

Halton District School Board

AUDIT COMMITTEE

Boardroom, J.W. Singleton Education Centre, 2050 Guelph Line, Burlington, Ontario

Tuesday, November 12, 2019

Public Session: 3 p.m.

PUBLIC SESSION AGENDA

1.0 – Opening

- 1.1 Welcome and Call to Order
- 1.2 Acknowledgement of Traditional Lands
- 1.3 Declaration of Possible Conflict of Interest
- 1.4 Approval of the Agenda

2.0 – Ratification / Action

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- 2.1 Minutes of the Audit Committee Meetings
 - 2.1.1 Audit Committee Meeting, September 17, 2019 *pages 2-5*
- 2.2 Approval of Business Transacted in Private Session
- 2.3 Action Items
 - 2.3.1 2018-19 Financial Statements and Accumulated Surplus Balances *pages 6-33*
 - 2.3.2 Report to the Audit Committee on the 2018/2019 audit (L. Cheung) *pages 34-55*
 - 2.3.3 Audit Committee Approval of the 2018/2019 Financial Statements *page 56*
 - 2.3.4 Audit Committee Policy and Procedure/Terms of Reference (R. Negoï) *pages 57-71*

3.0 – Communication to the Audit Committee

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- 3.1 For Information
 - 3.1.1 Supplementary Reporting (R. Negoï)
 - Annual Statement of Education Development Charges (EDC) Report *pages 72-74*
 - Summary of Trustee Expenses Report as of 2018/2019 *pages 75-78*
- 3.2 Timelines for Financial Reporting Presentation to Board *page 79*
- 3.3 Procurement Administrative Procedure *pages 80-94*

4.0 – Other Business

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- 4.1 Special Acknowledgements

5.0 – Adjournment

- 5.1 Motion to Adjourn

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**Halton District School Board
Audit Committee Public Session Meeting Minutes
Tuesday, September 17th, 2019**

Attendance:

Trustee Members: J. Gray, A. Collard, L. Reynolds

Trustee Guests: T. Ehl Harrison

Public Representative: D. McKerrall

Staff: S. Miller, R. Negoï, J. Sweetman, H. Camastro, C. Salemi, K. Samarin

Regional Internal Audit Team: J. Baker

External Auditor: D. Tonin, L. Cheung

Regrets: M. Caputi

Agenda Item 1.0

1.1 Call to Order

- The Chair called the meeting to order at 3:23 p.m.

1.2 Acknowledgement of Traditional Lands

- On behalf the Board, acknowledgement and thanks was given to the Mississaugas of the Credit First Nation for sharing their traditional territory.

1.3 Declarations of Possible Conflict of Interest/Annual Conflict of Interest Declaration Form

- No conflicts of interest were declared.

1.4 Approval of the Agenda

Motion: L. Reynolds / D. McKerrall

Be it resolved that the Agenda for the Public session of the Audit Committee Meeting for September 17th, 2019 be approved as distributed.
Carried Unanimously.

Agenda Item 2.0

2.1 Minutes of the Audit Committee Meetings

2.1.1 Audit Committee Meeting, April 30th, 2019

Motion: L. Reynolds / A. Collard

Be it resolved that the minutes from the Public Session Audit Committee Meeting held on April 30th, 2019 be approved as distributed. **Carried Unanimously.**

2.2 Audit Committee Elections

2.2.1 Election of Audit Committee Chair for 2019/2020 per Regulation 361/10, Section 6(1)

Motion: A. Collard / D. McKerrall

Be it resolved that J. Gray be appointed as Chair of the Audit Committee for the 2019/2020 fiscal year. **Carried Unanimously.**

*2.2.2 Election of Audit Committee Vice-Chair for 2019/2020***Motion: A. Collard / D. McKerrall**

Be it resolved that L. Reynolds be appointed as Vice-Chair of the Audit Committee for the 2019/2020 fiscal year. **Carried Unanimously.**

*2.3 Approval of Business Transacted in Private Session***Motion: A. Collard / D. McKerrall**

Be it resolved that the business transacted in Private Session be approved as it relates to the Sales Tax Recovery Audit Scope of Work, Regional Internal Audit Status Report, Special Education Audit Report and Audit Committee Annual Report Private Session 2018-2019 and that these reports be included in the Audit Committee Summary Report to the Board of Trustees. **Carried Unanimously.**

*2.4 Action Items**2.4.1 Audit Committee Terms of Reference*

- Noted that one item was changed on page 11 under "Support". Reference to Internal Auditor removed.

Motion: L. Reynolds / D. McKerrall

Be it resolved that the Audit Committee forward the Audit Committee Terms of Reference to legal for review and that the document then return to the November meeting before finalizing it. **Carried Unanimously.**

2.4.2 Audit Committee Administrative Procedure

- Need to determine if Audit Committee Administrative Procedure should be considered as a Governance Policy. The Superintendent of Business Services and Trustee members will take another look at this and bring findings back in November.

2.4.3 Regional Internal Audit Status Report

- The Regional Internal Auditor presented the report and responded to questions.

Motion: D. McKerrall / L. Reynolds

Be it resolved that the Audit Committee receive the Regional Internal Audit Status Update and that the report be included in the Audit Committee Summary to the Board of Trustees. **Carried Unanimously.**

2.4.4 Audit Committee Annual Report to the Board and Ministry

Motion: D. McKerrall / L. Reynolds

Be it resolved that the Audit Committee approve the Annual Report to the Board of Trustees and the 2018/2019 Annual Report to the Ministry and forward the reports to the Board of Trustees for acceptance. **Carried Unanimously.**

Agenda Item 3.0

3.1 Information Items

3.1.1 Timelines for Financial Reporting Presentation to Board

3.1.2 Schedule of Budget and Financial Reports 2018/2019 and 2019/2020 Expected Dates

Agenda Item 4.0

4.1 Appointment of External Audit Committee Members for 2019-2020

- Terms are set at three years with option to serve a second consecutive term.
- Both current external members' terms expire in December 2019.
- M. Caputi is currently at the end of her second term.
- An extension to a current term is possible if no suitable candidates are available.
- D. McKerrall has expressed his willingness to continue for a second term.
- The recruitment process will start in October for the purposes of finding a new candidate to fill the available position. The new external member's term will be in effect as of January 1, 2020.
- Request made to look at posting to see if it reflects the advantages/benefits of the position to the applicant
- The desire to attract more diversity to the Board was also expressed.

4.1.2 Next Meeting Date

- Next meeting date set for November 12th

Agenda Item 5.0

5.1 Adjournment

Motion: L. Reynolds / D. McKerrall

Be it resolved that the Public Session of the Audit Committee Meeting held on September 17th, 2019 be adjourned at 3:54 pm. **Carried Unanimously.**

Halton District School Board

Report Number: TBD**Date: November 12, 2019****FOR INFORMATION**

TO: The Chair and Members of the Halton District School Board

FROM: Roxana Negoï, Superintendent of Business Services and Treasurer
Stuart Miller, Director of Education

RE: **2018/2019 Financial Statements and Accumulated Surplus Balances**

Recommendation:

Be it resolved that the Halton District School Board authorize the 2018/2019 Year-end Surplus to be transferred to the Accumulated Surplus categories:

Amounts Internally Restricted For Future Use by the Board

\$1,858,304 Student Achievement: Multi-Year/Operational Plan Initiatives

\$1,200,000 Technology

\$1,853,130 Administrative Facility

Be it resolved that the Halton District School Board approve the audited financial statements for the fiscal year ended August 31, 2019.

Rationale

Each year, the treasurer of every board is required (under subsection 252(1) of the Education Act) to prepare the financial statements for the school board and, on receiving the auditor's report on the financial statements, promptly submit them to the Ministry of Education.

Financial statements must be prepared in compliance with legislation outlined under the Financial Administration Act, and in accordance with public sector accounting standards established by the Public Sector Accounting Board (PSAB) of The Chartered Professional Accountants, Canada. A summary of the significant accounting policies that form the basis of accounting in financial statements is provided in Note 1 to the financial statements.

Audit

The financial statements have been audited by Deloitte LLP, Chartered Accountants; independent external auditors appointed by the Board. In accordance with subsection 253(5) of the Education Act, the auditors have received full access to all books, records, documents of the Board, as well as any other information that in the auditor's opinion was necessary to enable them to carry out their duties. The audit was conducted in accordance with Canadian generally accepted auditing standards as outlined in the Auditors' Report. Based on their audit opinion, the auditors agree that the consolidated financial statements of Halton District School Board as at and for the year ended August 31, 2019 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements. In addition, the Halton District School Board was in compliance with all Ministry funding regulations.

Audit Committee

Per Ontario Regulation 361/10: Audit Committees, Section 9(4), the duties of the Audit Committee is "to recommend, if the audit committee considers it appropriate to do so, that the board approve the annual audited financial statements". The Board's Audit Committee met on November 12, 2019 and recommended that the audited financial statements of the Halton District School Board for the fiscal year ended August 31, 2019 be approved by the Board of Trustees.

Halton District School Board

2018/2019 Financial Year

The Halton District School Board continues to be financially responsible with a clear focus on providing the system with the resources and supports necessary to ensure that we inspire and support learning; create safe, healthy and engaging environments, and provide opportunities for challenge and choice. The 2018/2019 Financial Statements reflect the financial results of the Board's operating and capital activity for the year. The Accumulated Surplus, as detailed in the Financial Statements, represents the net financial resources of the Board. The Board experienced an operational surplus of approximately \$4.9 million representing 0.6% of the approved budget.

Accumulated Surplus/Deferred Revenues

Under PSAB, traditional descriptions of Reserves and Reserve Funds have been changed to fall into two categories:

- (i) Accumulated Surplus – Boards have the authority to set aside funds for a restricted purpose and make local expenditure decisions.
- (ii) Deferred Revenues – Externally Restricted which are those amounts received subject to external restrictions arising from legislation or regulations.

Appendix A summarizes the changes to Accumulated Surplus from 2017/2018 to 2018/2019. Rationale for the recommended transfers to accumulated surplus is as follows:

Student Achievement: Multi-Year/Operational Plan Initiatives

Multi-Year/Operational Plan goals and initiatives are a major consideration during the Budget Development process. We need to ensure that we align the allocation of resources to support these plans. The 2019/2020 Budget Development process included many challenges resulting from a revised education funding platform which significantly reduced the Grants for Student Needs. In addition, the board is experiencing increase in operational pressures, increased demand in resources to support student achievement, and a per pupil level of funding that remains significantly below the provincial average. We anticipate the same challenges will continue into the 2020/2021 Budget Development process. As a result, we are recommending this allocation in order to provide flexibility and opportunities to support the Multi-Year/Operational plan to enhance student achievement. During the next few months, Administrative Council will bring reports to the Board identifying specific initiatives that will support students in the classroom.

Technology

The board is experiencing significant pressures due to upgrades required to its legacy information systems. Anticipating future costs, it is recommended to allocate \$1.2 million of the in-year operating surplus to address this need.

Administrative Facility

The board's administrative facility has a critical facility condition index of over 50%. In keeping with past practice, it is recommended that the surplus of funds in the Board Administration and Governance Grant over the related in-year expenses be transferred to this reserve.

Respectfully submitted,

Roxana Nego

Superintendent of Business Services and Treasurer

Stuart Miller

Director of Education

Halton District School Board
Summary of Accumulated Surplus
(Per Note 10 to the Consolidated Financial Statements)
Year Ended August 31, 2019

	2018/2019	Increase	Decrease	2017/2018
Non-designated Surplus	-	-	-	-
Amounts Internally Restricted For Future Use By The Board				
Retirement Gratuities	2,349,211	-	(1,133,000)	3,482,211
Fast Track Centre for Skills Development & Training	1,473,573	-	(224,366)	1,697,939
Operating:				
Decentralized School Budgets	766,768	-	(229,454)	996,222
Year end roll forward-other	204,178	-	-	204,178
Student Achievement	8,803,772	1,858,304	(2,128,394)	9,073,862
CPP Outdoor Learning Spaces	241,848	-	(66,126)	307,974
Technology	2,628,976	1,200,000	(969,264)	2,398,240
Other	105,589	-	-	105,589
	12,751,131	3,058,304	(3,393,238)	13,086,065
Accommodation:				
Closing the Gap	6,877,965	-	(396,074)	7,274,039
Facility Weather Conditions	3,046,418	-	-	3,046,418
Vandalism	500,000	-	-	500,000
Temporary Accommodation (Portables)	4,115,668	-	-	4,115,668
Capital Projects - Non-Ministry Funded	1,125,002	-	-	1,125,002
Administrative Facility	25,384,263	1,853,130	(17,196)	23,548,329
Other	127,229	-	(100,745)	227,974
	41,176,545	1,853,130	(514,015)	39,837,430
Committed Capital Projects and Sinking Fund Interest	7,531,279	-	(557,750)	8,089,029
Total Internally Restricted For Future Use By The Board	65,281,739	4,911,434	(5,822,369)	66,192,674
Amounts To Be Recovered				
Employee Future Benefits	(4,932,969)	4,387,613	-	(9,320,582)
Interest to be Accrued	(3,272,717)	152,661	-	(3,425,378)
	(8,205,686)	4,540,274	-	(12,745,960)
Revenues Recognized for Land				
Land & Pre-Acquisition Land Costs	221,483,054	12,955,417	(183,232)	208,710,869
Educational Development Charges Outstanding	(31,569,106)	16,184,837	(14,063,799)	(33,690,144)
	189,913,948	29,140,254	(14,247,031)	175,020,725
School Generated Funds	5,837,622	88,967	-	5,748,655
Total Accumulated Surplus Balance, end of year	252,827,623	38,680,929	(20,069,400)	234,216,094

Consolidated financial statements of Halton District School Board

August 31, 2019

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Management Report

Management's responsibility for the consolidated financial statements

The accompanying consolidated financial statements of the Halton District School Board are the responsibility of the Board's 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.

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 of the Board meets with 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 Deloitte LLP, independent external auditors appointed by the Board of Trustees. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.

Director of Education

Superintendent of Business Services

And Treasurer

[DATE]

Independent Auditor's Report

To the Trustees of the
 Halton District School Board

Opinion

We have audited the consolidated financial statements of Halton District School Board (the "Board"), which comprise the consolidated statement of financial position as at August 31, 2019, and the consolidated statements of operations, cash flows and change in net debt for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements of the Board for the year ended August 31, 2019 are prepared, in all material respects, 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 ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 of the consolidated financial statements which describes the basis of accounting used in the preparation of these consolidated financial statements and the significant differences between such basis of accounting and the Canadian public sector accounting standards. Our opinion is not modified in respect of this matter.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Board'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 Board or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 GAAS 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 consolidated financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Board'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 Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Board to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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.

