regional Internal Audit Team  
DATE: 22 October 2021  
SUBJECT: Revisions to the Regional Internal Audit Mandate

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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.





## 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.

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Regional Internal Audit Manager

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Audit Committee Chair

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Director of Education

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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/ <b>Review</b>	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. <b>These activities can also be described as "review", interchangeably with "consulting".</b>
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 <b>Charter</b> , 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"> <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	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>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 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.



Compliance Report	<b>Item 8.1</b>
November 11, 2021	

### Alignment to Strategic Plan

This report is linked to our strategic priority of **Foundational Elements:** Optimizing organizational effectiveness.

### Purpose

To provide the Halton Catholic District School Board Audit Committee with the Compliance report signed by the Director of Education.

### Comments

On an annual basis, the Audit Committee is required to obtain confirmation from the Director of Education that all statutory requirements have been met as prescribed under Ontario Regulation 361/10 of the Education Act.

The attached letter addressed to the Audit Committee and signed by the Director of Education is confirmation that the Board is compliant with current federal and provincial Acts, Regulations and Statutes.

Management has processes and procedures in place to ensure this compliance.

**Report Prepared by:** A. Cross  
Senior Manager, Financial Services

**Report Submitted by:** A. Cross  
Senior Manager, Financial Services

**Report Approved by:** A. Lofts  
Superintendent of Business Services and Treasurer of the Board



802 Drury Lane  
Burlington, ON  
L7R 2Y2  
(905) 632-6300  
[www.hcdsb.org](http://www.hcdsb.org)

November 5, 2021

Halton Catholic District School Board  
802 Drury Lane  
Burlington, ON L7R 2Y2

TO: Audit Committee of the Halton Catholic District School Board

**RE: School Board Compliance Report**

During the 2020-2021 fiscal year, nothing has come to our attention that would lead us to believe that the Halton Catholic District School Board was not compliant with the current federal and provincial Acts, Regulations and Statutes.

Date: 11 05 2021  
Month, Day, Year

  
\_\_\_\_\_  
Pat Daly, Director of Education





2020-2021 Treasurer's Annual Investment Report

Item 8.2

November 11, 2021

### Alignment to Strategic Plan

This report is linked to our strategic priority of **Foundational Elements**: Optimizing organizational effectiveness.

### Purpose

To provide the Audit Committee with the 2020-21 investment report, per Ontario Regulation (O. Reg.) 41/10 Board Borrowing, Investing, and Other Financial Matters, made under the Education Act.

### Background Information

- 1) Information Report "2019-20 Treasurer's Annual Investment Report" from the December 1, 2020, Regular Meeting of the Board.

### Comments

As prescribed under O.Reg. 41/10, the board may invest in the following securities, as outlined in Part IV of the regulation, subsections 1 to 5 (outlined in Appendix A):

1. Bonds, debentures, promissory notes or other evidence of indebtedness issued or guaranteed by,
  - i. Canada or a province or territory of Canada,
  - ii. an agency of Canada or of a province or territory of Canada,
  - iii. a municipality in Canada, or
  - iv. the Municipal Finance Authority of British Columbia.
2. Bonds, debentures, promissory notes or other evidence of indebtedness of a corporation if,
  - i. the bond, debenture or other evidence of indebtedness is secured by the assignment to a trustee, as defined in the Trustee Act, of payments that Canada or a province or territory of Canada has agreed to make or is required to make under a federal, provincial or territorial statute, and
  - ii. the payments referred to in subparagraph i are sufficient to meet the amounts payable under the bond, debenture or other evidence of indebtedness, including the amounts payable at maturity.



3. Deposit receipts, deposit notes, certificates of deposit or investment, acceptances or similar instruments, the terms of which provide that the principal and interest shall be fully repaid no later than two years after the day the investment was made, that are issued, guaranteed or endorsed by,
  - i. a bank listed in Schedule I or II of the Bank Act (Canada),
  - ii. a loan corporation or trust corporation registered under the Loan and Trust Corporations Act, or
  - iii. a credit union or league to which the Credit Unions and Caisses Populaires Act, 1994 applies.
4. Deposit receipts, deposit notes, certificates of deposit or investment, acceptances or similar instruments, the terms of which provide that the principal and interest shall be fully repaid more than two years after the day the investment was made, that are issued, guaranteed or endorsed by,
  - i. a bank listed in Schedule I or II of the Bank Act (Canada),
  - ii. a loan corporation or trust corporation registered under the Loan and Trust Corporations Act, or
  - iii. a credit union or league to which the Credit Unions and Caisses Populaires Act, 1994 applies.
5. Bonds, debentures, evidences, or long-term indebtedness issued by an institution listed in paragraph 4.

Further to O. Reg. 41/10, Board Operating [Policy I-10 Banking, Investment and Borrowing](#) sets out the board's investment goals, which require Management to invest any surplus cash, accumulated surplus or deferred revenue in securities eligible under O. Reg. 41/10, that provide a positive rate of return, while limiting fiscal exposure of risk of loss.

To reduce the Province's borrowing costs, the Ministry has implemented a Delayed Grant Payment methodology resulting in a reduction in the board's cash flow and limiting the board's ability to invest. Based on the 2019-20 financial reporting, the board's estimated delayed grant payment expected as of August 31, 2020, is \$25,620,000.

During the 2020-21 fiscal year, the board did not have a GIC maturing.

## Conclusion

Per O. Reg. 41/10 Board Borrowing, Investing and Other Financial Matters and Board Operating Policy I-10 Banking, Investment and Borrowing, the board did not have investments maturing in 2020-21.

**Report Prepared by:** A. Lofts  
Superintendent, Business Services and Treasurer of the Board

**Report Submitted by:** A. Lofts  
Superintendent, Business Services and Treasurer of the Board

Français

**Education Act****ONTARIO REGULATION 41/10****BOARD BORROWING, INVESTING AND OTHER FINANCIAL MATTERS****Consolidation Period:** From May 11, 2011 to the [e-Laws currency date](#).

Last amendment: 163/11.

Legislative History: 337/10, 163/11.