Chartered Professional Accountants
Licensed Public Accountants
[Date of the report]

Halton District School Board
Consolidated statement of financial position
As at August 31, 2019

	Notes	2019 \$	2018 \$
Financial assets			
Cash and cash equivalents		63,380,525	88,194,188
Accounts receivable		37,933,846	38,622,710
Accounts receivable – Government of Ontario	2	299,574,872	284,174,112
		400,889,243	410,991,010
Liabilities			
Accounts payable and accrued liabilities		75,963,166	75,745,244
Net long-term liabilities	4	251,171,607	263,328,356
Deferred revenue	6	25,206,491	28,291,246
Employee future benefits payable	8	25,480,652	25,799,241
Deferred capital contributions	7	585,920,862	570,408,258
		963,742,778	963,572,345
Net debt		(562,853,535)	(552,581,335)
Non-financial assets			
Prepaid expenses		746,354	785,297
Tangible capital assets	9	814,934,798	786,012,120
		815,681,152	786,797,417
Contractual obligations and contingent liabilities	13		
Accumulated surplus	10	252,827,617	234,216,082

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

Approved by the Board

_____, Director of Education

_____, Chair of the Board

Halton District School Board
Consolidated statement of operations
Year ended August 31, 2019

	Notes	Budget \$	2019 Actual \$	2018 Actual \$
Revenue				
Provincial grants –				
Grants for Student Needs		697,668,064	698,882,905	671,982,061
Provincial grants – other		11,350,791	9,372,806	15,679,403
Investment income		500,000	2,298,299	2,263,692
Federal grants		4,723,974	4,061,176	4,171,216
School fundraising and other revenues		19,000,000	20,187,393	19,987,840
Deferred capital contributions – grants recognized	7	28,874,331	29,807,211	28,728,872
Other fees and revenues		26,270,472	30,671,960	27,959,450
		788,387,632	795,281,750	770,772,534
Expenses				
Instruction		610,799,097	608,003,421	590,194,498
Administration		17,678,715	17,855,416	15,828,431
Transportation		17,288,393	17,344,168	16,284,344
Pupil accommodation		106,719,183	106,751,948	105,041,077
Other		3,486,706	6,616,836	11,646,295
School funded activities		19,000,000	20,098,426	20,474,463
	11	774,972,094	776,670,215	759,469,108
Annual surplus		13,415,538	18,611,535	11,303,426
Accumulated surplus, beginning of year		234,240,573	234,216,082	222,912,656
Accumulated surplus, end of year	10	247,656,111	252,827,617	234,216,082

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

Halton District School Board
Consolidated statement of cash flows
Year ended August 31, 2019

	Notes	2019 \$	2018 \$
Operating transactions			
Annual surplus		18,611,535	11,303,426
Non-cash items			
Amortization and write downs	9	30,364,961	29,286,622
Deferred capital contributions – grants recognized	7	(29,807,211)	(28,728,872)
Gain on sale of tangible capital assets		(1,879,644)	(1,687,860)
Net change in non-cash working capital balances			
Accounts receivable		688,864	(462,701)
Accounts receivable – Government of Ontario		(28,775,227)	—
Accounts payable and accrued liabilities		217,922	9,478,963
Deferred revenue – operating		(214,294)	(120,678)
Employee future benefits payable		(318,589)	(960,433)
Prepaid expenses		38,943	174,726
		(11,072,740)	18,283,193
Capital transactions			
Proceeds on sale of tangible capital assets		2,005,376	2,888,033
Acquisition of tangible capital assets	9	(59,413,371)	(66,580,977)
		(57,407,995)	(63,692,944)
Financing transactions			
Principal repayments on long-term liabilities	5	(12,156,749)	(11,607,432)
Additions to deferred capital contributions	7	45,319,815	48,634,248
Decrease in deferred revenues – capital		(2,870,461)	(1,097,647)
Decrease in accounts receivable – Government of Ontario		13,374,467	11,508,603
		43,667,072	47,437,772
(Decrease) increase in cash and cash equivalents		(24,813,663)	2,028,021
Cash and cash equivalents, beginning of year		88,194,188	86,166,167
Cash and cash equivalents, end of year		63,380,525	88,194,188

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

Halton District School Board
Consolidated statement of change in net debt
Year ended August 31, 2019

	Notes	2019 \$	2018 \$
Annual surplus		18,611,535	11,303,426
Tangible capital asset activity			
Acquisition of tangible capital assets	9	(59,413,371)	(66,580,977)
Net book value of tangible capital asset disposals	9	125,732	1,200,173
Amortization of tangible capital assets	9	30,136,085	29,286,622
Write-downs of tangible capital assets	9	228,876	—
		(28,922,678)	(36,094,182)
Other non-financial asset activities			
Acquisition of prepaid expenses		(1,319,868)	(987,678)
Use of prepaids		1,358,811	1,162,404
		38,943	174,726
Increase in net debt		(10,272,200)	(24,616,030)
Net debt, beginning of year		(552,581,335)	(527,965,305)
Net debt, end of year		(562,853,535)	(552,581,335)

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

Halton District School Board
Notes to the consolidated financial statements
August 31, 2019

1. Significant accounting policies

The consolidated financial statements are prepared by management in accordance with the basis of accounting described below.

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 require that:

- government transfers, including amounts previously recognized as tax revenue, 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.

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.

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, including the following:

- Fast Track Community Centre for Skills Development and Training ("The Centre"); and
- Halton Student Transportation Services ("HSTS").

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.

Halton District School Board
Notes to the consolidated financial statements
 August 31, 2019

1. Significant accounting policies (continued)

Reporting entity (continued)

All material inter-departmental and inter-organizational transactions and balances between these organizations are eliminated upon consolidation.

Prior to September 1, 2019, the Board and The Centre were considered to be related parties by virtue of common control, as the Board had the ability to unilaterally appoint or remove a majority of the members of The Centre's Board of Directors. Subsequent to this date, the Board and The Centre have effectively severed their related party relationship, through the resignation of Board personnel from The Centre's Board of Directors, and the transfer, modification, or termination of other financial and employment arrangements between the two parties. As such, the consolidated financial statements will no longer reflect the activities of The Centre commencing in fiscal 2020, as The Centre will no longer form part of the Board's reporting entity.

Trust funds

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

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and demand deposits.

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 of 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.

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

Asset	Estimated useful life in years
Land improvements with finite lives	15
Buildings	40
Portable structures	20
Other buildings	20
First-time equipping of schools	10
Furniture	10
Equipment	5–15
Computer hardware	5
Computer software	5
Leasehold improvements – The Centre	10

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.

Halton District School Board
Notes to the consolidated financial statements
August 31, 2019

1. Significant accounting policies (continued)

Tangible capital assets (continued)

Land permanently removed from service and held for resale 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 resale 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.

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.

Deferred capital contributions

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions in the form of depreciable tangible assets received or receivable for use in providing services, is recognized as deferred capital contributions (DCC) as defined in Ontario Regulation 395/11 of the Financial Administration Act. These amounts are recognized as revenue at the same rate as the related tangible capital asset is amortized. The following items fall under this category:

- Government transfers received or receivable for capital purpose;
- Other restricted contributions received or receivable for capital purpose; and
- Amounts previously recognized as property taxation revenues which were historically used to fund capital assets.

Retirement and other future benefits

The Board provides defined retirement, post retirement and workers' safety insurance benefits to specified employee groups. These benefits include pension, retirement gratuity, health and dental, workers' safety insurance benefits, carry-over sick leave and long term disability benefits.

(a) Employee Life and Health Trusts

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-Principals Associations, a number of Employee Life and Health Trusts (ELHTs) were established. The ELHTs provide health, life and dental benefits to teachers, education workers and other school board staff and retired individuals starting with a school board's participation date into the ELHT. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario.

The Board's employees belong to the following ELHTs: Elementary Teachers' Federation of Ontario (ETFO), Elementary Teachers' Federation of Ontario Education Workers (ETFO-EW), Ontario Secondary School Teachers' Federation (OSSTF), Ontario Secondary School Teachers' Federation Education Workers (OSSTF-EW), Education Workers' Alliance of Ontario (EWA), Canadian Union of Public Employees (CUPE), Education Council of Associations for Benefits (ECAB), and ONE-T for non-unionized employees including Principals and Vice-Principals.

Halton District School Board
Notes to the consolidated financial statements
 August 31, 2019

1. Significant accounting policies (continued)

Retirement and other future benefits (continued)

(a) Employee Life and Health Trusts (continued)

The Board is no longer responsible to provide these benefits to ETFO, OSSTF, OCTU (under OSSTF-EW), PSSP (under OSSTF-EW), DECE (under ETFO-EW), CUPE, HDEAA (under EWAO), Principals and Vice-Principals and non-unionized employees.

Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN) and additional ministry funding in the form of a Crown contribution and Stabilization Adjustment. School boards are required to remit the negotiated amount per full-time equivalency (FTE) on a monthly basis.

The Board continues to provide health and dental benefits for retired individuals in certain employee groups and continues to have a liability for payment of benefits for individuals who are retired under these plans.

(b) Retirement gratuity plan, sick leave plan, and post-retirement health and dental plan

In 2012, changes were made to the Board's retirement gratuity plan, sick leave plan and post-retirement health and dental plan. The Board has adopted the following policies with respect to accounting for these employee benefits:

- (i) The costs of self-insured retirement and other employee future benefits 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 accumulate over the periods of service provided by employees, such as post-retirement health and dental benefits, the cost is actuarially determined using the projected benefit method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. The changes to the post-retirement health and dental plan resulted in a plan curtailment and any unamortized actuarial gains and losses associated with the employees impacted by the change were recognized as at August 31, 2012.

For those self-insured benefit obligations that arise from specific events that occur periodically, such as obligations for workers' compensation, 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.

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

Halton District School Board
Notes to the consolidated financial statements
August 31, 2019

1. Significant accounting policies (continued)

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, and 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 asset is amortized.

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 form part of the respective deferred revenue balances.

Budget figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees of the Halton District School Board. The budget 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. Also included is the approved budget for the Fast Track Centre for Skills Development and Training. Budget figures in the consolidated statement of change in net debt have not been provided.

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 grants - Grants for Student Needs.

Use of estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in Note 1 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as 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 estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known. Significant estimates include employee future benefits and certain accruals.

Halton District School Board
Notes to the consolidated financial statements
August 31, 2019

2. Accounts receivable – Government of Ontario

Capital grants

The Government of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. The Board was granted a one-time grant that recognized capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board receives this grant in cash over the remaining term of the existing capital debt instruments. The Board may also be entitled to yearly capital grants to support capital programs which would be reflected in this account receivable. As at August 31, 2019, the Board has a receivable balance of \$270,799,645 (\$284,174,112 in 2018) with respect to this capital grant, which has been included on the consolidated statement of financial position as part of Accounts receivable – Government of Ontario.

Operating grants

Effective September 1, 2018, the Ministry of Education (the "Ministry") introduced a new cash management strategy. As part of the strategy, the Ministry delays the flow of part of the annual operating grant payment to school boards if the school board's adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments receivable by the Board from the Ministry as at August 31, 2019 is \$28,775,227 (nil in 2018) and has been included on the consolidated statement of financial position as part of Accounts receivable – Government of Ontario.

3. Temporary borrowing

The Board's banking resolutions allow aggregate borrowings to the maximum of \$115 million. The Board has credit facilities available to the maximum of \$100 million with a Canadian chartered bank to address operating requirements, bridge capital expenditures and education development charges outstanding. As at August 31, 2019, the amount drawn was nil (nil in 2018).

Halton District School Board
Notes to the consolidated financial statements
August 31, 2019

4. Net long-term liabilities

Net long-term liabilities on the consolidated statement of financial position is comprised of Ontario Financing Authority (OFA) and Ontario School Boards Financing Corporation (OSBFC) debentures as follows:

	2019 \$	2018 \$
Debentures		
OSBFC, Series 2003-A2, 5.800%, maturing November 2028	15,523,050	16,718,759
OSBFC, Series 2004-A1, 5.483%, maturing November 2029	23,672,287	25,302,349
OSBFC, Series 2005-A1, 4.789%, maturing August 2030	7,049,592	7,526,681
OFA, Bylaw 06090, 4.560%, maturing November 2031	12,900,924	13,652,271
OFA, Bylaw 08012, 4.900%, maturing March 2033	26,860,290	28,196,358
OFA, Bylaw 09037, 5.062%, maturing March 2034	895,691	935,465
OFA, Bylaw 09036, 5.062%, maturing March 2034	4,844,802	5,059,941
OFA, Bylaw 09125, 5.384%, maturing May 2034	7,480,612	7,798,211
OFA, Bylaw 10052, 5.232%, maturing May 2035	10,200,889	10,603,875
OFA, Bylaw 10107, 4.947%, maturing May 2035	16,119,662	16,768,111
OFA, Bylaw 11034, 4.833%, maturing March 2035	15,813,131	16,411,277
OFA, Bylaw 11155, 3.970%, maturing November 2036	12,831,935	13,331,773
OFA, Bylaw 12024, 3.564%, maturing March 2037	15,883,582	16,512,798
OFA, Bylaw 13030, 3.799%, maturing March 2038	41,575,159	43,063,132
OFA, Bylaw 13120, 4.037%, maturing October 2028	12,245,281	13,289,342
OFA, Bylaw 14025, 4.003%, maturing March 2039	24,668,122	25,471,337
OFA, Bylaw 15010, 2.993%, maturing March 9, 2040	1,091,497	1,128,825
OFA, Bylaw 16024, 3.242%, maturing March 15, 2041	155,181	160,007
OFA, Bylaw 17020, 3.594%, maturing March 14, 2042	1,359,920	1,397,844
Net long-term liabilities	251,171,607	263,328,356

Of the net long-term liabilities outstanding of \$251,171,607, principal plus interest payable over the next five years and subsequent payments to maturity are as follows:

	Principal \$	Interest \$	Total \$
2019/20	12,732,677	11,304,999	24,037,676
2020/21	13,336,535	10,701,141	24,037,676
2021/22	13,969,707	10,067,969	24,037,676
2022/23	14,633,648	9,404,028	24,037,676
2023/24	15,329,885	8,707,791	24,037,676
Total	70,002,452	50,185,928	120,188,380
Thereafter	181,169,155	47,785,049	228,954,204
Net long-term liabilities	251,171,607	97,970,977	349,142,584

Interest payments on long-term liabilities amounted to \$11,880,927 (\$12,277,012 in 2018) (Note 5).

Halton District School Board
Notes to the consolidated financial statements
August 31, 2019

5. Debt charges and capital loan interest

Debt charges and capital loan interest includes principal and interest payments as follows:

	2019	2018
	\$	\$
Principal payments on long-term liabilities	12,156,749	11,607,432
Interest payments on long-term liabilities (Note 5)	11,880,927	12,277,012
Interest payments on temporary financing of capital projects	361,365	342,603
	24,399,041	24,227,047

6. Deferred revenue

Revenue 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, 2019 is comprised of:

	Balance as at August 31, 2018	Externally restricted revenue and investment income	Revenue recognized in the period	Transfers to deferred capital contributions	Balance as at August 31, 2019
	\$	\$	\$	\$	\$
Renewable					
energy – capital	142,793	—	—	49,548	93,245
School renewal	7,656,067	9,915,739	1,761,137	6,935,161	8,875,508
Special education	1,875,911	92,001,836	92,723,298	—	1,154,449
Legislative grants	1,153,101	31,468,593	29,950,488	1,843,836	827,370
Other provincial grants	626,710	6,496,760	6,671,775	—	451,695
Other Ministry of					
Education grants	585,118	3,253,502	3,233,144	—	605,476
Education development					
charges	—	15,564,051	15,564,051	—	—
Other third party	340,587	5,819,888	5,157,122	943	1,002,410
Proceeds of disposition	15,910,959	1,874,723	990	5,588,354	12,196,338
Total deferred revenue	28,291,246	166,395,092	155,062,005	14,417,842	25,206,491

7. Deferred capital contributions

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

	2019	2018
	\$	\$
Balance, beginning of year	570,408,258	550,502,882
Net additions to deferred capital contributions	45,319,815	48,634,248
Deferred capital contributions – grants recognized	(29,807,211)	(28,728,872)
Balance, end of year	585,920,862	570,408,258

Halton District School Board
Notes to the consolidated financial statements
August 31, 2019

8. Retirement and other employee future benefits

	Retirement gratuities	Post retirement benefits	Workplace safety insurance board	Sick leave top-up benefits	2019 Total employee future benefits	2018 Total employee future benefits
	\$	\$	\$	\$	\$	\$
Accrued employee future benefit obligations	17,053,216	565,718	9,068,949	417,076	27,104,959	26,837,221
Unamortized actuarial (losses)	(1,624,307)	—	—	—	(1,624,307)	(1,037,980)
Employee future benefits liability	15,428,909	565,718	9,068,949	417,076	25,480,652	25,799,241

The Board has designated reserves for certain of these employee future benefit obligations. The balance of these reserves totaled \$2,349,211 at August 31, 2019 (\$3,482,211 in 2018).

	Retirement gratuities	Post retirement benefits	Workplace safety insurance board	Sick leave top-up benefits	2019 Total employee future benefits	2018 Total employee future benefits
	\$	\$	\$	\$	\$	\$
Recognition of unamortized actuarial (gains) losses	221,697	(17,392)	—	7,852	212,157	265,370
Current year benefit cost	—	—	3,840,066	417,076	4,257,142	2,978,696
Plan amendment	—	538,522	—	—	538,522	—
Interest on accrued benefit obligation	509,162	2,195	229,089	—	740,446	690,016
Employee future benefits expense	730,859	523,325	4,069,155	424,928	5,748,267	3,934,082

Above amounts exclude pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan, described below.

Actuarial assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2019 are based on actuarial valuations completed for accounting purposes as at August 31, 2019. These actuarial valuations take into account any plan changes and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2019 %	2018 %
Inflation		
Retirement gratuities	1.50	1.50
Healthcare cost escalation		
Dental	3.50	3.75
Health	7.50	7.75
Discount on accrued benefit obligation		
Retirement gratuities	2.00	2.90
Post-retirement benefits	2.00	2.90

Halton District School Board
Notes to the consolidated financial statements
August 31, 2019

8. Retirement and other employee future benefits (continued)

Ontario Teachers' Pension Plan

Teachers and related employee groups are eligible to be members of Ontario Teachers' 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 a direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's consolidated financial statements.

During the year ended August 31, 2019, the employee contributions to this plan were \$45,112,404 (\$44,856,684 in 2018).

Ontario Municipal Employees Retirement System

All permanent non-teaching employees of the Board are eligible to be members of 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 ending August 31, 2019, the Board contributed \$8,655,144 (\$8,272,071 in 2018) 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, as these obligations are a direct responsibility of OMERS.

Retirement gratuities

The Board provides retirement 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. As a result of 2012 plan change, the amount of the gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at August 31, 2012. Retirement of gratuities expensed amounted to \$730,859 (808,452 in 2018).

Post-retirement benefits

The Board continues to provide post-retirement health and dental 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 are 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. Employees retiring on or after December 15, 2020, no longer qualify for board subsidized premiums or contributions.

Plan amendment

In 2018-2019, the Board has confirmed the reinstatement of Health and Dental post-retirement benefits for 20 active and 3 retired Senior Officers until age 65. The Board is responsible for paying the full benefit plan cost. The additional accrued benefit obligation as a result of the plan amendment has been recognized in the 2018-19 current year expense.

Halton District School Board
Notes to the consolidated financial statements
August 31, 2019

8. Retirement and other employee future benefits (continued)

Other employee future benefits

Workplace Safety Insurance Board

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act ("Act") and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act.

Occurrences between \$1,000,000 and \$25,000,000 are insured under third party insurance coverage. The Board participates in the Workers' Compensation Assistance Program with the School Boards' Co-operative Inc. (SBCI). For an annual fee, this program provides funds to Participating Members that incur claim costs on any workers' compensation incident between \$500,000 and \$1,000,000. The Board is self-insured for all other occurrences. 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 agreements negotiated prior to 2012 included such provisions.

As of August 31, 2019, these obligations, as actuarially determined, amounted to \$9,068,949 (\$6,959,406 in 2018) and are included in Employee Future Benefits Payable. The change in this amount from the previous year has been reflected in the statement of operations.

Long-term disability salary compensation

The costs of salary compensation paid to employees on long-term disability leave are fully insured and are not included in the defined benefit plan.

Sick leave top-up benefits

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 accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2019. This actuarial valuation is based on assumptions about future events.

Halton District School Board **Notes to the consolidated financial statements** August 31, 2019

9. Tangible capital assets

	Cost August 31, 2018 \$	Additions and betterments \$	Disposals \$	Transfer to/ from construction in progress \$	Cost August 31, 2019 \$
Halton District School Board					
Land	207,289,311	13,951,374	(125,732)	57,500	221,172,453
Land improvements	38,378,683	5,170,793	—	—	43,549,476
Buildings (40 yrs)	774,323,113	23,760,684	—	7,619,119	805,702,916
Other buildings	112,268	—	—	—	112,268
Portable structures	8,906,793	—	(1,687,700)	—	7,219,093
Construction in progress	19,655,247	12,715,805	—	(6,907,855)	25,463,197
Pre- acquisition costs – land	225,918	142,183	—	(57,500)	310,601
Pre- acquisition costs – building	2,391,895	1,340,939	—	(614,809)	3,118,025
Equipment (5 years)	357,180	92,082	—	—	449,262
Equipment (10 years)	4,301,619	133,648	(6,948)	(33,954)	4,394,365
Equipment (15 years)	1,728,984	168,237	—	—	1,897,221
First time equipping	15,058,790	749,212	(38,821)	—	15,769,181
Furniture	694,808	209,823	(2,669)	—	901,962
Computer hardware	9,095,121	977,648	—	—	10,072,769
Computer software	1,848,743	—	(254,307)	(62,501)	1,531,935
	1,084,368,473	59,412,428	(2,116,177)	—	1,141,664,724
The Centre					
Computers	50,257	943	(31,603)	—	19,597
Leasehold improvements	1,305,422	—	(910,510)	—	394,912
Equipment and furniture	907,667	—	(907,667)	—	—
	2,263,346	943	(1,849,780)	—	414,509
	1,086,631,819	59,413,371	(3,965,957)	—	1,142,079,233

	Accumulated Amortization Balance at August 31, 2018 \$	TCA Accum Amort Write down \$	Amortization \$	Disposals \$	Accumulated amortization Balance at August 31, 2019 \$	Net book value 2019 \$	Net book value 2018 \$
Halton District School Board							
Board							
Land	—	—	—	—	—	221,172,453	207,289,311
Land improvements	15,195,859	—	2,769,401	—	17,965,260	25,584,216	23,182,824
Buildings (40 yrs)	257,995,753	—	23,221,158	—	281,216,911	524,486,005	516,327,360
Other buildings	25,259	—	5,613	—	30,872	81,396	87,009
Portable structures	6,624,696	—	412,501	(1,687,700)	5,349,497	1,869,596	2,282,097
Construction in progress (a)	—	—	—	—	—	25,463,197	19,655,247
Pre-acquisition costs – land (a)	—	—	—	—	—	310,601	225,918
Pre-acquisition costs – building	—	—	—	—	—	3,118,025	2,391,895
Equipment (5 years)	145,271	—	71,185	—	216,456	232,806	211,909
Equipment (10 years)	2,096,624	—	405,828	(6,948)	2,495,504	1,898,861	2,204,995
Equipment (15 years)	357,794	—	112,151	—	469,945	1,427,276	1,371,190
First time equipping	9,384,807	—	1,388,649	(38,821)	10,734,635	5,034,546	5,673,983
Furniture	330,349	—	73,972	(2,669)	401,652	500,310	364,459
Computer hardware	5,508,151	—	1,403,694	—	6,911,845	3,160,924	3,586,970
Computer software	1,105,354	228,876	216,478	(254,307)	1,296,401	235,534	743,389
	298,769,917	228,876	30,080,630	(1,990,445)	327,088,978	814,575,746	785,598,556
The Centre							
Computers	31,603	—	7,028	(31,603)	7,028	12,569	18,654
Leasehold improvements	910,512	—	48,427	(910,510)	48,429	346,483	394,910
Equipment and furniture	907,667	—	—	(907,667)	—	—	—
	1,849,782	—	55,455	(1,849,780)	55,457	359,052	413,564
	300,619,699	228,876	30,136,085	(3,840,225)	327,144,435	814,934,798	786,012,120

Halton District School Board
Notes to the consolidated financial statements
August 31, 2019

9. Tangible capital assets (continued)

(a) Assets under construction

Assets under construction which include construction in progress, pre-acquisition costs – land and pre-acquisition costs – building for a total value of \$28,891,823 (\$22,273,060 in 2018) have not been amortized. Amortization of these assets will commence when the asset is put into service.

10. Accumulated surplus

Accumulated surplus consists of the following:

	2019 \$	2018 \$
Non-designated surplus	—	—
Amounts internally restricted for future use of the Board		
Retirement gratuities	2,349,211	3,482,211
Fast Track Centre for Skills, Development & Training	1,473,573	1,697,939
Other operating	12,751,126	13,086,051
Accommodation	41,176,545	39,837,430
Committed capital projects and sinking fund interest	7,531,279	8,089,029
	65,281,734	66,192,660
Unavailable for compliance		
Employee future benefits	(4,932,970)	(9,320,581)
Interest accrual	(3,272,717)	(3,425,378)
	(8,205,687)	(12,745,959)
Revenue recognized for land		
Land (Note 10)	221,172,453	207,289,311
Pre-acquisition costs land (Note 10)	310,601	225,918
Education development charges outstanding (i)	(31,569,106)	(32,494,504)
	189,913,948	175,020,725
School generated funds	5,837,622	5,748,656
Total accumulated surplus	252,827,617	234,216,082

- (i) The Education Act, Part IX, Division E and Ontario Regulation 20/98 (amended by Ontario Regulation 95/02) provide requirements for determining a board's eligibility to impose Education Development Charges ("EDC") on new development, and the calculation of these charges. The accumulated eligible education development charge expenditures may be financed through cash and cash equivalents or temporary borrowing on the consolidated statement of financial position. Interest on education development charges outstanding amounted to \$496,882 (\$369,326 in 2018).

Halton District School Board
Notes to the consolidated financial statements
August 31, 2019

11. Expenses by object

The following is a summary of expenses reported in the consolidated statement of operations by object:

	Budget	2019 Actual	2018 Actual
	\$	\$	\$
Salary and wages	517,545,727	515,781,190	499,326,813
Employee benefits	87,726,349	89,126,700	83,575,435
Staff development	4,993,219	7,084,903	6,933,185
Supplies and services	66,703,020	64,681,376	64,882,752
Interest charges on capital	12,679,737	12,586,514	12,988,940
Rental expenses	194,240	169,113	181,574
Fees and contract services	40,116,534	38,800,271	38,473,310
Other	15,530,488	18,075,187	23,820,477
Amortization and write-downs of tangible capital assets	29,482,780	30,364,961	29,286,622
	774,972,094	776,670,215	759,469,108

12. 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 million per occurrence.

The ultimate premiums over a five year period are based on each member of the reciprocal 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 five year term expires December 31, 2021.

13. Contractual obligations and contingent liabilities

- (a) The Board has the following annual lease and contract commitments over the next 5 years with respect to furniture, equipment, computer hardware and software, construction, and portables, totaling \$32,030,856.

	\$
2020	20,561,907
2021	3,436,547
2022	2,082,134
2023	1,747,344
2024	1,046,540
Thereafter	3,156,384

- (b) As of August 31, 2019 the Board had guarantees outstanding of \$960,740 (\$876,436 in 2018) relating to construction projects in progress.
- (c) In the normal course of operations, the Board becomes involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending at August 31, 2019 cannot be predicted with certainty, it is in the opinion of the Board that their resolution will not have a material adverse effect on the Board's financial position or results of operations.

Halton District School Board**Notes to the consolidated financial statements**

August 31, 2019

14. Partnership in Halton Student Transportation Services

Transportation services for the Board are provided by Halton Student Transportation Services ("HSTS") in partnership with Halton Catholic District School Board. Under the agreement created at the time HSTS was established, decisions related to the financial and operating activities of HSTS are shared. No partner is in a position to exercise unilateral control. Operations of HSTS have been included in these consolidated financial statements based on the share of net financial resources contributed by the Board during the fiscal period being reported.

This entity 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.

The following provides condensed financial information:

	Total	2019 Board portion	Total	2018 Board portion
	\$	\$	\$	\$
Financial position				
Financial assets	110,642	68,377	22,412	14,019
Liabilities	139,424	86,164	47,539	29,736
Non-financial assets	29,542	18,257	25,887	16,192
Accumulated surplus	760	470	760	475
Operations				
Revenue	25,825,561	16,823,079	23,667,377	15,790,265
Expenses	25,825,561	16,823,079	23,667,377	15,790,265
Annual surplus	—	—	—	—

15. Repayment of "55 School Board Trust" funding

On June 1, 2003, the Board received \$7,294,000 from The 55 School Board Trust (the "Trust") for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered with the Trust. The 55 School Board Trust was created to refinance the outstanding not permanently financed debt of participating boards that 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 not permanently financed debt.

As a result of the above agreement, the liability in respect of the not permanently financed debt is no longer reflected in the Board's financial position.

Halton District School Board
Notes to the consolidated financial statements
August 31, 2019

16. Funds administered by the Board

Trust funds administered by the Board amounting to \$2,438,826 (\$1,776,599 in 2018) have not been included in the consolidated financial statements, as they are not controlled by the Board.

	2019			2018
	Trust funds	Deferred leave plan	Total	Total
	\$	\$	\$	\$
Opening balance at August 31, 2018	682,126	1,094,473	1,776,599	1,397,304
Contributions received in 2019	53,800	923,202	977,002	596,748
Earnings on investments in 2019	15,733	17,295	33,028	17,972
	751,659	2,034,970	2,786,629	2,012,024
Disbursements in 2019	33,500	314,303	347,803	235,425
Closing balance at August 31, 2019	718,159	1,720,667	2,438,826	1,776,599

17. Subsequent events

The Board of Trustees approved a budget of \$43,712,066 for the construction of a secondary school in Milton, ON. In September 2019, the Board engaged a contractor for the construction of the school. As of August 31, 2019, total capital expenditures of \$7,150,926 have been incurred in respect of this project.



Halton District School Board

Report to the Audit Committee on the 2019 audit

November 12, 2019



Deloitte LLP
1005 Skyview Drive
Suite 200
Burlington ON L7P 5B1
Canada

Tel: 905-315-6770
Fax: 905-315-6700
www.deloitte.ca

November 5, 2019

Private and confidential

To the Audit Committee
Halton District School Board
J.W. Singleton Education Centre
2050 Guelph Line
Burlington ON L7R 3Z2

Report on audited annual financial statements

Dear Audit Committee Members:

We are pleased to submit this report on the status of our audit of Halton District School Board ("the School Board") for the 2019 fiscal year. This report summarizes the scope of our audit, our findings and reviews certain other matters that we believe to be of interest to you.

As agreed in our master service agreement dated April 1, 2018, we have performed an audit of the consolidated financial statements of Halton District School Board as at and for the year ended August 31, 2019, in accordance with Canadian generally accepted auditing standards ("Canadian GAAS") and expect to issue our independent auditor's report thereon dated November 20, 2019 once the consolidated financial statements are approved by the Board of Trustees.

Our audit has been conducted in accordance with the audit plan that was presented to the Audit Committee at the meeting on April 30, 2019.

This report is intended solely for the information and use of the Audit Committee, management and others within the School Board and is not intended to be, and should not be, used by anyone other than these specified parties.

We would like to express our appreciation for the cooperation we received from the employees of the School Board with whom we worked during the execution of our engagement.

We look forward to discussing this report summarizing the outcome of our audit with you, and to answering any questions you may have.

Yours very truly,

A handwritten signature in cursive script that reads "Deloitte LLP".

Chartered Professional Accountants
Licensed Public Accountants

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Our audit explained

This report summarizes the main findings arising from our audit.

Audit scope and terms of engagement

We were engaged to perform an audit which includes the School Board's consolidated financial statements (the "financial statements") 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. ("Financial Reporting Framework") as at and for the year ended August 31, 2019. Our audit was conducted in accordance with Canadian Generally Accepted Auditing Standards ("Canadian GAAS").

The terms and conditions of our engagement are described in the master services agreement dated April 1, 2018, which was signed on behalf of the board and management.

Audit risks

Through our risk assessment process, we have identified audit risks. Certain of these risks of material misstatement and related audit responses are described in the Audit Risks section of this report.



Materiality

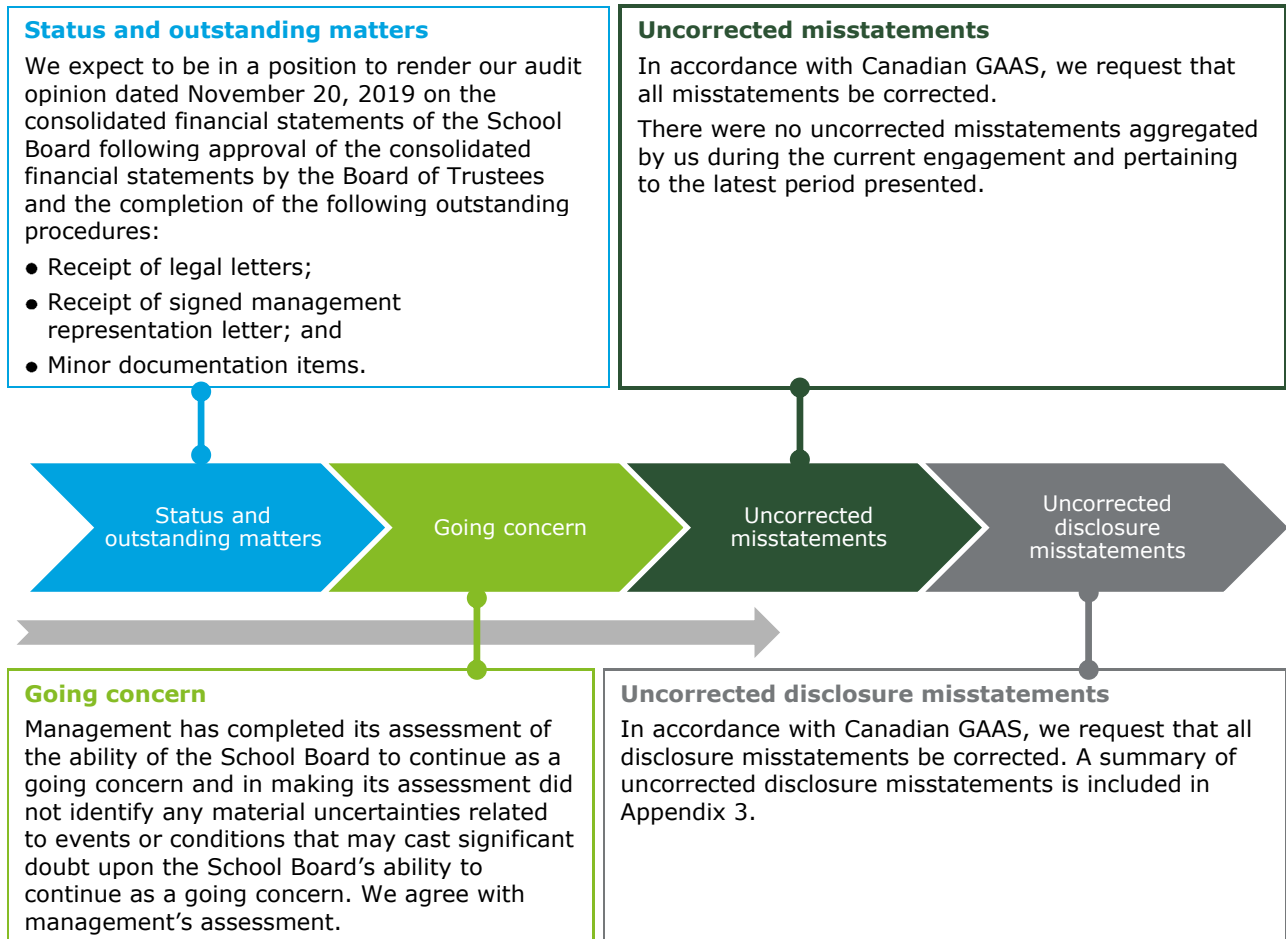
We are responsible for providing reasonable assurance that your financial statements as a whole are free from material misstatement.