*This is the English version of a bilingual regulation.***PART I  
NON-PERMANENTLY FINANCED DEBT OF DISTRICT SCHOOL BOARDS****Definitions****1.** In this Part,

“assignee” means the trustee of a trust or another person to whom a portion of a legislative grant is assigned by a district school board under an agreement prescribed by this Part; (“cessionnaire”)

“non-permanently financed debt” means, in respect of a district school board, the amount as of August 31, 2001 that is listed in Column (e) under the heading “Not Permanently Financed” opposite the name of the board in Table 2, “Capital Related Debt Eligible for Funding Support, by District School Board”, in the document entitled *School Board Capital Related Debt (June 17, 2002)*, published by the Ministry; (“dette sans financement permanent”)

“participating board” means a district school board that enters into an agreement prescribed by this Part with an assignee; (“conseil participant”)

“refinanced debt” means the debt incurred by the assignee in respect of the financing arranged to refinance the non-permanently financed debt of district school boards; (“dette refinancée”)

“unreimbursed costs” means the costs, expenses or liabilities for which an assignee that is a trustee of a trust is held to be personally liable in connection with administering the trust or arranging for the financing to refinance the non-permanently financed debt. (“frais non remboursés”) O. Reg. 41/10, s. 1.

**Prescribed instrument**

**2.** (1) An agreement that contains the following is prescribed for the purposes of clause 247 (3) (f) of the Act as an instrument that may be executed by a district school board:

1. The agreement provides for the irrevocable assignment by the board to the assignee named in the agreement of the portion of each legislative grant that is paid under the Act in respect of,
  - i. the board’s non-permanently financed debt, other than amounts referred to in clause 37 (1) (b) of Ontario Regulation 154/01 (Student Focused Funding — Legislative Grants for the 2001-2002 School Board Fiscal Year) made under the Act or clause 37 (1) (b) of Ontario Regulation 156/02 (Student Focused Funding — Legislative Grants for the 2002-2003 School Board Fiscal Year) made under the Act as those regulations read immediately before they were revoked, or
  - ii. the portion of the refinanced debt attributable to the board.
2. The agreement requires the board to give a direction to the Minister to pay the assigned portion of each legislative grant directly to an account specified in the agreement.
3. The agreement requires the assignee to,
  - i. assume the board’s liability to pay its non-permanently financed debt,
  - ii. arrange financing to refinance the non-permanently financed debt of the board and other participating boards by,
    - A. creating and issuing, pursuant to one or more trust indentures, bonds, debentures or other evidences of the refinanced debt,
    - B. entering into one or more underwriting agreements in respect of the bonds, debentures or other evidences of the refinanced debt,

- C. obtaining ratings of the bonds, debentures or other evidences of the refinanced debt from one or more nationally recognized rating agencies, and
  - D. causing an offering document to be prepared in respect of the bonds, debentures or other evidence of the refinanced debt and making it available to underwriters and other potential purchasers of the bonds, debentures or other evidences of the refinanced debt,
- iii. out of the proceeds of the refinanced debt, pay the board's non-permanently financed debt, and
  - iv. obtain from the holder of the non-permanently financed debt a receipt for the payment of the board's non-permanently financed debt.
4. If the assignee is the trustee of a trust, the agreement requires the board to do the following:
- i. indemnify the trustee in its personal capacity for all unreimbursed costs, if any, to the extent that the assets of the trust out of which the trustee is entitled at law or in equity to be indemnified for the unreimbursed costs are insufficient to satisfy the unreimbursed costs, and
  - ii. make just and equitable contribution to satisfy the claims giving rise to the unreimbursed costs in an amount that is in the same proportion to the aggregate of the unreimbursed costs that the board's non-permanently financed debt bears to the sum of the non-permanently financed debt of all the participating boards and the amount of fees paid to the trustee, if the indemnity referred to in subparagraph i is for any reason held by a court to be unenforceable.
5. The agreement provides that if the board is required, pursuant to a provision in an agreement described in paragraph 4, to indemnify the trustee or make just and equitable contribution to satisfy the claims giving rise to the unreimbursed costs, the liability of the board under the rights of indemnity or contribution,
- i. shall be several and not joint, and
  - ii. shall not exceed the amount by which the board's non-permanently financed debt exceeds the cumulative amount of the legislative grants in respect of the principal amount of the refinanced debt paid to the account referred to in paragraph 2 established by the board. O. Reg. 41/10, s. 2 (1).

(2) An agreement is prescribed for the purposes of clause 247 (3) (f) of the Act if it satisfies the requirements of subsection (1) and it contains provisions that are not inconsistent with the requirements of subsection (1). O. Reg. 41/10, s. 2 (2).

**Board to provide copy to the Minister**

3. If a district school board enters into an agreement prescribed by this Part, it shall give a written direction described in paragraph 2 of subsection 2 (1) and a copy of the agreement to the Minister. O. Reg. 41/10, s. 3.

**PART II  
RISK MANAGEMENT BY BOARDS IN RESPECT OF ENERGY PRICES**

**Commodity price hedging agreements**

4. (1) A board may enter into commodity price hedging agreements under this Part in order to hedge the risks associated with the fluctuations in the prices of the natural gas, electricity and other energy commodities that are required by the board to operate its schools, other properties and vehicles. O. Reg. 41/10, s. 4 (1).

(2) The agreement must fix, directly or indirectly, or enable the board to fix the price or range of prices to be paid by the board for the future delivery of some or all of a commodity described in subsection (1) or the future cost to the board of an equivalent quantity of the commodity. O. Reg. 41/10, s. 4 (2).

(3) A board shall not sell or otherwise dispose of the commodity price hedging agreement or any interest of the board in the agreement. O. Reg. 41/10, s. 4 (3).

**Report on commodity price hedging agreements**

5. (1) If a board has any subsisting commodity price hedging agreements in a fiscal year, the treasurer of the board shall prepare and present to the board as part of the annual financial report to the board for the fiscal year a detailed report on all of those agreements. O. Reg. 41/10, s. 5 (1).

(2) The report must contain the following information and documents:

- 1. A statement about the status of the agreements during the period of the report, including a comparison of the expected and actual results of using the agreements.
- 2. Such other information as the board may require.
- 3. Such other information as the treasurer considers appropriate to include in the report. O. Reg. 41/10, s. 5 (2).

**PART III  
BORROWING FOR PERMANENT IMPROVEMENTS**

**Borrowing for permanent improvements**

6. A board that, under subsection 247 (1) or (2) of the Act, borrows money or incurs debt for permanent improvements shall do so only in accordance with this Part. O. Reg. 41/10, s. 6.