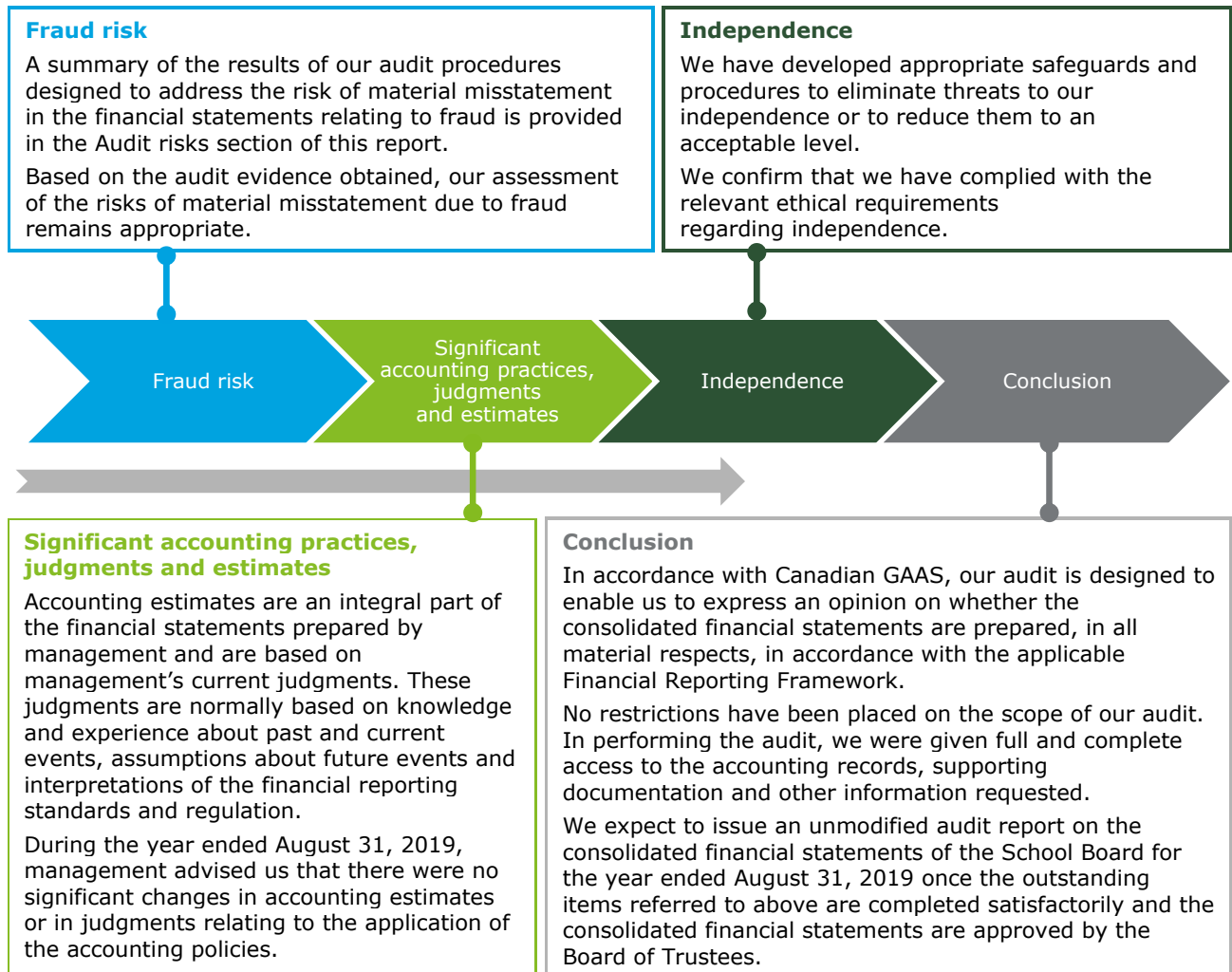
Our materiality level was based on professional judgment, using 2.5% of total expenses as a reference point. Our materiality for the year ended August 31, 2019 was \$18,600,000 (2018 - \$14,500,000).

We have informed the Audit Committee of all uncorrected misstatements greater than a threshold amount of 5% of materiality and any misstatements that are, in our judgment, qualitatively material. In accordance with Canadian GAAS, we asked that any misstatements be corrected.

Audit fees

We communicated our proposed audit fees in our audit plan. There have been no changes to our proposed fee.





Audit risks

Certain of the audit risks identified as part of our risk assessment, together with our planned responses and conclusions, are described below.

Revenue recognition*

Audit risk

Under Canadian GAAS, we are required to evaluate the risk of fraud in revenue recognition. We have evaluated the revenue transactions, and we have concluded that the significant risk is that revenue may have been recorded in the incorrect period. This represents a fraud risk for the 2018 audit.

Our audit response

- We reviewed agreements with third parties.
- We reviewed grant stipulations.
- We reviewed related disclosures.
- We tested the cut-off, completeness and accuracy by obtaining confirmation of the 2018 revenues from the Ontario Ministry of Education.

Audit results

Our audit procedures did not indicate any evidence of material misstatement.

Management override of controls*

Audit risk

Management is in a unique position to override internal controls, which could allow manipulation of the accounting records that could result in financial statements that are materially misstated. This represents a fraud risk for the 2018 audit.

Our audit response

- We discussed fraud with management.
- We asked the Audit Committee for their views about the risk of fraud, whether they know of any actual or suspected fraud affecting the School Board and their role in the oversight of management's antifraud programs.
- We tested a sample of journal entries made throughout the period, and adjustments made at the end of the reporting period.
- We evaluated the business rationale for any significant unusual transactions.
- We determined whether the judgments and decisions related to management estimates indicate a possible bias, which included performing retrospective analysis of significant accounting estimates.

Audit results

Our audit procedures did not indicate any evidence of material misstatement.

School Generated Funds and School Council Funds*

Risk identified	Our audit response	Audit results
<p>There is an increased risk of misstatement of School Generated Funds and School Council Funds due to the large volume of cash collected.</p> <p>This represents a fraud risk for the 2018 audit.</p>	<ul style="list-style-type: none"> • We selected a sample of schools to test and performed substantive tests of details to obtain assurance over assets, liabilities, revenues and expenses. 	<p>Our audit procedures did not indicate any evidence of material misstatement.</p>

Accounting for and disclosure of relationship between the School Board and Fast Track

Audit risk	Our audit response	Audit results
<p>In the current year, it was determined that Fast Track – The Centre for Skills Development and Training (the “Centre”) met the definition of a private career college as defined by the Ministry of Training, Colleges and Universities (“MTCU”). Previously, the Centre was treated as part of the School Board reporting entity as it had previously obtained exception from the MTCU from registration as a private career college. This exemption was based on the understanding that the programs run by the Centre are part of the School Board’s continuing education program, and that the students who attended the Centre are registered students of the School Board.</p> <p>During the year, the Centre learned that it should have been registered as a private career college and governed by the MTCU, the School Board undertook steps to sever its control relationship over the Centre. Going forward, the Centre should no longer be consolidated within the operations of the School Board.</p>	<ul style="list-style-type: none"> • We will review the steps undertaken by the School Board to sever its control relationship over the Centre • We will review the impact of this change in control on any funding implications for the School Board. It was noted that previously, students who attended the Centre were counted as students of the School Board for funding purposes under the <i>Education Act</i>. • We will evaluate whether this change in relationship has any implications on payroll expenses (i.e. if there were any employees of the Centre who may have been paid via the School Board) • We will review disclosures in the School Board financial statements to ensure they appropriately reflect the relationship between the School Board and the Centre 	<p>We have reviewed the steps undertaken by the School Board to sever the control relationship over the Centre, and noted that as of September 1, 2019, the two entities have undertaken sufficient measures to ensure separation of control, and that any residual transactions between the two entities are immaterial and administrative in nature.</p> <p>Management has included appropriate note disclosure in Note 1 to the financial statements relating to the change in relationship.</p>

Implementation of SparkRock financial and payroll/HR system

Audit risk

The School Board implemented a new financial system, SparkRock, in the current year. There is a risk that data converted and migrated to the new system are not accurate and complete.

Our audit response

- We will obtain an understanding of the scope of the systems implementation, and the impact on key financial reporting cycles and modules.
- With involvement from our IT specialists, we will obtain documentation surrounding the data conversion and systems implementation to evaluate the internal controls surrounding the process (i.e. testing plans and results for test and live environments, cutover and data conversion strategy, etc.).
- We will compare data pre- and post-conversion and migration to ensure accuracy and completeness.
- We will test any systems-related internal controls to evaluate the sufficiency of their design and implementation post-implementation, including segregation of duties and access provisioning.
- With respect to the implementation of the payroll/HR system, we will meet with management to determine the scope of testing. Tentatively, we propose the procedures below, with timing of testing to be determined depending on the go live date:
 - We will review the migration of employee data from legacy to the new system, including employee payroll, time and attendance, and HR information
 - We will review the assignment of access authority and assess the appropriateness given the sensitivity of employee information, including proper segregation of duties
 - We will review the set up of payroll deductions including rates table
 - We will review the revised payroll process, from time and attendance management/entry, approval, deductions, payment, and reconciliation, to ensure there are no internal control gaps

Audit results

We have reviewed management's process of implementing the new SparkRock financial system, including internal controls in place governing the implementation and conversion of data. We have also reviewed the migration of data from the legacy system to the new system. We noted no issues with these processes.

We did identify one recommendation which has been included in our management recommendations letter, to be discussed in the closed session.

We have not completed any testing as originally noted in our audit plan with respect to the implementation of the payroll/HR system, as that work was dependent on the go-live date of the system.

Accounting for government transfers in accordance with Ministry directives and Ontario government regulations as it relates to capital contributions

Risk identified	Our audit response	Audit results
Requires certain accounting which has been prescribed by the Ministry and can be complex given the significance of capital transactions and balances at the School Board.	<ul style="list-style-type: none"> • We tested transactions and balances impacted, including tangible capital assets and capital contributions received and recognized, and determine whether the School Board has accounted for these transactions in accordance with regulations and relevant policies. • We reviewed disclosure of the basis of accounting in the notes to the financial statements. 	Our audit procedures did not indicate any evidence of material misstatement.

Accounts payable and accrued liabilities

Audit risk	Our audit response	Audit results
Accounts payable and accrued liabilities may be misstated due to improper cut-off. Estimates may not be supported.	<ul style="list-style-type: none"> • We tested disbursements subsequent to year-end to determine the reasonableness of accounts payable and accrued liabilities. • We tested the supporting assumptions and underlying data for accruals. • We reviewed the outcome of prior year estimates and accruals. 	Our audit procedures did not indicate any evidence of material misstatement.

Employee future benefits

Audit risk	Our audit response	Audit results
Employee future benefits liabilities and expenses may be misstated.	<ul style="list-style-type: none"> • We reviewed the actuarial report including assumptions and data upon which estimates were based. • We ensured proper disclosure in the financial statements. 	Our audit procedures did not indicate any evidence of material misstatement.

Payroll

Audit risk

Payroll expense is not accurately recorded.

Our audit response

- We reviewed and tested the design and implementation of internal controls related to the payroll cycle.
- We detail tested payroll transactions for appropriate pay in accordance with employment agreements and other relevant documentation.
- We performed an overall analytical review of payroll amounts.

Audit results

Our audit procedures did not indicate any evidence of material misstatement.

*Areas of significant audit risk

Other reportable matters

The following summarizes the status and findings of key aspects of our audit. In the appendices to this report, we have provided additional information related to certain matters we committed to report to the Audit Committee as part of the audit plan.

	Comment
Changes to the audit plan	The audit was conducted in accordance with our audit plan, which was communicated to the Audit Committee. We confirm that there have been no significant amendments to the audit scope and approach communicated in the audit plan.
Significant difficulties encountered in performing the audit	We did not encounter any significant difficulties while performing the audit. There were no significant delays in receiving information from management required for the audit nor was there an unnecessarily brief timetable in which to complete the audit.
Related party transactions	We have not identified any related party transactions that were not in the normal course of operations and that involved significant judgments by management concerning measurement or disclosure.
Disagreements with management	In the course of our audit, we did not encounter any disagreements with management about matters that individually or in the aggregate could be significant to the financial statements.
Consultation with other accountants	Management has informed us that the School Board has not consulted with other accountants about auditing or accounting matters.
Legal and regulatory compliance	Our limited procedures did not identify any areas of material non-compliance with laws and regulations by the School Board.
Post-balance sheet events	At the date of finalizing this report, the only post-balance events that we are aware of are as follows: <ul style="list-style-type: none"> • Change in control relationship between the School Board and the Centre, which has been properly disclosed in Note 1 to the financial statements • Construction matters relating to a secondary school in Milton, which has been properly disclosed in Note 18 to the financial statements

Appendix 1 – Communication requirements

The table below summarizes our communication requirements under Canadian GAAS.

Required communication	Reference	Refer to this report or document described below
Audit Service Plan		
1. Our responsibilities under Canadian GAAS, including forming and expressing an opinion on the financial statements.	CAS ¹ 260.14	Master services agreement dated April 1, 2018.
2. An overview of the overall audit strategy, addressing: <ul style="list-style-type: none"> a. Timing of the audit. b. Significant risks, including fraud risks Names, locations, and planned responsibilities of other independent public accounting firms or others that perform audit procedures in the audit. 	CAS 260.15	Audit plan communicated on April 30, 2019.
3. Significant transactions outside of the normal course of business, including related party transactions.	CAS 260 App. 2, CAS 550.27	Nothing to report
Enquiries of those charged with governance		
4. How those charged with governance exercise oversight over management's process for identifying and responding to the risk of fraud and the internal control that management has established to mitigate these risks.	CAS 240.20	Discussed during the Audit plan presentation on April 30, 2019.
5. Any known suspected or alleged fraud affecting the School Board.	CAS 240.21	Nothing to report
6. Whether the School Board is in compliance with laws and regulations.	CAS 250.14	No non-compliance noted
Year end communication		
7. Fraud or possible fraud identified through the audit process.	CAS 240.40-.42	We are not aware of any fraudulent events.
8. Significant accounting policies, practices, unusual transactions, and our related conclusions.	CAS 260.16 a.	See Note 1 to the financial statements for significant accounting policies. No unusual transactions noted.

1 CAS: Canadian Auditing Standards – CAS are issued by the Auditing and Assurance Standards Board of CPA Canada

Required communication	Reference	Refer to this report or document described below
9. Alternative treatments for accounting policies and practices that have been discussed with management during the current audit period.	CAS 260.16 a.	Significant accounting practices and policies selected and applied by management are, in all material respects, acceptable under the Financial Reporting Framework and are appropriate to the particular circumstances of the School Board.
10. Matters related to going concern.	CAS 570.23	We concluded that there was no substantial doubt about the School Board's ability to continue as a going concern.
11. Management judgments and accounting estimates.	CAS 260.16 a.	See significant accounting practices, judgements and estimates on page 3 of this report.
12. Significant difficulties, if any, encountered during the audit.	CAS 260.16 b.	No significant difficulties to report.
13. Material written communications between management and us, including management representation letters.	CAS 260.16 c.	Management representation letter
14. Other matters that are significant to the oversight of the financial reporting process.	CAS 260.16d.	No other matters to report.
15. Modifications to our opinion(s).	CAS 260.A18	We will issue an unmodified opinion.
16. Our views of significant accounting or auditing matters for which management consulted with other accountants and about which we have concerns.	CAS 260.A19	No consultation with other accountants were noted.
17. Significant matters discussed with management.	CAS 260.A.19	Nothing to report.
18. Illegal or possible illegal acts that come to our attention.	CAS 250.23	We are not aware of any illegal acts.
19. Significant deficiencies in internal control, if any, identified by us in the conduct of the audit of the financial statements.	CAS 265	No significant deficiencies in internal control identified. Some business insights will be discussed in closed session.
20. Uncorrected misstatements and disclosure items.	CAS 450.12-13	In accordance with Canadian GAAS, we request that all misstatements be corrected. There were no uncorrected misstatements. See Appendix 3 for uncorrected disclosure misstatements.
21. Any significant matters arising during the audit in connection with the School Board's related parties.	CAS 550.27	See Note 1 to the financial statements relating to the change in control relationship between the School Board and the Centre.

Appendix 2 – Draft management representation letter

[School Board letterhead]

November 20, 2019

Deloitte LLP
1005 Skyview Drive, Suite 200
Burlington ON L7P 5B1

Subject: Consolidated financial statements of Halton District School Board for the year ended August 31, 2019

Dear Sirs:

This representation letter is provided in connection with the audit by Deloitte LLP ("Deloitte" or "you") of the consolidated financial statements of Halton District School Board (the "School Board" or "HDSB" or "we" or "us"), for the year ended August 31, 2019, and a summary of significant accounting policies and other explanatory information (the "Financial Statements") for the purpose of expressing an opinion as to whether the Financial Statements present fairly, in all material respects, the financial position, results of operations, changes in net debt, and cash flows of the School Board based on the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act ("the special purpose framework").

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial statements

1. We have fulfilled our responsibilities as set out in the terms of the engagement letter between the School Board and Deloitte dated April 1, 2018 for the preparation of the Financial Statements in accordance with the special purpose framework.

In particular, the Financial Statements present fairly, in all material respects, the financial position of the School Board as at August 31, 2019 and the results of its operations, changes in net debt, and cash flows for the year then ended in accordance with the special purpose framework.

2. The Financial Statements have been prepared for the Ministry of Education, and Board of Trustees of HDSB using the basis of accounting described in Note 1 to the Financial Statements for the purpose of assessing the financial position of HDSB and the results of its operations.
3. Significant assumptions used in making estimates, including those measured at fair value, are reasonable.

In preparing the Financial Statements in accordance with the special purpose framework, management makes judgments and assumptions about the future and uses estimates. The completeness and appropriateness of the disclosures related to estimates are in accordance with the special purpose framework. The School Board has appropriately disclosed in the Financial Statements the nature of measurement uncertainties that are material, including all estimates where it is reasonably possible that

the estimate will change in the near term and the effect of the change could be material to the Financial Statements.

The measurement methods, including the related assumptions and models, used in determining the estimates, including fair value, were appropriate, reasonable and consistently applied in accordance with the special purpose framework and appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity. No events have occurred subsequent to August 31, 2019 that require adjustment to the estimates and disclosures included in the Financial Statements.

There are no changes in management's method of determining significant estimates in the current year.

4. All related party relationships and transactions, including associated amounts receivable and payable, have been appropriately accounted for and disclosed in the Financial Statements in accordance with the requirements of the special purpose framework.
5. The School Board has identified all related parties in accordance with Section PS 2200, *Related Party Disclosures* ("PS 2200"). Management has determined that such disclosure is not necessary because the transactions have not occurred at a value different from that which would have been arrived at if the parties were unrelated and do not or could not have a material effect on the financial statements. This assessment is based on all relevant factors, including those listed in paragraph 16 of PS 2200.
6. We have determined that the Financial Statements are complete as of November 19, 2019 as this is the date when there are no changes to the Financial Statements (including disclosures) planned or expected. The Financial Statements have been approved in accordance with our process to finalize financial statements.
7. We have completed our review of events after August 31, 2019 and up to the date of this letter. All events subsequent to the date of the Financial Statements and for which the special purpose framework requires adjustment or disclosure have been adjusted or disclosed. Accounting estimates and disclosures included in the Financial Statements that are impacted by subsequent events have been appropriately adjusted.
8. The Financial Statements are free of material errors and omissions.

As a result of our evaluation process, we identified certain disclosures that, although required by the special purpose framework, have been omitted from our Financial Statements. Those omitted disclosures that are more than inconsequential are attached as Appendix A. We believe the effects of the omitted disclosures are quantitatively and qualitatively immaterial, both individually and in the aggregate, to the Financial Statements as a whole.

Internal controls

9. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
10. We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that we believe to be significant deficiencies in internal control over financial reporting.

Information provided

11. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation of the Financial Statements, such as records, documentation and other matters.
 - b. All relevant information as well as additional information that you have requested from us for the purpose of the audit; and,
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

12. All transactions have been properly recorded in the accounting records and are reflected in the Financial Statements.
13. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
14. We have disclosed to you the results of our assessment of the risk that the Financial Statements may be materially misstated as a result of fraud.
15. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the Financial Statements.
16. We have disclosed to you all information in relation to allegations of actual, suspected or alleged fraud, or illegal or suspected illegal acts affecting the entity.
17. We have disclosed to you all communications from regulatory agencies concerning non-compliance with or deficiencies in financial reporting practices and all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the Financial Statements.
18. We have disclosed to you all known, actual or possible litigation and claims, whether or not they have been discussed with our lawyers, whose effects should be considered when preparing the Financial Statements. As appropriate, these items have been disclosed and accounted for in the Financial Statements in accordance with the special purpose framework.

Independence matters

For purposes of the following paragraphs, "Deloitte" shall mean Deloitte LLP and Deloitte Touche Tohmatsu Limited, including related member firms and affiliates.

19. The School Board has not caused Deloitte's independence to be impaired by hiring or promoting a former or current Deloitte partner or professional employee in an accounting role or financial reporting oversight role that would cause a violation of the Canadian independence rules or other applicable independence rules. Prior to the School Board having any substantive employment conversations with a former or current Deloitte engagement team member the School Board has held discussions with Deloitte and obtained approval from the Audit Committee.
20. We have ensured that all non-audit services provided to the School Board have been pre-approved by the Audit Committee. Further, we have adhered to all regulatory requirements regarding the provision of non-audit services by Deloitte to the School Board in accordance with applicable laws, regulations and rules that apply to the School Board, including the Audit Committee approval requirements.
21. We have ensured that all services performed by Deloitte with respect to this engagement have been pre-approved by the Audit Committee in accordance with its established approval policies and procedures.
22. The School Board has satisfactory title to and control over all assets, and there are no liens or encumbrances on such assets. We have disclosed to you and in the Financial Statements all assets that have been pledged as collateral.
23. We have disclosed to you all liabilities, provisions, contingent liabilities and contingent assets, including those associated with guarantees, whether written or oral, and they are appropriately reflected in the Financial Statements.

24. We have disclosed to you, and the School Board has complied with all aspects of contractual agreements that could have a material effect on the Financial Statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

Work of management's experts

25. We agree with the work of management's experts in evaluating the Retirement Benefits, Post Retirement Benefits, Workers' Safety Insurance Board and Non-Vesting Sick Leave Accumulation Benefits and have adequately considered the competence and capabilities of the experts in determining amounts and disclosures used in the Consolidated Financial Statements and underlying accounting records. We did not give any, nor cause any, instructions to be given to management's experts with respect to values or amounts derived in an attempt to bias their work, and we are not aware of any matters that have impacted the independence or objectivity of the experts.

Loans and receivables

26. The School Board is responsible for determining and maintaining the adequacy of the allowance for doubtful notes, loans, and accounts receivable, as well as estimates used to determine such amounts. Management believes the allowance is adequate to absorb currently estimated bad debts in the account balance.

Environmental liabilities/contingencies

27. We have considered the effect of environmental matters on the School Board and have disclosed to you all liabilities, provisions or contingencies arising from environmental matters. All liabilities, provisions, contingencies and commitments arising from environmental matters, and the effect of environmental matters on the carrying values of the relevant assets are recognized, measured and disclosed, as appropriate, in the Financial Statements.

Employee future benefits

28. Employee future benefit costs, assets, and obligations have been properly recorded and adequately disclosed in the Financial Statements including those arising under defined benefit and defined contribution plans as well as termination arrangements. We believe that the actuarial assumptions and methods used to measure defined benefit plan assets, liabilities and costs for financial accounting purposes are appropriate in the circumstances.

Various matters

29. The following have been properly recorded and, when appropriate, adequately disclosed and presented in the Financial Statements:
- a. economic dependence on another party;
 - b. losses arising from sale and purchase commitments;
 - c. losses arising from onerous contracts;
 - d. agreements to buy back assets previously sold;
 - e. provisions for future removal and site restoration costs;
 - f. financial instruments with significant individual or group concentration of credit risk, and related maximum credit risk exposure;
 - g. sales with recourse provisions;
 - h. sales incentives, including cash consideration provided to customers and vendor rebates;
 - i. arrangements with financial institutions involving compensating balances or other arrangements involving restriction on cash balances and line-of-credit or similar arrangements;
 - j. all impaired loans receivable and investments;

- k. loans that have been restructured to provide a reduction or deferral of interest or principal payments because of borrower financial difficulties.

Title to assets

30. The School Board has satisfactory title to and control over all assets, and there are no liens or encumbrances on such assets. We have disclosed to you and in the Financial Statements all assets that have been pledged as collateral.

Plans or intentions affecting carrying value/classification of assets and liabilities

31. We have disclosed to you all plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the Financial Statements.

Yours truly,

Halton District School Board

Stuart Miller
Director of Education

Roxana Negoï
Superintendent of Business Services

Heather Camastro
Manager of Accounting

Appendix A

Halton District School Board

Summary of disclosure items passed
Year ended August 31, 2019

Footnote number	Footnote title	Description of omitted or unclear disclosure	Authoritative literature reference	Dollar amount of omitted or unclear disclosure (if applicable)
1	Non-cash transactions	The School Board presents its Statement of Cash Flows similar to the Statement of Cash Flows included in the Education Finance Information System (EFIS), which does not identify all non-cash items. Examples of such non-cash items are tangible capital asset acquisitions acquired through accounts payable, employee future benefit expenses relating to actuarial valuation adjustments, and recognition of previously deferred revenue.	PS 1201.104 to .126	Amount has not been determined.
2	Budget figures	The statement of changes in net debt should include budget figures.	PS 1201.131	Amount has not been determined.

Appendix 3 – Summary of uncorrected financial statement misstatements and summary of disclosure items passed

Footnote number	Footnote title	Description of omitted or unclear disclosure	Authoritative literature reference	Dollar amount of omitted or unclear disclosure (if applicable)
1	Non-cash transactions	<p>The School Board presents its Statement of Cash Flows similar to the Statement of Cash Flows included in the Education Finance Information System (EFIS), which does not identify all non-cash items.</p> <p>Examples of such non-cash items are tangible capital asset acquisitions acquired through accounts payable, employee future benefit expenses relating to actuarial valuation adjustments, and recognition of previously deferred revenue.</p>	PS 1201.104 to .126	Amount has not been determined.
2	Budget figures	The statement of changes in net debt should include budget figures.	PS 1201.131	Amount has not been determined.

Appendix 4 – Deloitte resources a click away

At Deloitte, we are devoted to excellence in the provision of professional services and advice, always focused on client service. We have developed a series of resources, which contain relevant and timely information.

<input type="checkbox"/> Canada's Best Managed Companies www.bestmanagedcompanies.ca	<ul style="list-style-type: none"> • Directors • CEO/CFO 	The Canada's Best Managed Companies designation symbolizes Canadian corporate success: companies focused on their core vision, creating stakeholder value and excelling in the global economy.
<input type="checkbox"/> Centre for financial reporting www.cfr.deloitte.ca	<ul style="list-style-type: none"> • Directors • CEO/CFO • Controller • Financial reporting team 	Web site designed by Deloitte to provide the most comprehensive information on the web about financial reporting frameworks used in Canada.
<input type="checkbox"/> Financial Reporting Insights www.iasplus.com/fri	<ul style="list-style-type: none"> • CFO • Controller • Financial reporting team 	Monthly electronic communications that helps you to stay on top of standard-setting initiatives impacting financial reporting in Canada.
<input type="checkbox"/> On the board's agenda	<ul style="list-style-type: none"> • Directors • CEO/CFO 	Bi-monthly publication examining a key topic in detail, including the perspectives of a Deloitte professional with deep expertise in the subject matter as well as the views of an experienced external director.
<input type="checkbox"/> State of change www.iasplus.com/StateOfChange	<ul style="list-style-type: none"> • CFO • VP Finance • Controller • Financial reporting team 	Bi-monthly newsletter providing insights into key trends, developments, issues and challenges facing the not-for-profit sector in Canada, with a Deloitte point of view.
<input type="checkbox"/> Deloitte Financial Reporting Update www.deloitte.com/ca/update	<ul style="list-style-type: none"> • CFO • VP Finance • Controller • Financial reporting team 	Learning webcasts offered throughout the year featuring our professionals discussing critical issues that affect your business.



Halton District School Board

Date: November 12, 2019
FOR ACTION

TO: The Chair and Members of the Audit Committee
Halton District School Board

FROM: Roxana Negoï, Superintendent of Business Services & Treasurer

RE: **2018/2019 Financial Statements**

Warrant

This report recommends approval of the 2018/2019 Financial Statements.

Recommendation

Be it resolved that the Audit Committee recommends the audited financial statements of the Halton District School Board for the fiscal year ended August 31, 2019 be approved by the Board of Trustees.

Background

Each year, the treasurer of every board is required (subsection 252(1) of the Education Act) to prepare the financial statements for the school board and, on receiving the auditor's report on the financial statements, promptly submit them to the Ministry of Education.

Financial statements must be prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of The Chartered Professional Accountants, Canada. A summary of the significant accounting policies that form the basis of accounting in financial statements is provided in Note 1 to the financial statements.

Audit

The financial statements have been audited by Deloitte LLP, Chartered Accountants; independent external auditors appointed by the Board. In accordance with subsection 253(5) of the Education Act, the auditors have received full access to all books, records, documents of the Board, as well as any other information that in the auditor's opinion was necessary to enable them to carry out their duties. The audit was conducted in accordance with Canadian generally accepted auditing standards as outlined in the Auditors' Report. Based on their audit opinion, the auditors agree that the consolidated financial statements of Halton District School Board as at and for the year ended August 31, 2019 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements. In addition, the Halton District School Board was in compliance with all Ministry funding regulations.

Respectfully Submitted,

*Roxana Negoï
Superintendent of Business Services and Treasurer*

HALTON DISTRICT SCHOOL BOARD GOVERNANCE PROCEDURE

AUDIT COMMITTEE POLICY

OBJECTIVE

The Audit Committee of the Halton District School Board is established in accordance with Section 253.1(1) of the *Education Act* RSO 1990 c E.2 and Regulation 361/10 made under the *Education Act*.

The Audit Committee of the Board of Trustees (the “**Board**”) is responsible for reviewing the Board’s financial reporting process, compliance matters, the Board’s internal controls, risk management practices, and the processes and findings of the Board’s internal and external auditor, in accordance with the specific requirements identified in Ont. Reg. 361/10 and the Board’s Audit Committee Procedure.

The Board recognizes that the Audit Committee plays a key role in supporting the Board in meeting its responsibilities under Section 169.1 of the *Education Act*, and in particular Section 169.1(1)(b) which states that the Board shall “*ensure effective stewardship of the Board’s resources*”, and Section 169.1(5) which provides:

Every Board shall,

- a) effectively use the resources entrusted to it;*
- b) use the resources entrusted to it for the purposes of delivering effective and appropriate education; and*
- c) manage the resources entrusted to it in a manner that upholds public confidence.*

Related Legislation

Education Act RSO 1990 c E.2, at Part VI – Boards, S.253.1 (*Audit Committee*);

Regulation 361/10 “Audit Committees”

Related Board Policies and Procedures

Operational Leadership

Policy Development and Review

Governance By-Law

Related Ministry Documents

Ministry of Education B and SB Memoranda

HALTON DISTRICT SCHOOL BOARD GOVERNANCE PROCEDURE

AUDIT COMMITTEE PROCEDURE

POLICY

This Procedure is made pursuant to the Board's Audit Committee Policy.

PURPOSE

This Governance Procedure provides direction to the Board of Trustees (the "**Board**") and the Board's Audit Committee.

LEGAL FRAMEWORK

The Audit Committee is established in accordance with Section 253.1(1) of the *Education Act RSO 1990 c E.2* and Regulation 361/10 made under the *Education Act*.

Terms used in this Procedure shall have the same meaning as in Regulation 361/10.

AUDIT COMMITTEE MEMBERSHIP

Regulation 361/10 provides that the Audit Committee's membership shall be comprised of five (5) members, as follow:

- a) three Trustees, who are appointed in accordance with the Board's By-law; and
- b) two persons who are not Trustees, who are eligible and are appointed in accordance with this Procedure.¹

ELIGIBILITY OF NON-TRUSTEE MEMBERS

A person who is not a Trustee is eligible to be appointed to the Audit Committee only if they,

- (a) have accounting, financial management or other relevant business experience that would enable them her to understand the accounting and auditing standards applicable to the board;
- (b) are not an employee or officer of the board or of any other board at the time of their appointment;
- (c) do not have a conflict of interest at the time of their appointment; and
- (d) are identified by the selection committee described in herein as a potential candidate for appointment to the audit committee.²

¹ Section 3(1)2

² Section 4(1)

SELECTION COMMITTEE

The Halton District School Board (“HDSB”) shall form a selection committee for the purpose of identifying potential non-Trustee candidates for appointment to the Audit Committee, to be comprised of:

- (a) the Director of Education;
- (b) a senior business official of the board; and
- (c) the Chair of the Board or a Trustee designated by the Chair.³

TERM

A Trustee member of the Audit Committee shall be appointed for a term of four (4) years.⁴ A Trustee may be appointed for an unlimited number of terms.⁵

A non-Trustee member of the Audit Committee shall be appointed for a term of three (3) years,⁶ and may serve a maximum of two terms,⁷ unless:

- (a) HDSB has advertised the position for at least thirty (30) days; and
- (b) after thirty (30) days the selection committee has not identified any potential candidates.⁸

in which case a non-Trustee member may serve an additional term or terms.