**Permitted loans**

7. (1) A board may by by-law borrow money for permanent improvements by way of a loan with an initial maturity of more than one year from the Ontario Financing Authority. O. Reg. 41/10, s. 7 (1).

(2) To obtain a loan described in subsection (1), a board shall make a loan application to the Ontario Financing Authority in accordance with any applicable policies, procedures or terms set by the Ontario Financing Authority. O. Reg. 41/10, s. 7 (2).

(3) If the Ontario Financing Authority approves a board's loan application and the board can demonstrate to the satisfaction of the Minister that another entity would provide a loan with the same terms and conditions as the Ontario Financing Authority but at a lower cost, the board may by by-law borrow money for permanent improvements by way of a loan with an initial maturity of more than one year from that other entity if it is one of the following:

1. A bank listed in Schedule I or II of the *Bank Act* (Canada).
2. A loan corporation or trust corporation registered under the *Loan and Trust Corporations Act*.
3. A credit union or league to which the *Credit Unions and Caisses Populaires Act, 1994* applies.
4. A municipality in Canada. O. Reg. 41/10, s. 7 (3).

(4) A board that obtains a loan described in this section shall ensure that the proceeds of it are used for permanent improvements. O. Reg. 41/10, s. 7 (4).

(5) Despite the lifetime of a permanent improvement for which a loan described in this section is made, the loan shall be payable over a term not exceeding 25 years. O. Reg. 41/10, s. 7 (5).

**PART IV  
ELIGIBLE INVESTMENTS**

**Eligible investments**

8. A board does not have the power under section 241 of the Act to invest in a security other than a security prescribed under this Part. O. Reg. 41/10, s. 8.

**Eligible investments**

9. The following are prescribed, for the purposes of subsection 241 (1) of the Act, as securities that a board may invest in:

1. Bonds, debentures, promissory notes or other evidence of indebtedness issued or guaranteed by,
  - i. Canada or a province or territory of Canada,
  - ii. an agency of Canada or of a province or territory of Canada,
  - iii. a municipality in Canada, or
  - iv. the Municipal Finance Authority of British Columbia.
2. Bonds, debentures, promissory notes or other evidence of indebtedness of a corporation if,
  - i. the bond, debenture or other evidence of indebtedness is secured by the assignment to a trustee, as defined in the *Trustee Act*, of payments that Canada or a province or territory of Canada has agreed to make or is required to make under a federal, provincial or territorial statute, and
  - ii. the payments referred to in subparagraph i are sufficient to meet the amounts payable under the bond, debenture or other evidence of indebtedness, including the amounts payable at maturity.
3. Deposit receipts, deposit notes, certificates of deposit or investment, acceptances or similar instruments, the terms of which provide that the principal and interest shall be fully repaid no later than two years after the day the investment was made, that are issued, guaranteed or endorsed by,
  - i. a bank listed in Schedule I or II of the *Bank Act* (Canada),
  - ii. a loan corporation or trust corporation registered under the *Loan and Trust Corporations Act*, or
  - iii. a credit union or league to which the *Credit Unions and Caisses Populaires Act, 1994* applies.

4. Deposit receipts, deposit notes, certificates of deposit or investment, acceptances or similar instruments, the terms of which provide that the principal and interest shall be fully repaid more than two years after the day the investment was made, that are issued, guaranteed or endorsed by,
  - i. a bank listed in Schedule I or II of the *Bank Act* (Canada),
  - ii. a loan corporation or trust corporation registered under the *Loan and Trust Corporations Act*, or
  - iii. a credit union or league to which the *Credit Unions and Caisses Populaires Act, 1994* applies.
5. Bonds, debentures or evidences or long-term indebtedness issued by an institution listed in paragraph 4. O. Reg. 41/10, s. 9; O. Reg. 163/11, s. 1.

**Rating of certain eligible investments**

**10.** (1) A board shall not invest in a security under paragraph 4 or 5 of section 9 unless the bond, debenture, promissory note or evidence of indebtedness is rated,

- (a) by DBRS Limited as “AA(low)” or higher;
- (b) by Fitch Ratings as “AA–” or higher;
- (c) by Moody’s Investors Services Inc. as “Aa3” or higher; or
- (d) by Standard and Poor’s as “AA–” or higher. O. Reg. 41/10, s. 10 (1).

(2) If an investment made under paragraph 4 or 5 of section 9 falls below the standard required under subsection (1), the board shall sell the investment within 90 days after the day the investment falls below the standard. O. Reg. 41/10, s. 10 (2).

**Restriction: securities expressed or payable in foreign currency**

**11.** (1) A board shall not invest in a security that is expressed or payable in any currency other than Canadian dollars. O. Reg. 41/10, s. 11 (1).

(2) Subsection (1) does not prevent a board from continuing an investment, made before this Regulation comes into force, that is expressed and payable in the currency of the United States of America or the United Kingdom. O. Reg. 41/10, s. 11 (2).

**Restriction: investment of money in securities**

**12.** A board shall not invest money in a security unless,

- (a) the money is made repayable on or before the day on which the board requires the money; or
- (b) any interest or other earnings from the investment are credited to the account from which the money was invested. O. Reg. 337/10, s. 1.

**Statement of investment policies and goals**

**13.** (1) Before a board invests in a security prescribed under this Part, the board shall, if it has not already done so, adopt a statement of the board’s investment policies and goals. O. Reg. 41/10, s. 13 (1).

(2) In preparing the statement of the board’s investment policies and goals under subsection (1), the board shall consider,

- (a) the board’s risk tolerance and the preservation of its capital;
- (b) the board’s need for a diversified portfolio of investments; and
- (c) obtaining legal advice and financial advice with respect to the proposed investments. O. Reg. 41/10, s. 13 (2).

**Investment report**

**14.** (1) If a board has an investment in a security prescribed under this Part, the board shall require the treasurer of the board to prepare an investment report as part of the treasurer’s annual financial report to the board. O. Reg. 41/10, s. 14 (1).