When the term of a member of the Audit Committee expires, the person shall continue to be a member until such time as a successor is appointed or the member is reappointed.⁹

VACANCIES

An Audit Committee member who is a Trustee vacates their position if:

- (a) they are convicted of an indictable offence; or
- (b) they are 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.¹⁰

An Audit Committee member who is non-Trustee vacates their position if,

- (a) they are convicted of an indictable offence;
- (b) they are 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;

³ Section 5(1) and (2)

⁴ Section 7(1)

⁵ Section 7(3)

⁶ Section 7(2)

⁷ Section 7(4)

⁸ Section 7(4)

⁹ Section 7(5)

¹⁰ Section 8(1)

- (c) they become an employee or officer of the board or of any other board; or
- (d) it is discovered that they had a conflict of interest at the time of their appointment and failed to disclose it.¹¹

If a position on the Audit Committee becomes vacant, the position shall be filled as soon as possible in accordance with the appointment process described herein.¹²

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.¹³ A partial term shall nonetheless constitute a full term for the purposes of calculating the maximum number of terms.

DECLARATION OF CONFLICT OF INTEREST

A conflict of interest for the purposes of this Procedure is defined as having a parent, child, or spouse who is employed by HDSB.¹⁴

Each member of the Audit Committee shall, upon appointment and at the first meeting of the fiscal year every year of their term thereafter, submit a written declaration to the Chair stating whether they have a conflict of interest.¹⁵

A committee member who becomes aware of a conflict subsequent to having made such a written declaration shall immediately disclose the interest in a written statement to the chair.¹⁶

In addition to the foregoing, where a committee member's parent, child or spouse could derive any financial benefit relating to an item on the committee's agenda, the committee member shall declare the potential benefit at the start of the committee meeting and withdraw from the meeting during the discussion of the matter, and shall not vote on the matter.¹⁷ The minutes of the meeting shall include a detailed description of the potential benefit so declared.¹⁸

Quorum shall not be affected by reason of the absence of a committee member who has declared a conflict of interest or potential benefit.¹⁹

COMMITTEE CHAIR AND VICE-CHAIR

The Chair of the Audit Committee shall be elected by and from amongst the members of the committee at the first meeting in each fiscal year,²⁰ for a one year term.²¹

The duties of the Chair shall include:

- a) presiding over Audit Committee meetings;

¹¹ Section 8(2)

¹² Section 8(3)

¹³ Section 8(4)

¹⁴ Section 4(2)

¹⁵ Section 14(1)

¹⁶ Section 14(2)

¹⁷ Section 14(3)

¹⁸ Section 14(5)

¹⁹ Section 14(4)

²⁰ September 1 to August 31

²¹ Section 6(2)

- b) ensuring the development of meeting agenda which reflect the priorities and responsibilities of the Audit Committee;
- c) communicating with the Board, as authorized by resolution of the committee; and
- d) such other duties as may be assigned by the committee from time to time.

The Vice-Chair of the Audit Committee shall be elected by and from amongst the members of the committee at the first meeting in each fiscal year, for a one year term.

The Vice Chair will preside over the meeting as chair if the Chair is not physically present at the meeting. The Vice Chair shall preside over the discussion, debate and vote of a particular agenda item or resolution if the Chair declares a conflict of interest relating to the that agenda item or resolution.

If neither the Chair nor the Vice-Chair are able to preside, the members who are present in person or by electronic means may elect a member to act as chair.²²

The Chair of the Audit Committee shall ensure that minutes are taken at each meeting, and provided to committee members within the month following the meeting.²³

MEETINGS

The Audit Committee shall meet at least three (3) times in each fiscal year, at the call of the Chair, and at such other times as the Chair considers advisable.²⁴

The first meeting of each fiscal year shall be held no later than September 30.²⁵

Committee members other than the Chair may attend a meeting by electronic means, and any members so attending shall be deemed to be present.²⁶

Meetings of the Audit Committee shall be open to the public, except that the committee may meet *in camera* as allowable under Section 207(2) of the *Education Act*, reproduced at Appendix G of this Procedure.

SUPPORT

The Audit Committee may request that any of the following staff attend a meeting:

- a) Director of Education or designate;
- b) Superintendent of Business Services and Treasurer;
- c) Controller of Financial Services;
- d) External Auditor(s);
- e) Regional Internal Audit Team;

²² Section 6(2)

²³ Section 11(7)

²⁴ Section 11(1)

²⁵ Section 11(2)

²⁶ Regulation 463/97

- f) Manager of Accounting; and/or
- g) Staff assigned to take minutes.

VOTING

The Audit Committee shall make decisions by resolution.²⁷

Each member of the Audit Committee shall have one vote.²⁸ In the event of a tie vote, the Chair is entitled to cast a second and deciding vote.²⁹

QUORUM

The Audit Committee shall have quorum if:

- a) a majority of the committee members are present; and
- b) there is at least one member present who is not a Trustee.³⁰

DUTIES OF THE AUDIT COMMITTEE

The Audit committee has the following duties as outlined in Regulation 361/10 and reproduced in the Appendices to this Procedure, a follows:

- a) related to the Board's financial reporting process, at Schedule A;
- b) related to the Board's internal controls, at Schedule B;
- c) related to the Board's internal auditor, at Schedule C;
- d) related to the Board's external auditor, at Schedule D;
- e) related to the Board's compliance matters, at Schedule E;
- f) related to the Board's risk management, at Schedule F.

REPORT TO THE BOARD

The Audit Committee shall report to the Board annually, and at any other time required by the Board, on the committee's performance of its duties.³¹

The Audit Committee shall submit a written annual report to the Board, by a date specified by the Board, to include:

²⁷ Section 11(4)

²⁸ Section 11(3)

²⁹ Section 11(5)

³⁰ Section 11(6)

³¹ Section 9(7)

- (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.³²

The Board shall submit the information in clauses (c) and (e) above to the Minister in each fiscal year on or before a date specified by the Minister.³³

The Audit Committee 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.³⁴

POWERS OF THE AUDIT COMMITTEE

In carrying out its functions and duties, the Audit Committee has the power to,

- (a) retain counsel, accountants or other professionals to advise or assist the committee, providing the committee obtains the prior approval of the Board ;
- (b) meet with, or require the attendance at a committee meeting of:
 - i. member(s) of the Board of Trustees;
 - ii. HDSB's staff;
 - iii. HDSB internal or external auditor; or
 - iv. legal counsel or representatives from a reporting entity of the board,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 HDSB' external or internal auditor, or with any HDSB staff, without the presence of other HDSB staff or Trustees, other than Trustees who are members of the Audit Committee;
- (d) require HDSB's internal or external auditor to provide reports to the committee; and
- (e) have access to all HDSB records that were examined by the internal or external auditor.

³² Section 15(1)

³³ Section 15(2)

³⁴ Section 15(3)

DECORUM

All Audit Committee members shall participate in committee meetings in a manner which adheres to the Board's Code of Conduct.³⁵

The presiding office may expel or exclude from the meeting any person who has been guilty of improper conduct at a meeting.³⁶

REMUNERATION AND EXPENSES

Audit Committee members shall not receive remuneration for serving as a member of the committee, except that:

- a) Trustee members may receive an attendance honorarium in accordance with the Board's Trustee Honorarium Policy;
- b) a committee member may be reimbursed for expenses incurred as a member of the Audit Committee, in accordance with the HDSB Expense policy.³⁷

Related Statutes

Education Act, RSO 1990 c E.2, S.207(2) (*in camera*); S.208.1 (*electronic meetings*); S.191 (*Honoraria*); S.253.1(1)(*Audit Committee*)

Related Education Act Regulations

Regulation 361/10 "*Audit Committee*"

Regulation 463/97 "*Electronic Meetings*"

Regulation 357/06 "*Honoraria for Board Members*"

Related Board Policies and Procedures

Electronic Meetings

Operational Leadership

Policy Development and Review

Governance By-Law

Trustee Honoraria

Related Ministry Documents

Ministry B and SB Memoranda

³⁵ Section 12

³⁶ *Education Act*, Section 207(3), reproduced at Appendix G

³⁷ Section 13

APPENDIX A**AUDIT COMMITTEE
Duties Related to the Board's Financial Reporting Process**

Subsection 9(1) of Regulation 361/10 states as follows:

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.*

APPENDIX B

AUDIT COMMITTEE

Duties Related to the Board's Internal Controls

Subsection 9(2) of Regulation 361/10 states as follows:

9(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.*

APPENDIX C

AUDIT COMMITTEE

Duties Related to the Board's Internal Auditor

Subsection 9(3) of Regulation 361/10 states as follows:

9(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.*

APPENDIX D

AUDIT COMMITTEE

Duties Related to the Board's External Auditor

Subsection 9(4) of Regulation 361/10 states as follows:

9(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.*

APPENDIX E

AUDIT COMMITTEE

Duties Related to the Board's Compliance Matters

Subsection 9(5) of Regulation 361/10 states as follows:

9(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.*

APPENDIX F

AUDIT COMMITTEE

Duties Related to the Board's Risk Management

Subsection 9(6) of Regulation 361/10 states as follows:

9(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.*

APPENDIX G
AUDIT COMMITTEE
IN CAMERA MEETINGS

Education Act

Open meetings of the board

S.207 (1) Subject to subsections (2) and (2.1), the meetings of a board and the meetings of a committee of the board, including a committee of the whole board, shall be open to the public, and no person shall be excluded from a meeting that is open to the public except for improper conduct.

Closing of certain committee meetings

(2) A meeting of a committee of a board, including a committee of the whole board, may be closed to the public when the subject-matter under consideration involves,

(a) the security of the property of the board;

(b) the disclosure of intimate, personal or financial information in respect of a Member of the board or committee, an employee or prospective employee of the board or a pupil or his or her parent or guardian;

(c) the acquisition or disposal of a school site;

(d) decisions in respect of negotiations with employees of the board; or

(e) litigation affecting the board.

Closing of meetings re certain investigations

(2.1) A meeting of a board or of a committee of a board, including a committee of the whole board, shall be closed to the public when the subject-matter under consideration involves an ongoing investigation under the Ombudsman Act respecting the board. 2014, c. 13, Sched. 9, s. 19 (2).

Exclusion of persons

(3) The presiding officer may expel or exclude from any meeting any person who has been guilty of improper conduct at the meeting.

Halton District School Board

Report Number: **TBD**
Date: November 1, 2019

FOR INFORMATION

TO: The Chair and Members of the Halton District School Board
FROM: Roxana Negoï, Superintendent of Business Services and Treasurer
Stuart Miller, Director of Education
RE: **Annual Statement of Education Development Charges (EDC)**

Background:

Each year, the treasurer of every board is required (under subsection 257.98 (1) of the Education Act) to give the board a financial statement relating to education development charge by-laws and education development charge accounts.

Rationale:

The Education Act, Part IX, Division E and Ontario Regulation 20/98 (in effect as of March 29, 2019) provides requirements for determining a board's eligibility to impose EDCs on new development, and calculation of the charges. Ontario Regulation 20/98 outlines the triggers (only one of which must be met) for a board to qualify for an EDC by-law:

- i. The estimated average number of elementary school pupils of the board over the five years immediately following the day the board intends to have the by-law come into force exceeds the total capacity of the board to accommodate elementary school pupils throughout its jurisdiction on the day the by-law is passed.
- ii. The estimated average number of secondary school pupils of the board over the five years immediately following the day the board intends to have the by-law come into force exceeds the total capacity of the board to accommodate secondary school pupils throughout its jurisdiction on the day the by-law is passed.
- iii. At the time of expiry of the board's last education development charge by-law that applies to all or part of the area in which the charges would be imposed, the balance in the education development charge reserve fund is less than the amount required to pay outstanding commitments to meet growth-related net education land costs, as calculated for the purposes of determining the education development charges imposed under that by-law.

The Board has approved six by-laws since it met the eligibility requirements in 1996. The Education Act requires by-laws to be updated every five years (in addition to the ability to amend the by-law once per year). The last by-law was approved by the Board in 2018 and amended in 2019. Prior to a by-law being adopted, the Education Act requires a background study to be conducted to determine the EDC by-law amount. The background study was conducted by Watson & Associates Economists Ltd. ("Watson") due to their development charge expertise. The Board provided Watson with information such as land purchase price, site preparation costs and actual EDC revenue. For potential school sites identified but not yet purchased, site valuation information was provided by Cushman & Wakefield Ltd. The background study considered the region's growth projection, enrolment forecasts, new building requirements, the board's capital plans and the cost of land.

The Education Development Charge Background Study was provided to the Ministry of Education on March 15, 2018 to review the document and provide approval prior to the initially proposed May 16, 2018 by-law passage. Due to the June 2018 Provincial election, the Ministry did not provide approval of the Board's background study, resulting the 2013 EDC by-law to lapse on June 24, 2018. After significant discussion with the Ministry, the EDC Background Study dated March 12, 2018 was

Halton District School Board

approved on June 28, 2018. However, the Ministry's approval was conditional upon the Board agreeing that a new education development charge by-law based on this background study would be for a maximum term of up to one year and impose education development charges of \$4,364.00 per dwelling unit and \$1.11 per square foot of gross floor area for residential and non-residential developments, respectively. These EDC rates are the same as the rates that were imposed under the Board's 2013 EDC by-law, as amended on June 24, 2017. A new 2018 EDC by-law was approved by the board on June 29, 2018 and came into effect on July 4, 2018, which resulted in a gap in collections from June 25 to July 3, 2018.

On March 29, 2019, the Ministry of Education issued Ontario Regulation (O. Reg) 55/19 which amended Ontario Regulation ("O. Reg 20/98"). This amendment to O. Reg 20/98 removed the current cap on EDC rates in order to permit the following restricted rate increases:

- In year 1, the existing EDC rate can be increased by the greater of 5% or \$300.00 per residential dwelling unit;
- In year 1, the existing non-residential rate can be increased by 5%;
- In year 2 of the by-law and in each subsequent year, the residential rate can be increased by a further \$300.00 or 5% of the previous year's EDC rate, whichever is greater. The non-residential rate can be increased by 5% of the previous year's non-residential EDC rate.

This recent amendment to O. Reg 20/98 does not restrict the ability of a school board to pass an EDC by-law for the full five-year term permitted under the Education Act. As a result, on May 15, 2019, the board approved an amendment to the 2018 EDC by-law, to increase the rates to the maximum allowed amounts and extend the term of the by-law to July 3, 2023.

The chart identifies the phase-in of the new EDC rates in accordance with amendments to O. Reg 20/98:

	<i>July 4, 2018: EDC By-law</i>	<i>May 20, 2019-July 3, 2019 Proposed New Charge</i>	<i>July 4, 2019-July 3, 2023 Proposed new Charge</i>
Residential development	\$4,364.00 per residential unit	\$4,664.00per residential unit	\$4,892.00 per residential unit
Non-residential development	\$1.11per square foot; or (\$11.95 per square metre) of gross floor area	\$1.11per square foot; or (\$11.95 per square metre) of gross floor area	\$1.11per square foot; or (\$11.95 per square metre) of gross floor area

A summary of EDC revenues, expenditures and closing balance as at August 31, 2019 are included in Appendix A.

Respectfully submitted,

Roxana Negoï
Superintendent of Business Services and Treasurer

Stuart Miller
Director of Education

**Halton District School Board
Report on Education Development Charges**

Opening EDC Balance/ (Deficit) as at September 1, 2018 **\$ (32,494,503)**

EDC Revenues received in 2018/2019:

Sale of excess site - adjacent to John W. Boich P.S.

Refund received related to past contributions on EDC sites \$ 125,732

Residential

City of Burlington 1,235,327

Town of Oakville 7,018,148

Town of Milton 4,597,788

Town of Halton Hills 127,384

12,978,647

Non-Residential

City of Burlington 394,085

Town of Oakville 593,695

Town of Milton 1,403,560

Town of Halton Hills 68,333

2,459,673

15,564,052

EDC Expenditures in 2018/2019:

Site acquisition expenditure (multiple sites) (8,301,676)

Site preparation expenditure (multiple sites) (5,762,123)

Interest on debt service costs (496,882)

Refunds paid (22,402)

Study Costs/ legal fees (55,569)

(14,638,652)

(14,638,652)

Closing EDC Balance/ (Deficit) as at August 31, 2019

\$ (31,569,103)

Halton District School Board

Report Number: **TBD****Date:** November 1, 2019**FOR INFORMATION**

TO: The Chair and Members of the Halton District School Board

FROM: Roxana Negoii, Superintendent of Business Services
Stuart Miller, Director of Education

RE: **Summary of Trustee Expenses**

Background:

“Trustee Expenses” Policy:

The Board recognizes the need to reimburse trustees for expenses reasonably incurred in carrying out their role as trustee. In addition, the Board recognizes that trustees must be equipped properly so they may consult with and contact their constituents.

Section 4.16 states that:

An annual summary of trustee expenses will be reported as an information item by the Superintendent of Business.

A trustee expense report will be posted to the board’s website annually by December 31 following the end of the fiscal year. The report will include expense totals by trustee of the following categories:

- *Travel (e.g. mileage, parking, tolls)*
- *OPSBA Conferences*
- *Other Professional Development*
- *Meeting Expenses (e.g. hospitality)*
- *Supplies*
- *Other Expenses (e.g. child minding)*

Board paid:

- *Telecommunications (e.g. monthly service fees)*
- *Technology (e.g. hardware)*
- *Board Leadership & Mandatory Training*
- *Prior Term Reserve for Professional Development*
- *Travel over \$1,000*

Rationale:

It is the policy of the Halton District School Board that trustees, upon their election shall be equipped with a personal computer including peripherals; software in accordance with the Board standard for administrators; high speed home internet access; a home phone; and a mobile communication device. There are currently eleven elected Trustees and two student Trustees.

In addition, each trustee, on an annual basis, will have access to a \$5,000 travel, personal professional development and office supplies account. This account may be used to reimburse the trustee for expenses reasonably incurred in carrying out their role as trustee. The policy identifies the expenses that are recognized by the Board as appropriate trustee expenses. It also allows any approved travel expenditure above the \$1,000 threshold not to be charged against the trustee account, but rather the Board’s account. In addition, where a trustee incurs approved expenditures as a representative of the Board (e.g. Ontario Public School Board Association meeting, Student Trustee mentoring, Audit

Halton District School Board

Committee training) these costs will not be charged against the trustee account, but rather the Board's Leadership budget.

Summary of Board Paid/ (Reimbursed on a cash basis*) Expenses:

• Telecommunications (internet, cell, phone/landline)	\$	14,195
• Travel (mileage > \$1,000)		7,943
• Technology**		25,758
• Conferences – Board Leadership Mandatory Training		<u>5,739</u>
		<u>\$ 53,635</u>

Summary of Expenses Reimbursed as of August 31, 2018 (cash basis*):

• OPSBA Conferences	\$	8,032
• Other Professional Development:		
➤ registration, accommodation, meals, travel		28,047
• Meeting expenses (refreshments, meals)		726
• Office Supplies		3,149
• Travel (mileage up to \$1,000)		9,749
• Other		<u>915</u>
		<u>\$ 50,618</u>

*Cash basis refers to actual reimbursement received from September 1, 2018 to August 31, 2019.

** Technology expenses are typically higher during the first year of an election term, as it allows for technology equipping of newly elected trustees.

Details of expenditures by individual Trustee will be posted on the board website prior to December 31, 2019.

As at the end of the term (November 30th, 2018), \$66,000 representing the unused portion of the expense budget will rollover to 2019/2020.

Unused portions of an individual trustee's expense budget, on an annual basis, shall rollover to the next year. At the end of the term of the Board, unused portions of the trustee expense budget shall be allocated to a Reserve Account for the purpose of future trustee professional development. The use of these Reserve Account funds will be decided by the incoming Board of Trustees by Board motion. A summary of the Reserve Account is attached as Appendix A.

Respectfully submitted,

Roxana Negoï
Superintendent of Business Services

Stuart Miller
Director of Education

Appendix A

Reserve Balance, December 1, 2010**\$ 28,435**

Board Motions:

M12-0179 & M12-0231 (Ontario Public School Board Association Symposium)

(4,938)

M13-0105 (Communications & Public Relations Training)

(7,290)

M13-0027 (Ontario Student Trustee Association Membership Fees/Meeting)

(1,167)

(13,395)

Budget Balance - Resignation of Trustee for Milton Wards 1, 6, 7, 8 (June 2014)

10,314**Reserve Balance, August 31, 2014****\$ 25,354**

Board Motions:

M14-0288 (Report 14192) - Registration (& Accommodation for Student Trustees) to attend OPSBA Public Education Symposium Jan 29-31, 2015 to a maximum of \$9,500

(6,809)

M14-0289 (Report 14193) - Governance one day session to a maximum of \$3,500 (plus mileage) Parliamentary Procedure Training to a maximum of \$1,900 (travel)

(5,610)

M15-0025 (Report 15009) - Registration for OPSBA Labour Relations Symposium March 26-28, 2015

(4,482)

(16,901)

Transfer of End of Term Balance (November 30, 2014)

44,403**Reserve Balance, August 31, 2015****\$ 52,856**

Board Motions:

M15-0219 (Report 15158) - Registration costs to attend the Ontario Public School Board Association Public Education Symposium (including pre-symposium) Jan 28-30, 2016 to a maximum of \$7,700

(6,762)

M16-0045 (Report 16041) - Registration costs to attend the Ontario Public School Board Association Labour Relations Symposium (including pre-symposium) Mar 31-April 1, 2016 to a maximum of \$5,500

(1,944)

(8,706)

Reserve Balance, August 31, 2016**\$ 44,150**

Board Motions:

M16-0184 (Report 16172) - Registration costs to attend the Ontario Public School Board Association Public Education Symposium (including pre-symposium) Jan 19-21, 2017 to a maximum of \$7,700

(6,904)

M16-0184 (Report 16172) - Registration costs to attend the Ontario Public School Board Association Labour Relations Symposium (including pre-symposium) April 6-7, 2017 to a maximum of \$5,500

(974)

(7,878)

Reserve Balance, August 31, 2017**\$ 36,272**

Board Motions:

M17-0169 (Report 17124) - Registration costs to attend the Ontario Public School Board Association Public Education Symposium (including pre-symposium) January 25-27, 2018 to a maximum of \$7,700

(6,492)

M17-0169 (Report 17124) - Registration costs to attend the Ontario Public School Board Association Labour Relations Symposium (including pre-symposium) April 26-27, 2018 to a maximum of \$5,500

(1,006)

(7,498)

Budget Balance - Resignation of Trustee for Milton Wards 1, 6, 7, 8 (July 2018)

12,273**Reserve Balance, August 31, 2018****\$ 41,047**

Transfer of End of Term Balance (November 30, 2018)

66,000

Board Motions:

M18-0233 (Report 118163) - Registration costs to attend the Ontario Public School Board Association Public Education Symposium (including pre-symposium) January 24-26, 2019 to a maximum of \$7,975	(5,875)	
M18-0233 (Report 118163) - Registration costs to attend the Ontario Public School Board Association Labour Relations Symposium (including pre-symposium) April 4-5, 2019 to a maximum of \$5,225	<u>(2,915)</u>	(8,790)
Outgoing Trustees-no budget: Interim Trustee - R.A. Chaudhry and Trustee A. Harvey-Hope		<u>(946)</u>
Reserve Balance, August 31, 2019	\$	<u><u>97,311</u></u>



Halton District School Board

INFORMATION FOR AUDIT COMMITTEE

2018/2019 FISCAL YEAR

Budget Presentation	June 6, 2018	Budget 2018-2019 Link
Budget Approval	June 20, 2018	Approved Budget 2018-2019 Link Report 18090, Page 16
Revised Estimates	January 9, 2019	Revised Estimates 2018-2019 Link Report 19000, Page 41
Financial Statements – Audit Committee	November 12, 2019	<i>Draft financial statements in meeting package</i>
Financial Statements – Board Presentation and Board Approval	November 20, 2019	

2019/2020 FISCAL YEAR

Budget Presentation	June 5, 2019	Budget-2019-2020 Link
Budget Approval	June 20, 2019	Approved Budget 2019-20 Link Report 19092, Page 38
Revised Estimates	December 2019	
Financial Statements – Audit Committee	November 2020	
Financial Statements – Board Presentation and Board Approval	November 2020	

Topic:	Procurement
Effective:	June 2017
Cross-Reference:	Code of Ethics Policy; Administrative Procedures: Asbestos Management in Facilities Capital Projects; Code of Ethics; Community Funding of Facility Enhancements; Corporate Purchasing Card; Disposal of Surplus / Obsolete Assets; School Decentralized Budgets; School Generated Funds and School Council Funds; Progressive Discipline; Broader Public Sector Procurement Directive and Implementation Guidebook; Vendor Performance Management
Revision Date:	November 2019
Review Date:	November 2022
Responsibility:	Superintendent of Business Services and Treasurer

INTENDED PURPOSE:

To identify procedures that will guide the efficient and effective acquisition of goods and/or services on behalf of the Halton District School Board within Provincial and Federal Guidelines, Directives, and Trade Agreements, as well as to address procedures HDSB staff will adhere to when acquiring goods and/or services.

GUIDING PRINCIPLES

The Halton District School Board (HDSB) supports a central Purchasing Department as a means of obtaining maximum value for each dollar spent consistent with the educational goals of the HDSB and fair business practices. The HDSB will, where possible, establish standards for goods and services to ensure an acceptable level of quality for HDSB, promote work performed by qualified tradespeople, promote efficiencies with respect to cost and service, maintain a competitive atmosphere between suppliers, ensuring that each is treated fairly, and ensure appropriate budget controls, and financial procedures for audit purposes.

Procurement procedures support the goals, priorities, strategic direction and accountability measures established by HDSB:

- To procure by purchase, lease or rental, the required quality and quantity of goods and services in an efficient, safe and cost-effective manner.
- To encourage open competitive bidding amongst qualified and compliant suppliers, through a fair and transparent process in respect of the acquisition and disposal of goods and services, where practical or legally mandated.
- To consider all costs (including acquisition, operating and disposal costs), in evaluating bid submissions from vendors.
- To ensure decisions are not solely based on the lowest bid price.
- To consider other factors, such as but not limited to, supplier qualification and supplier commitment to fair business practices, where appropriate in evaluating bids submissions.
- To operate a centralized purchasing program for the purchase of goods and services through the Purchasing Department of the Business Services Department.
- To encourage cooperative procurement activities with other Ontario public organizations.

APPLICATION and SCOPE

This procedure applies to all employees, Board of Trustees, and School Council members involved in the procurement of goods and services. This procedure addresses all goods/services acquired using HDSB budgets, school generated funds, school council funds, donations or any other funds generated on behalf of the HDSB, save and except only those goods and or services listed as Exceptions of this Administrative Procedure.

DEFINITIONS

Authority: The legal right to conduct the tasks outlined in this Administrative Procedure as directed and delegated by the Director of Education to the Superintendent of Business Services and subsequently to the Manager of Purchasing.

Bid: An offer or submission received from a vendor in response to a request, which may be accepted or rejected.

Board: The Halton District School Board (HDSB).

Board of Trustees: The elected or appointed members of the HDSB.

Broader Public Sector Procurement Directive: The Broader Public Sector Procurement Directive issued by the Management Board of Cabinet, effective July 1, 2011.

Change Order: When there is a change in scope or unforeseen conditions are identified from the original scope of a project. The appropriate approval, based on the Approval Authority Schedule (AAS) must be obtained prior to the issuance of a change order and the commencement of work. It is the responsibility of the project lead to acquire the appropriate approval.

Claim: A legal demand or assertion by a claimant for compensation, payment or reimbursement for loss under contract.

Competitive Process: An open, fair and transparent process intended to ensure vendors are given equal opportunity to compete for HDSB business.

Conflict of Interest: A situation in which financial or other personal considerations, have the potential to compromise, or bias an employee, Trustee or school council member's professional judgment and objectivity. An apparent conflict of interest is one in which a reasonable person would think that the respective HDSB representative's judgment is likely to be compromised. A conflict of interest may exist, when the decisions and/or actions of the respective HDSB representatives during the course of exercising their employment/assigned duties, are affected by, or perceived by another party or person, to be affected by, or has been determined by HDSB to be affected by, the respective HDSB representative's personal, financial or business interests or the personal, financial or business interests of a relative, friend and/or business associate.

Consultant: Means a vendor, who by virtue of a particular expertise, is contracted by the HDSB to undertake a specific task or assignment that may include, but not limited to, expert advice, guidance, strategic advice, assessment without implementation or consideration for decision making.

Consulting Services: The provision of expertise or strategic advice that is presented for consideration and decision making.

Contract: A formal legal agreement between two or more parties, usually written, or a purchase order with binding legal implications, usually exchanging goods and/or services for money.

Currency: All dollar figures quoted in this procedure refer to amounts in Canadian funds, including applicable taxes.

Emergency Procurement: A situation where the immediate purchase of goods and/or services, repair or replacement of equipment, or facilities is essential in order to maintain an essential service or to prevent danger to life, limb or property within the HDSB.

Goods: All materials, equipment, fixtures, and structures to be delivered, installed or constructed.

Invitational Competitive: An open, fair, and transparent process in which a minimum of three proponents are invited to submit a bid.

Municipal Freedom of Information and Protection of Privacy Act (MFIPPA): An Act under which the HDSB is accountable to the public and must protect personal information.

Non-competitive Procurement: A procurement method where the usual competitive process is suspended and negotiations are entered into with one or more than one vendor.

Personal Health Information: Defined by the Personal Health Information Protection Act (PHIPA).

Personal Information: Broadly defined by MFIPPA, personal information is any recorded information about an identifiable individual regardless of format.

Piggyback Clause: An option to contract with a vendor in which other Ontario school boards, public agencies or government bodies have awarded, through a competitive bid process, the supply of goods and/or services.

Procurement Process: The process by which the required goods and/or services are obtained.

Proponent: A person or firm who puts forward a proposal in response to a solicitation.

Purchase: The act of acquiring goods and/or services of any legal or equitable interest, right or title in goods and/or services or the making of any contract or offer for goods and services and includes the lease of goods and/or services; and “purchased, purchasing, acquisition, procurement, procure, and buy,” shall have similar meanings.

Purchase Order: The legal document which is HDSB's commitment to the vendor for the purchase of goods and/or services at an agreed upon price, terms, conditions and delivery date. It is also the vendor's authority to ship and charge for the goods and/or services specified on the order.

Purchasing Card (P-Card): A commercial card that allows organizations to procure goods and services.

Purchasing: The department within Business Services authorized to perform the purchasing function.

Quotation: A request for prices on specific goods and/or services from selected vendors, which is submitted in writing or transmitted electronically as specified in the Request for Quotation.

Requisition: A request for goods and/or services initiated by staff, approved and electronically transmitted to Purchasing through the Financial Information System (FIS).

Requisitioner: A person placing a request for goods and/or services.

Request for Information (RFI): A process used to gather information on vendor interest regarding the feasibility and availability of specified goods and/or services in the marketplace.

Request for Proposal (RFP): A process used where a need is identified, but how it will be achieved is unknown at the outset. This process allows vendors to propose solutions or methods to arrive at the end product and it allows for evaluation on criteria other than price.

Request for Supplier Qualifications (RFSQ): A process used to gather information on vendor capabilities and qualifications, with the intention of creating a list of pre-qualified vendors.

Request for Tender (RFT): A process used where a specific need is identified and the vendors offer to provide the specific need at a specified price.

School / Administrative Site: Any facility or location within the HDSB's jurisdiction operating as a cost centre.

Services: All professional, construction, or maintenance services, and non-consulting, including the delivery, installation, repair, restoration, demolition or consideration of the particular goods and/or services.

Total Cost of Ownership: All direct and indirect costs of an asset, good or service during its useful life, from acquisition to disposition. This includes purchase price, implementation fees, upgrades, maintenance contracts, support contracts, license fees and disposal costs.

Value for Money: The consideration of the purchase price, as well as the suitability, durability, serviceability, maximum efficiency, and effectiveness of a purchase.

Vendor: An individual, firm, contractor, architect or consultant, providing goods and/or services to HDSB.

Vendor of Record (VOR): A group of vendors that have been vetted through a competitive process and reviewed by the Purchasing Department. A vendor listed in the Financial Information System does not make them a VOR.

PROCEDURES

Standardization

The HDSB shall establish standards for goods and services to ensure an acceptable level of quality for the system and to promote efficiencies with respect to cost and service.

Purchasing Goods/Services through a Tendered Vendor/Supplier

Purchases made for tendered goods and services that exceed \$2,000 will be processed using a purchase requisition and a purchase order. When purchasing goods / services through a tendered vendor/supplier, quotes are not required. Goods and services purchased through tendered vendors / suppliers meet HDSB standards and specifications, carry a warranty and are subject to the HDSB's discount structure.

Purchasing Goods / Services through a Non-Tendered Vendor/Supplier

Schools/Departments are encouraged to acquire goods and services through tendered vendors / suppliers, to meet HDSB standards and specifications as well as take advantage of price discounts and warranties. In very limited circumstances, goods/services can be acquired through a non-tendered vendor/suppliers. Goods and services acquired through non-tendered vendors/suppliers are subject to the Approval Authority Schedule (Appendix A), the Purchasing Thresholds /Requisition Process Limits (Appendix B), must be suitable and safe for school use, and are subject to review by Purchasing, Health & Safety, Facilities or other departments as required, prior to being brought into HDSB facilities.

Purchasing Card

The Purchasing Card is intended to facilitate the purchase and payment of low dollar (under \$1,000) goods and services required to conduct HDSB business. Facility Services approval must be obtained by schools and departments, prior to the order of, addition or installation of any equipment that will change, add, impact or alter the physical structure of any building, property or grounds owned and operated by the HDSB. Please reference the Corporate Purchasing Card Administrative Procedure.