(2) The investment report referred to in subsection (1) shall contain,

- (a) a statement about the performance of the portfolio of investments of the board during the period covered by the report;
- (b) a description of the estimated proportion of the total investments of the board that are invested in its own long-term and short-term securities to the total investment of the board and a description of the change, if any, in that estimated proportion since the previous year’s report;
- (c) a list of any investments of the board that are not eligible investments under this Part or that fall below the prescribed ratings, and a description of the plans for disposing of those investments;
- (d) a statement by the treasurer as to whether or not, in his or her opinion, all investment were made in accordance with the investment policies and goals adopted by the board;

- (e) a record of the date of each transaction in or disposal of its own securities, including a statement of the purchase and sale price of each security; and
- (f) such other information that the board may require or that, in the opinion of the treasurer, should be included. O. Reg. 41/10, s. 14 (2).

**Ineligible investments**

**15.** (1) Despite this Regulation, if on the day this Regulation comes into force, a board holds an investment that is not prescribed under this Regulation, the board shall sell the investment within 90 days after the day this Regulation comes into force. O. Reg. 41/10, s. 15 (1).

(2) Despite subsection (1), if the sale of the investment would result in the board realizing an amount below the net book value of the investment, the board may retain the investment, but only until it has an opportunity to realize an amount equal to the net book value of the investment, at which time it shall sell the investment. O. Reg. 41/10, s. 15 (2).

**16.** OMITTED (PROVIDES FOR COMING INTO FORCE OF PROVISIONS OF THIS REGULATION). O. Reg. 41/10, s. 16.

Français

[Back to top](#)



# INTERNAL AUDIT TEAM

West of Central Region

## MEMO

TO: Halton Catholic District School Board Audit Committee  
FROM: Andrea Eltherington, Regional Internal Audit Manager  
DATE: 11 November 2021  
SUBJECT: Regional Internal Audit Status Report – Open Committee Session

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This memorandum will serve to update the Audit Committee of the Regional Internal Audit Team's (RIAT) work since September 23, 2021.

### A. Other

#### 1. Regional Internal Audit Mandate

School Business Support Branch memo, **2016: SB31: 'Update on Regional Internal Audit Consistency Measures'** requires that the Mandate 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 a change of the Regional Internal Audit Manager) so that all parties understand the role and mandate of the regional internal audit team.

See attached memo.

#### 2. Regional Internal Audit Plan

Due to the retirement of the Regional Internal Audit Manager and the requirement to rebuild the team, the approved Regional Internal Audit Plan may not be fulfilled. Any adjustments to the 2021-2022 Regional Internal Audit Plan will be brought forward as soon as possible.



## Timing of the Audit Committee's Key Activities

This document lists key activities the audit committee is required to undertake under Ontario Regulation 361/10, along with a suggested schedule for these activities (schedule may vary for each board). Audit committees may choose to engage in other activities or hold additional meetings, the timing of which is at the discretion of the individual committee.

### September

- Internal auditor performance evaluation (prior fiscal year)
- Internal audit mandate review (current fiscal year)

### November

- Review of financial statements (prior fiscal year)
- Review of external auditor's management letter (prior fiscal year)
- External auditor performance evaluation (prior fiscal year)
- Review of compliance report (prior fiscal year)
- Audit committee self-assessment (prior fiscal year)
- Detailed annual report to the Board of Trustees (prior fiscal year)
- Annual report to the Ministry (prior fiscal year)\*

### June

- Review of external auditor's audit plan (next fiscal year)
- Review of internal audit plan (next fiscal year)

### When Available

- Review of current external and/or internal audit plan where any major changes are proposed
- Review of internal audit reports
- Review of reports on audits or other engagements conducted by regulatory entities

\*Note: This report should be reviewed by the audit committee at or before the November meeting. Report should be presented to the Board of Trustees no later than November 30<sup>th</sup> and submitted to the Ministry of Education by January 15<sup>th</sup> of the following year.

## Proposed Audit Committee Meeting Agenda Topics

Audit committees can use this tool to assist in planning annual activities and meeting agendas, based primarily on actions or responsibilities outlined in Ontario Regulation 361/10 (the regulation). Note that the meeting dates are only a suggestion and that the actual schedule may vary by board.

A one-page document outlining the timing of key responsibilities has also been developed. Please refer to “Timing of the Audit Committee’s Key Activities” on the School Business Support Branch (SBSB) [website](#).

For guidance on whether to discuss an agenda item in open or closed session, please refer to the Deloitte report “Open vs. closed sessions of audit committee meetings”. This report is also available on the SBSB website.

### General Responsibilities

Action or Responsibility	Fiscal Year	Suggested Meeting	Open/Closed Session	Completed? (Yes/No/N/A)	Comments
3.(1) - Ensure committee composition complies with the regulation	Current	September and as required			
4.(1) – Ensure newly appointed external members meet eligibility requirements	Current	As required			
6.(1) - Elect the chair and appoint a secretary for the year	Current	September			
7.(2) - Ensure external members have not exceeded the maximum term of appointment	Current	Each meeting			
8.(1) & 8.(2) - Review committee members’ compliance with membership rules listed in the regulation	Current	Each meeting			
9.(7) - Report as required to the Board regarding the execution of duties and responsibilities	Current	As required			

Action or Responsibility	Fiscal Year	Suggested Meeting	Open/Closed Session	Completed? (Yes/No/N/A)	Comments
9.(8) – Ensure the regulation is posted on board’s website	Current	Annually			
10.(a) - As necessary (and with Board approval), retain counsel, accountants or other professionals to advise or assist the committee	Current	As required			
10.(c) - Meet with management privately to discuss any necessary matters	Current	Private session at each meeting			
11.(6) – Ensure a quorum is present	Current	Each meeting			
11.(7) - Maintain minutes, review and approve the minutes of prior meetings	Current	Each meeting			
14.(3) – Members declare any potential financial benefits relating to agenda items	Current	Each meeting			
15.(1) &15.(3) – Annual report to the Board	Previous	November			
15.(2) – Annual report to the Ministry of Education	Previous	November			

### Financial Reporting

Action or Responsibility	Fiscal Year	Suggested Meeting	Open/Closed Session	Completed? (Yes/No/N/A)	Comments
9.(1) 1 - Review: <ul style="list-style-type: none"> <li>- relevant accounting and reporting practices and issues</li> <li>- complex or unusual transactions</li> <li>- material judgments and accounting estimates</li> <li>- any departures from PSAB</li> </ul>	Current	As required			

<b>Action or Responsibility</b>	<b>Fiscal Year</b>	<b>Suggested Meeting</b>	<b>Open/Closed Session</b>	<b>Completed? (Yes/No/N/A)</b>	<b>Comments</b>
9.(1) 2i - Review the external audit results	Previous	November			
9.(1) 2ii - Review any difficulties encountered in the course of the audit	Previous	November			
9.(1) 2iii – Review any significant changes made to the external audit plan in response to issues identified during the audit	Previous	November			
9.(1) 2iv - Review significant disagreements between external audit and management and how those disagreements were resolved	Previous	November			
9.(1) 3 - Review the annual financial statements	Previous	November			
9.(1) 4 - Recommend to the Board the approval of the annual audited financial statements	Previous	November			
9.(1) 5 - Review all external auditor communications required under GAAS	Previous	November			
9.(1) 6 - Review any material written communication between the external auditor and management	Previous	November			
9.(1) 7 – Ask the external auditor whether all reporting entities were consolidated into the board’s financial statements	Previous	November			

**Internal Controls**

<b>Action or Responsibility</b>	<b>Fiscal Year</b>	<b>Suggested Meeting</b>	<b>Open/Closed Session</b>	<b>Completed? (Yes/No/N/A)</b>	<b>Comments</b>
9.(2) 1 & 9.(2) 3 - Enquire about significant financial risks and the measures taken to manage such risks (reviewing the overall effectiveness of board's internal controls)	Current	Each meeting			
9.(2) 2 - Review the scope of the internal and external auditor's reviews of the board's internal controls, as well as any significant findings and recommendations made and management's response to these	Current	Each meeting			

**Internal Audit**

<b>Action or Responsibility</b>	<b>Fiscal Year</b>	<b>Suggested Meeting</b>	<b>Open/Closed Session</b>	<b>Completed? (Yes/No/N/A)</b>	<b>Comments</b>
9.(3) 1 - Review their mandate, activities, staffing and organizational structure	Current	September			
9.(3) 2 - Make recommendations to the Board on the content of the internal audit plan	Next	June			
9.(3) 2 - Make recommendations to the Board on all proposed major changes to the internal audit plan	Current	As required			
9.(3) 4 - Review internal auditor performance and provide comments to the Board and host board	Previous	September			

Action or Responsibility	Fiscal Year	Suggested Meeting	Open/Closed Session	Completed? (Yes/No/N/A)	Comments
9.(3) 5 - Review internal audit's effectiveness, including compliance with professional internal auditing standards. This could include a review of the quality assurance and improvement program results, which may use tools such as peer reviews and/or periodic external assessments.	Current or Previous	As available			
9.(3) 6 - Meet with internal audit privately to discuss any necessary matters	Current	Private session at each meeting, as required			
9.(3) 7i - Review significant findings and recommendations made by internal audit and management's response to the recommendations	Current	Each meeting			
9.(3) 3 & 9.(3) 7ii - Discuss significant difficulties, disagreements or scope restrictions/limitations encountered by the internal auditor	Current	As required			
9.(3) 7iii - Review any significant changes internal audit made to the audit plan in response to issues identified during the audit	Current	As required			

**External Auditor**

Action or Responsibility	Fiscal Year	Suggested Meeting	Open/Closed Session	Completed? (Yes/No/N/A)	Comments
9.(4) 1 – Review external auditor performance	Current	Annually			

Action or Responsibility	Fiscal Year	Suggested Meeting	Open/Closed Session	Completed? (Yes/No/N/A)	Comments
9.(4) 1 – Make recommendations to the Board on the appointment, replacement or dismissal of the external auditor and on the external auditor’s fee and fee adjustment	Current	Annually			
9.(4) 2 – Review the external audit plan (engagement letter, coordination with internal audit, use of other independent accountants)	Next	June			
9.(4) 2.1 - Make recommendations to the Board on the content of the external audit plan	Next	June			
9.(4) 2.1 - Make recommendations to the Board on all proposed major changes to the external audit plan	Current	As required			
9.(4) 3 - Review and confirm external auditor’s independence	Current	November			
9.(4) 4 - Meet with the external auditor to discuss any necessary matters	Current	Private session at each meeting, as required			
9.(4) 5 - Oversee the resolution of any disagreements between the external auditor and management	Current	As required			
9.(4) 6 - Recommend a policy on services the external auditor may perform and oversee its implementation	Current	As required			

## Compliance

Action or Responsibility	Fiscal Year	Suggested Meeting	Open/Closed Session	Completed? (Yes/No/N/A)	Comments
9.(5) 1 - Review the board's system for monitoring compliance with legislative requirements, board policies and procedures	Current	September			
9.(5) 1 & 9.(5) 4 - Review instances of non-compliance with legislative requirements and board policies and procedures, as well as actions taken	Current	As required			
9.(5) 2 - Review any legal matters or findings of regulatory entities	Current	As required			
9.(5) 3 - Review the board's process for communicating and administering any codes of conduct	Current	September			
9.(5) 5 - Receive confirmation that all statutory requirements have been met, e.g., through the annual compliance report signed by the Director	Previous	September			

## Risk Management

Action or Responsibility	Fiscal Year	Suggested Meeting	Open/Closed Session	Completed? (Yes/No/N/A)	Comments
9.(6) 1 - Enquire about significant risks, review and assess the board's risk management policies	Current	September			
9.(6) 2 - Perform other activities related to the oversight of the board's risk management issues or financial matters as requested by the Board	Current	As required			



<b>Action or Responsibility</b>	<b>Fiscal Year</b>	<b>Suggested Meeting</b>	<b>Open/Closed Session</b>	<b>Completed? (Yes/No/N/A)</b>	<b>Comments</b>
9.(6) 3 - Initiate and oversee investigations into auditing matters, internal financial controls and allegations of inappropriate or illegal financial dealings (including fraud)	Current	As required			

**Other Leading Practices**

<b>Action or Responsibility</b>	<b>Fiscal Year</b>	<b>Suggested Meeting</b>	<b>Open/Closed Session</b>	<b>Completed? (Yes/No/N/A)</b>	<b>Comments</b>
Develop work plan and meeting schedule for the next fiscal year	Next	June			
Succession planning for audit committee members	Next	June			
Perform a self-assessment of the audit committee	Previous	September			
Appropriate continuing education	Current	As required			
Review interim financial reports	Current	As information is available			

Français

**Education Act****ONTARIO REGULATION 361/10  
AUDIT COMMITTEES****Consolidation Period:** From July 10, 2015 to the [e-Laws currency date](#).

Last amendment: O. Reg. 204/15.

*This is the English version of a bilingual regulation.***Interpretation**

1. (1) This Regulation applies in respect of audit committees established by district school boards under subsection 253.1 (1) of the Act. O. Reg. 361/10, s. 1 (1).

(2) In this Regulation,

“external auditor” means an auditor appointed by a board under subsection 253 (1) of the Act to perform the duties referred to in subsection 253 (4) of the Act; (“vérificateur externe”)

“internal auditor” means a contractor or employee of a board who examines and evaluates a board’s records and procedures related to the board’s risk management, internal controls and governance processes and makes recommendations on ways to improve the board’s risk management, internal controls and governance processes; (“vérificateur interne”)

“reporting entity” means, with respect to a board, an organization that is required to prepare reports for the purposes of the board regarding the organization’s financial affairs and resources; (“entité comptable”)

“senior business official” means a senior business official described in subsection 3 (2) of Regulation 309 of the Revised Regulations of Ontario, 1990 (Supervisory Officers) made under the Act. (“cadre supérieur de l’administration des affaires”) O. Reg. 361/10, s. 1 (2).

**Establishment of audit committee**

2. (1) Subject to subsection (3), every board shall establish an audit committee in accordance with this Regulation no later than January 31, 2011. O. Reg. 361/10, s. 2 (1).

(2) The first meeting of an audit committee established under subsection (1) shall be held no later than March 31, 2011. O. Reg. 361/10, s. 2 (2).

(3) A board established after the day this Regulation comes into force shall establish an audit committee in accordance with this Regulation no later than October 1 of the school year following the calendar year in which the board’s members are first elected. O. Reg. 361/10, s. 2 (3).

(4) The first meeting of an audit committee established under subsection (3) shall be held no later than December 1 of the school year following the calendar year in which the board’s members are first elected. O. Reg. 361/10, s. 2 (4).

**Composition of audit committee**

3. (1) An audit committee of a board shall consist of the following individuals appointed in accordance with the board’s by-laws:

1. If the board has fewer than eight board members, the audit committee shall consist of four members, including two board members and two persons who are not board members.
2. If the board has eight or more board members, but less than fifteen, the audit committee shall consist of five members, including three board members and two persons who are not board members.
3. If the board has fifteen or more board members, the audit committee shall consist of seven members, including four board members and three persons who are not board members. O. Reg. 361/10, s. 3 (1).

(2) In the absence of a by-law setting out an appointment process, the board shall appoint the members of the audit committee in accordance with paragraphs 1, 2 and 3 of subsection (1). O. Reg. 361/10, s. 3 (2).

(3) If the number of persons required by paragraphs 1, 2 and 3 of subsection (1) is not appointed to the audit committee, the Minister may appoint a person to each vacant position. O. Reg. 361/10, s. 3 (3).

(4) A person appointed under subsection (3) holds the position until the board appoints another person to the position. O. Reg. 361/10, s. 3 (4).

(5) An appointment made under subsection (3) must comply with paragraphs 1, 2 and 3 of subsection (1) and section 4. O. Reg. 361/10, s. 3 (5).

**Eligibility for appointment of persons who are not board members**

4. (1) A person who is not a board member is eligible to be appointed to the board's audit committee only if he or she,
- (a) has accounting, financial management or other relevant business experience that would enable him or her to understand the accounting and auditing standards applicable to the board;
  - (b) is not an employee or officer of the board or of any other board at the time of his or her appointment;
  - (c) does not have a conflict of interest, as described in subsection (2), at the time of his or her appointment; and
  - (d) was identified by the selection committee described in section 5 as a potential candidate for appointment to the audit committee. O. Reg. 361/10, s. 4 (1).
- (2) For the purposes of clause (1) (c), a person has a conflict of interest if his or her parent, child or spouse is employed by the board. O. Reg. 361/10, s. 4 (2).
- (3) Clause (1) (d) does not apply if the person is appointed by the Minister under subsection 3 (3). O. Reg. 361/10, s. 4 (3).

**Selection committee**

5. (1) Each board shall have a selection committee for the purpose of identifying persons who are not board members as potential candidates for appointment to the board's audit committee. O. Reg. 361/10, s. 5 (1).
- (2) The selection committee shall be composed of,
- (a) the board's director of education;
  - (b) a senior business official of the board; and
  - (c) the chair of the board or a board member designated by the chair. O. Reg. 361/10, s. 5 (2).

**Chair of the audit committee**

6. (1) At the first meeting of the audit committee in each fiscal year, the members of the committee shall elect the chair of the committee for the fiscal year of the board from among the members appointed to the committee. O. Reg. 361/10, s. 6 (1); O. Reg. 204/15, s. 1.
- (2) If at any meeting of the audit committee the chair is not present, the members present may elect a chair for that meeting. O. Reg. 361/10, s. 6 (2).

**Term of appointment**

7. (1) The term of office of a member of the audit committee who is a board member shall be determined by the board but shall not exceed four years. O. Reg. 361/10, s. 7 (1).
- (2) The term of office of a member of the audit committee who is not a board member shall be determined by the board but shall not exceed three years. O. Reg. 361/10, s. 7 (2).
- (3) Subject to subsection (4), a member of the audit committee may be reappointed. O. Reg. 361/10, s. 7 (3).
- (4) An individual who is not a board member may not be appointed to the audit committee more than twice unless,
- (a) the board advertised the position for at least 30 days; and
  - (b) after the 30 days, the selection committee did not identify any potential candidates. O. Reg. 361/10, s. 7 (4).
- (5) When the term of a member of the audit committee expires, he or she continues to be a member until a successor is appointed or the member is reappointed. O. Reg. 361/10, s. 7 (5).

**Vacancies**

8. (1) A member who is a board member vacates his or her position on the audit committee if,
- (a) he or she is convicted of an indictable offence; or
  - (b) he or she is absent from two consecutive regular meetings of the committee and the committee has not authorized those absences by a resolution at the first regular meeting of the committee that follows the second absence. O. Reg. 361/10, s. 8 (1).
- (2) A member who is not a board member vacates his or her position on the audit committee if,
- (a) he or she is convicted of an indictable offence;

- (b) he or she is absent from two consecutive regular meetings of the committee and the committee has not authorized those absences by a resolution at the first regular meeting of the committee that follows the second absence;
  - (c) he or she becomes an employee or officer of the board or of any other board; or
  - (d) it is discovered that he or she had a conflict of interest as described in subsection 4 (2) at the time of his or her appointment and failed to disclose it. O. Reg. 361/10, s. 8 (2).
- (3) Despite any by-law of a board, if a position on the audit committee becomes vacant, the position shall be filled as soon as possible in accordance with this Regulation. O. Reg. 361/10, s. 8 (3).
- (4) A person who is appointed to fill a vacancy shall hold the position for the remainder of the term of the member whose position became vacant. O. Reg. 361/10, s. 8 (4).

**Duties of an audit committee**

9. (1) An audit committee of a board has the following duties related to the board's financial reporting process:

1. To review with the director of education, a senior business official and the external auditor the board's financial statements, with regard to the following:
  - i. Relevant accounting and reporting practices and issues.
  - ii. Complex or unusual financial and commercial transactions of the board.
  - iii. Material judgments and accounting estimates of the board.
  - iv. Any departures from the accounting principles published from time to time by the Canadian Institute of Chartered Accountants that are applicable to the board.
2. To review with the director of education, a senior business official and the external auditor, before the results of an annual external audit are submitted to the board,
  - i. the results of the annual external audit,
  - ii. any difficulties encountered in the course of the external auditor's work, including any restrictions or limitations on the scope of the external auditor's work or on the external auditor's access to required information,
  - iii. any significant changes the external auditor made to the audit plan in response to issues that were identified during the audit, and
  - iv. any significant disagreements between the external auditor and the director of education or a senior business official and how those disagreements were resolved.
3. To review the board's annual financial statements and consider whether they are complete, are consistent with any information known to the audit committee members and reflect accounting principles applicable to the board.
4. To recommend, if the audit committee considers it appropriate to do so, that the board approve the annual audited financial statements.
5. To review with the director of education, a senior business official and the external auditor all matters that the external auditor is required to communicate to the audit committee under generally accepted auditing standards.
6. To review with the external auditor material written communications between the external auditor and the director of education or a senior business official.
7. To ask the external auditor about whether the financial statements of the board's reporting entities, if any, have been consolidated with the board's financial statements.
8. To ask the external auditor about any other relevant issues. O. Reg. 361/10, s. 9 (1).

(2) An audit committee of a board has the following duties related to the board's internal controls:

1. To review the overall effectiveness of the board's internal controls.
2. To review the scope of the internal and external auditor's reviews of the board's internal controls, any significant findings and recommendations by the internal and external auditors and the responses of the board's staff to those findings and recommendations.
3. To discuss with the board's officials the board's significant financial risks and the measures the officials have taken to monitor and manage these risks. O. Reg. 361/10, s. 9 (2).

(3) An audit committee of a board has the following duties related to the board's internal auditor:

1. To review the internal auditor's mandate, activities, staffing and organizational structure with the director of education, a senior business official and the internal auditor.

2. To make recommendations to the board on the content of annual or multi-year internal audit plans and on all proposed major changes to plans.
3. To ensure there are no unjustified restrictions or limitations on the scope of the annual internal audit.
4. To review at least once in each fiscal year the performance of the internal auditor and provide the board with comments regarding his or her performance.
5. To review the effectiveness of the internal auditor, including the internal auditor's compliance with the document *International Standards for the Professional Practice of Internal Auditing*, as amended from time to time, published by The Institute of Internal Auditors and available on its website.
6. To meet on a regular basis with the internal auditor to discuss any matters that the audit committee or internal auditor believes should be discussed.
7. To review with the director of education, a senior business official and the internal auditor,
  - i. significant findings and recommendations by the internal auditor during the fiscal year and the responses of the board's staff to those findings and recommendations,
  - ii. any difficulties encountered in the course of the internal auditor's work, including any restrictions or limitations on the scope of the internal auditor's work or on the internal auditor's access to required information, and
  - iii. any significant changes the internal auditor made to the audit plan in response to issues that were identified during the audit. O. Reg. 361/10, s. 9 (3).

**(4) An audit committee of a board has the following duties related to the board's external auditor:**

1. To review at least once in each fiscal year the performance of the external auditor and make recommendations to the board on the appointment, replacement or dismissal of the external auditor and on the fee and fee adjustment for the external auditor.
2. To review the external auditor's audit plan, including,
  - i. the external auditor's engagement letter,
  - ii. how work will be co-ordinated with the internal auditor to ensure complete coverage, the reduction of redundant efforts and the effective use of auditing resources, and
  - iii. the use of independent public accountants other than the external auditor of the board.
- 2.1 To make recommendations to the board on the content of the external auditor's audit plan and on all proposed major changes to the plan.
3. To review and confirm the independence of the external auditor.
4. To meet on a regular basis with the external auditor to discuss any matters that the audit committee or the external auditor believes should be discussed.
5. To resolve any disagreements between the director of education, a senior business official and the external auditor about financial reporting.
6. To recommend to the board a policy designating services that the external auditor may perform for the board and, if the board adopts the policy, to oversee its implementation. O. Reg. 361/10, s. 9 (4); O. Reg. 204/15, s. 2.

**(5) An audit committee of a board has the following duties related to the board's compliance matters:**

1. To review the effectiveness of the board's system for monitoring compliance with legislative requirements and with the board's policies and procedures, and where there have been instances of non-compliance, to review any investigation or action taken by the board's director of education, supervisory officers or other persons employed in management positions to address the non-compliance.
2. To review any significant findings of regulatory entities, and any observations of the internal or external auditor related to those findings.
3. To review the board's process for communicating any codes of conduct that apply to board members or staff of the board to those individuals and the board's process for administering those codes of conduct.
4. To obtain regular updates from the director of education, supervisory officers and legal counsel regarding compliance matters.
5. To obtain confirmation by the board's director of education and supervisory officers that all statutory requirements have been met. O. Reg. 361/10, s. 9 (5).

**(6) An audit committee of a board has the following duties related to the board's risk management:**

1. To ask the board's director of education, a senior business official, the internal auditor and the external auditor about significant risks, to review the board's policies for risk assessment and risk management and to assess the steps the director of education and a senior business official have taken to manage such risks, including the adequacy of insurance for those risks.
2. To perform other activities related to the oversight of the board's risk management issues or financial matters, as requested by the board.
3. To initiate and oversee investigations into auditing matters, internal financial controls and allegations of inappropriate or illegal financial dealing. O. Reg. 361/10, s. 9 (6).

(7) An audit committee of a board shall report to the board annually, and at any other time that the board may require, on the committee's performance of its duties. O. Reg. 361/10, s. 9 (7).

(8) An audit committee shall make all reasonable efforts to ensure that a copy of this Regulation is posted on the board's website. O. Reg. 361/10, s. 9 (8).

**Powers of an audit committee**

10. In carrying out its functions and duties, an audit committee of a board has the power to,
  - (a) with the prior approval of the board, retain counsel, accountants or other professionals to advise or assist the committee;
  - (b) meet with or require the attendance of board members, the board's staff, internal or external auditor or legal counsel or representatives from a reporting entity of the board at meetings of the committee, and require such persons or entities to provide any information and explanation that may be requested;
  - (c) where the committee determines it is appropriate, meet with the board's external or internal auditor, or with any staff of the board, without the presence of other board staff or board members, other than board members who are members of the committee;
  - (d) require the board's internal or external auditor to provide reports to the committee; and
  - (e) have access to all records of the board that were examined by the internal or external auditor. O. Reg. 361/10, s. 10.

**Meetings**

11. (1) An audit committee of a board shall meet at least three times in each fiscal year at the call of the chair of the committee, and at such other times as the chair considers advisable. O. Reg. 361/10, s. 11 (1).

(2) The first meeting of the audit committee in each fiscal year after the 2011 year shall take place no later than September 30. O. Reg. 361/10, s. 11 (2).

(3) Each member of the audit committee has one vote. O. Reg. 361/10, s. 11 (3).

(4) The audit committee shall make decisions by resolution. O. Reg. 361/10, s. 11 (4).

(5) In the event of a tie vote, the chair is entitled to cast a second vote. O. Reg. 361/10, s. 11 (5).

(6) A majority of the members of the audit committee that includes at least one member who is not a board member constitutes a quorum for meetings of the committee. O. Reg. 361/10, s. 11 (6).

(7) The chair of the audit committee shall ensure that minutes are taken at each meeting and provided to the members of the committee before the next meeting. O. Reg. 361/10, s. 11 (7).

(8) Despite subsection (1), an audit committee of a board is required to meet only twice during the 2010-2011 fiscal year. O. Reg. 361/10, s. 11 (8).

**Codes of Conduct**

12. Any code of conduct of the board that applies to board members also applies to members of the audit committee who are not board members in relation to their functions, powers and duties as members of the committee. O. Reg. 361/10, s. 12.

**Remuneration and compensation**

13. (1) A person shall not receive any remuneration for serving as a member of the audit committee. O. Reg. 361/10, s. 13 (1).

(2) Subsection (1) does not preclude payment of an honorarium under section 191 of the Act that takes into account the attendance of a board member at an audit committee meeting. O. Reg. 361/10, s. 13 (2).

(3) A board shall establish policies respecting the reimbursement of members of its audit committee for expenses incurred as members of the committee. O. Reg. 361/10, s. 13 (3).

(4) A board shall reimburse members of its audit committee for expenses incurred as members of the committee in accordance with the policies referred to in subsection (3). O. Reg. 361/10, s. 13 (4).

#### **Declaration of conflicts**

14. (1) Every member of an audit committee shall, when he or she is appointed to the committee for the first time and at the first meeting of the committee in each fiscal year, submit a written declaration to the chair of the committee declaring whether he or she has a conflict of interest as described in subsection 4 (2). O. Reg. 361/10, s. 14 (1).

(2) A member of an audit committee who becomes aware after his or her appointment that he or she has a conflict of interest, as described in subsection 4 (2), shall immediately disclose the conflict in writing to the chair. O. Reg. 361/10, s. 14 (2).

(3) If a member or his or her parent, child or spouse could derive any financial benefit relating to an item on the agenda for a meeting, the member shall declare the potential benefit at the start of the meeting and withdraw from the meeting during the discussion of the matter and shall not vote on the matter. O. Reg. 361/10, s. 14 (3).

(4) If no quorum exists for the purpose of voting on a matter only because a member is not permitted to be present at the meeting by reason of subsection (3), the remaining members shall be deemed to constitute a quorum for the purposes of the vote. O. Reg. 361/10, s. 14 (4).

(5) If a potential benefit is declared under subsection (3), a detailed description of the potential benefit declared shall be recorded in the minutes of the meeting. O. Reg. 361/10, s. 14 (5).

#### **Reporting**

15. (1) An audit committee of a board shall submit to the board on or before a date specified by the board an annual report that includes,

- (a) any annual or multi-year audit plan of the board's internal auditor;
- (b) a description of any changes made to a plan referred to in clause (a) since the last report of the committee;
- (c) a summary of the work performed by the internal auditor since the last annual report of the committee, together with a summary of the work the auditor expected to perform during the period, as indicated in the plan referred to in clause (a);
- (d) a summary of risks identified and findings made by the internal auditor; and
- (e) a summary of any enrolment audits planned by the internal auditor. O. Reg. 361/10, s. 15 (1); O. Reg. 204/15, s. 3 (1).

(2) A board who receives a report under subsection (1) shall submit the information described in clauses (1) (c) and (e) to the Minister in each fiscal year on or before a date specified by the Minister. O. Reg. 204/15, s. 3 (2).

(3) An audit committee of a board shall submit a report to the board in each fiscal year on or before a date specified by the board, and at any other time as may be requested by the board, that includes,

- (a) a summary of the work performed by the committee since the last report;
- (b) an assessment by the committee of the board's progress in addressing any findings and recommendations that have been made by the internal or external auditor;
- (c) a summary of the matters addressed by the committee at its meetings;
- (d) the attendance record of members of the committee; and
- (e) any other matter that the committee considers relevant. O. Reg. 361/10, s. 15 (3).

16. OMITTED (PROVIDES FOR COMING INTO FORCE OF PROVISIONS OF THIS REGULATION). O. Reg. 361/10, s. 16.

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[Back to top](#)