Segregation of Duties

Effective procurement control includes the segregation of duties across functions and individuals. Segregation of duties prevents any one person from controlling the entire procurement process by separating approval for key stages of the procurement process. Employees cannot independently acquire goods and services without approval. The HDSB shall separate at least three of the five procurement functions (Requisitioning, Requisition Approval, Issue of purchase orders / contracts, Receiving and Payment).

<i>Function</i>	<i>Responsibility</i>	<i>Accountable Party</i>
Requisitioning	Authorize the purchasing department to place an order.	Requisitioner
Requisition Approval	Authorize that funds are available to cover the cost of the requested order, and the requested items are required.	Budget holder
Purchase Order	Authorize release of the order to the vendor under agreed terms.	Purchasing Department
Receiving	Authorize that the order was physically received, correct and complete.	Requisitioner
Payment	Authorize release of payment to the vendor.	Accounts Payable Department

Approval Authority Schedule (AAS)

The Broader Public Sector Procurement Directive states that organizations must establish an approval authority schedule for the procurement of goods and non-consulting services. The schedule must identify authorities that are allowed to approve purchases for different dollar thresholds. It is the responsibility of the requisitioner to obtain the required approval prior to proceeding with the acquisition of goods/services.

Approval Authority to request Goods and Non-Consulting Services

Total Procurement Amount	Delegated Purchasing Authority Level
Up to \$25,000.00	Purchasing Supervisor
Up to \$50,000.00	Manager of Purchasing
Up to \$100,000.00	Superintendent or Executive Officer, and Manager of Purchasing
More than \$100,000.00	Director of Education or Superintendent of Business Services

Approval Authority for Contracts Involving Goods and Non-Consulting Services

Total Procurement Amount	Delegated Purchasing Authority Level
Up to \$10,000.00	School Principal
Up to \$50,000.00	Manager of Purchasing
Up to \$100,000.00	Superintendent or Executive Officer, and Manager of Purchasing
More than \$100,000.00	Director of Education or Superintendent of Business Services

Note: The only HDSB staff that have the authority to bind HDSB are the Director of Education and Superintendent of Business Services. As a result, all contracts, memoranda of understanding, letters of intent or other agreements must be forwarded to the Director of Education and/or the Superintendent of Business Services for review and signature. **Exceptions** may occur for contracts up to \$10,000, that involve a one-time event, such as an educational excursion, reserving a banquet hall for graduation, or booking a guest speaker. In this case, the Principal, Superintendent or Executive Officer may sign. Contracts should not be signed by other staff, under any circumstances.

Approval Authority to Request Consulting Services

Total Procurement Amount	Procurement Method	Delegated Purchasing Authority Level
\$0 up \$100,000.00	Invitational Competitive	Organization's AAS for goods and non-consulting services
Any Value	Open Competitive	Organization's AAS for goods and non-consulting services
Any Value	Non-competitive (Exemption based only)	Director of Education or Superintendent of Business Services

General Authority

The purchase of goods and/or services shall not be authorized unless:

- the required goods and/or services have been requisitioned in accordance with this administrative procedure.
- the form and content of all documents forming any part of a purchase contract including quotation, tender or proposal documents, form of agreement, special provisions, terms and conditions, insurance and surety bonds, have been reviewed by Purchasing, and
- the purchase has been approved by the appropriate level of authority.

Where bids are received in response to a competitive bid process, but exceed project estimates, the project supervisor/manager, budget holder and the Purchasing Department, jointly may enter into negotiations with the lowest responsible and responsive proponent to achieve an acceptable bid within the project estimate. When negotiation results in a contract price acceptable to both parties no rebidding of the project is necessary and the Contract is awarded at the negotiated price.

If a tender/proposal has been awarded to the successful proponent and the successful proponent fails to enter into a contract, the Manager, Purchasing, shall have the authority to proceed to the next highest ranking proponent for the award of the contract, providing that there are no irregularities, requirements remain unchanged, and within budget.

Procurement Thresholds and Process**Goods, Non- Consulting Services and Construction**

Total Purchase Value	Procurement Method	Payment Method
\$0 to \$250	Informal / Discretionary: Verbal or internet catalogue price.	P-card
\$251 to \$2,000	Informal / Discretionary: Verbal or internet catalogue price.	Direct invoice, P-card (under \$1,000)
\$2,001 to \$10,000	One (1) written quote	Purchase Order
\$10,001 to \$50,000	Three (3) written quotes	Purchase Order
\$50,001 to \$100,000	Formal process managed through Purchasing Department. Invitational competitive procurement (minimum of three vendors invited to submit a bid)	Purchase Order
More than \$100,000	Formal process managed through Purchasing Department. Open competitive process (RFP, RFT)	Purchase Order

Consulting Services

Total Purchase Value	Procurement Method	Payment Method
\$0 to \$100,000	Invitational competitive procurement (minimum of three vendors invited to submit a bid) or open competitive process (RFP, RFT)	Purchase Order
More than \$100,000	Open Competitive Process (RFP, RFT)	Purchase Order

Detailed Purchasing Threshold and Process Schedule are outlined in Appendix B.

Informal Procurement Process (\$0 to \$2,000)

For any requirement having an estimated value under \$2,000, excluding taxes, a competitive solicitation is not required. This transaction can be addressed by the originating school or department or Purchasing Services if required. Prices may be obtained verbally from a vendor, which offers the most favorable price, consistent with HDSB standards, reliability, delivery and service requirement. The originating school or department shall make the purchase using the P-card up to the stated limits and in accordance with the Corporate Purchasing Card Administrative Procedure, or by direct invoice approved and account coded by the school or department. No purchase orders will be issued unless required by the vendor.

Quotation Procurement Process – One Quote (\$2,001 to \$10,000)

For any requirement having an estimated value under \$10,000, but more than \$2,000, excluding taxes, a minimum of one written quote will be obtained by the requesting school or department, and attached to the purchase order requisition. A requisition must be created and a purchase order issued through the Financial Information System, prior to the receipt of goods or services.

Quotation Procurement Process – Three Quotes (\$10,001 to \$50,000)

For any requirement having an estimated value under \$50,000 but more than \$10,000, excluding taxes, three written quotes will be obtained by the requesting school, department, or the Purchasing Department, and attached to the purchase order requisition. A requisition must be created and a purchase order issued through the Financial Information System, prior to the receipt of goods or services.

Formal Procurement**Quotation Process (\$50,001 to \$100,000)**

For any requirement having an estimated value more than \$50,001, excluding taxes, the requesting school or department, will contact the Purchasing Department. A formal process for obtaining goods and services more than \$50,001 will be managed through the Purchasing Department. A purchase order requisition must be created by the requesting school or department, based on the formal process managed through purchasing, and a purchase order will be issued through the Financial Information System, prior to the receipt of goods or services.

Open Competitive Procurement Process (more than \$100,000) Request for Tender

The request for tender method of acquisition can be used for any dollar value and involves the solicitation of goods and or services with specific delivery requirements and performance specification, and may require/include a vendor pre-qualification. Tender opportunities are required to be posted for a minimum of 15 calendar days on a nationally available electronic tendering system. All bids will be received in the manner specified within the proscribed documentation, on or before the specified closing date and time, and will be opened by the Purchasing Department. All bids will be evaluated and approved in consultation with Purchasing and the requesting department.

Open Competitive Procurement Process (more than \$100,000) Request for Proposal

The request for proposal method of acquisition can be used for any dollar value and involves the solicitation of proposals when the requirements for goods and or services cannot be specifically defined. Bid opportunities are required to be posted for a minimum of 15 calendar days on a nationally available electronic tendering system. Bid submissions will be evaluated to determine the successful proponent(s). This process has the most flexibility and will generally be governed by the terms of the request for proposal as developed by the HDSB. Depending on its terms, the process may involve negotiations subsequent to the submission of proposals on any or all of the specifications, contract terms and prices.

Formal procurement process may take the form of Request for Information (RFI), Request for Proposal (RFP), Request for Supplier Qualifications (RFSQ), Request for Tender (RFT).

Non-Competitive Procurement**Emergency Purchasing**

In the case of an emergency, the HDSB has the authority to obtain goods and services in the most expedient manner. Emergency purchasing shall only be completed using the Emergency Purchasing Documentation available through the Purchasing Department.

Single/Sole Source

Single and sole sourcing shall only be used in narrowly defined circumstances, as identified in the Broader Public Sector Procurement Directive.

- Single-sourcing: may be justified if more than one supplier or distributor for a product exists in the market, but only one of those suppliers or distributors is able to meet detailed specific requirements.
- Sole-sourcing: refers to situations in which only one supplier is capable of meeting end user requirements and specifications. In other words, there are no other suppliers or distributors in the market.

Completion of "Request for Single/Sole Source Purchase " document must be completed by the requisitioner and submitted with supporting documentation to the Purchasing Department for approval prior to proceeding with the acquisition of goods or services, that exceeds two thousand dollars (\$2,000.00). In the event rationale is deemed insufficient and does not meet the criteria for single / sole source, a competitive process will be required. Contact the Purchasing Department staff for Single/Sole Source documentation.

Direct Negotiated Process

Unless otherwise provided for in this Administrative Procedure, the Manager, Purchasing, may enter into negotiations with one or more vendors for the supply of goods and/services when any of the following conditions apply:

- The goods and/or services are deemed necessary as a result of an emergency which would not reasonably permit the use of other prescribed procurement processes.
- No bids are received on a formal quotation, tender or request for proposal call.
- The extension of an existing contract would prove more cost effective or beneficial and is permissible in the original contract.
- Bids have been solicited using one of the procurement processes with all bids received being non-compliant.
- The lowest bid received exceeds the approved budget and is impractical to recall.
- Goods and/or services are available only from a Single or Sole Source.

Request for Information (RFI)

The RFI process is used to gather information on vendor interest regarding the feasibility and availability of specified goods and / or services in the marketplace. This process can be used for any dollar value, but cannot be used as a means of pre-qualification and must not influence the chances of participating vendors from becoming the successful proponent in any subsequent opportunity. Based on the information received, the HDSB may solicit quotations, tenders, or proposals consistent with the procedures prescribed herein, at which time prices would be requested.

Request for Supplier Qualifications (RFSQ)

The purpose of an RFSQ is to gather information on vendor capabilities and qualifications, with the intention of creating a list of pre-qualified vendors. This mechanism may be used either to identify qualified candidates in advance of expected future competitions or to narrow the field for an immediate need. An RFSQ can be used to understand which potential proponents have the capabilities that HDSB requires, as the first stage in a two staged solicitation (followed by either a Request for Proposal or Request for Tender), whereby only pre-qualified vendors will be invited to respond to the actual competition.

Contract Award

In awarding a contract, as the result of a competitive process, consideration will be given to the supplier's ability to perform the work, past performance, references, price, operating costs, disposal costs, environmental factors, safety record, and other criteria, as required. The award of any bid or any part thereof will be made in writing and may be subject to the successful proponent entering into a contract that is satisfactory to the HDSB.

Contracts

All contracts must be signed by a designated signing officer, authorized to sign on behalf of the HDSB. Being listed on the Approval Authority Schedule does not constitute authority as a signing officer of the HDSB.

Contracts for Goods or services that involve Personal Information or Personal Health Information

Contracts for goods or services at the Board office or school level that collect, use, disclose, or retain student or staff personal information or personal health information, must have a privacy review or an HDSB Non-Disclosure Agreement for Personal Information (NDA) in the template provided by Information Services/Purchasing appended to the contract or terms and conditions within the contract that are substantially similar to the HDSB NDA for Personal Information.

Bidder's Recourse

Unsuccessful bidders will have the opportunity for a debrief. This request must be received within the timeline identified per the Broader Public Sector Supply Chain Guidelines. The debriefing will provide a bidder with a critical review of their submission.

Claims or Possible Claims

The HDSB will preclude a vendor from bidding if the vendor has made a formal demand or otherwise put the HDSB on notice of pending action or is involved in any actual litigation proceedings, (excepting only construction lien demands, notices or proceedings), by or against or otherwise involving the HDSB.

Vendor Performance Management

The HDSB will monitor the performance of all suppliers. Please reference the Vendor Performance Management Administrative Procedure.

Pilot Programs

If HDSB, a department, or school wishes to participate in a pilot / demonstration program to test certain products in specific school or administration environments, the following must take place.

- A standard agreement is to be created by the originator that will include the terms of the agreement (list of products, title risk, termination, etc) and duly authorized by the appropriate Superintendent.
- All administrative pilots will incorporate a minimum of three vendors for comparison purposes.
- At the conclusion of the pilot all products will be returned to the vendor.

Disposal of Surplus/Obsolete Assets

All property acquired through HDSB budgets, school generated funds, donations and/or other funds generated on behalf of the HDSB, become the exclusive property of the HDSB. These items shall not be sold by a school or employee. Disposal of surplus/obsolete assets is the responsibility of the Purchasing Department. Please reference the Disposal of Surplus/Obsolete Items Administrative Procedure.

Cooperative Purchasing

Centralized purchasing and/or cooperative purchasing with other school boards and public agencies shall be encouraged. In such cases, the HDSB may accept pricing obtained by other public agencies through the use of a piggyback clause, and will not be required to conduct independent processes.

Environmentally Appropriate

The Purchasing Department, when practically and financially feasible, will consider acquisition of goods and services that will reduce the environmental footprint of the HDSB.

Ownership of Goods

All items acquired, purchased or donated in the name of the HDSB or any of its schools or board sites becomes the exclusive property of the HDSB.

Prohibitions Regarding Purchases

- No contract, or purchase, of any kind, shall be divided to avoid the requirements of this procedure.
- No employee, volunteer or elected official shall purchase or offer to purchase, on behalf of the HDSB, any goods or services, except in accordance with these procedures.
- No personal purchases shall be made by the HDSB for elected members, appointed members, or for any HDSB employees.
- No member of the Board of Trustees and no officer or employee of the HDSB shall become interested (directly or indirectly as a contracting party or partner), in work, the supplies or business in connection with a contract, or in any portion thereof, or of any supplies to be used therein, or in any way benefit be derived there from.

Circumventing the procurement process and controls outlined in this Administrative Procedure may lead to discipline and possible removal of access to procure goods/services for the HDSB, including by means of Corporate Purchase Cards. Purchasing Department conducts periodic review of purchasing transactions and will follow-up with the Principal or department Managers where inconsistencies are notified.

Unauthorized Purchases

Purchases made in the name of the HDSB without using HDSB authorized procedures are considered an obligation of the person making the purchase and not an obligation of the HDSB. Such purchases are unauthorized and are subject to suspension of purchasing privileges as well as the removal, return or disposal of the unauthorized goods or services.

Exception

The following items are not subject to HDSB's Purchasing Administrative Procedure:

1. Licenses (HDSB operated vehicles, elevators, etc.)
2. Charges to or from other government bodies or Crown Corporations except for construction and / or maintenance projects.
3. Charges to or from government legislated controlled agencies (Technical Standards & Safety Association, Electrical Safety Authority, etc.)
4. Utilities, water, sewage charges, cable service, telephone services natural gas and hydro.
5. Real Estate including land, buildings, leasehold interests, easements, encroachments and licenses.
6. Professional and special services, including appraisal, medical, etc.
7. Legal fees and other professional services related to items of a confidential nature or litigation or legal matters.
8. Entertainers, speakers, performers, royalty fees, referee fees, Facility rentals, costume rentals, grad gowns (for theater, special events, sports, etc.)
9. Conferences, courses, seminars, conventions, memberships, staff training, staff development, staff workshops, periodicals, magazine subscriptions.

10. Refundable employee expenses, meal allowances, travel expenses.
11. Class field trips and multi-day excursions.
12. Book Fairs and vendor book sales.
13. Items procured for fundraising purposes or for resale for fundraising purposes.
14. International Baccalaureate program and exam fees.
15. Yearbooks and photographers.
16. Mascots, murals, other cultural or artistic works.

Facility Services Approval

Facility Services is responsible for the repair and upkeep of all HDSB facilities and grounds. Facility Services approval must be obtained by schools and departments, prior to the order of, or the start of any work that will change, add, impact or alter the physical structure of any building, property or grounds owned and operated by the HDSB.

Asbestos Management

HDSB Asbestos Management Program sets out detailed procedures that must be followed to reduce the health risk of asbestos exposure to staff, students and others. When making a procurement of equipment that requires installation in the ceiling/walls where there could be potential exposure to asbestos, the supplier should be informed prior to installation. All proposed alterations to HDSB owned facilities are subject to the HDSB Asbestos Management Program, and Facility Services must be contacted before undertaking any building / facility alterations.

Records Retention

Procurement records shall be retained for seven (7) years in an electronic format, within HDSB.

Appendix A**Approval Authority Schedule**

Per Each Single Acquisition (or acquisition of goods for a single space or facility) - It is the responsibility of the requisitioner to comply with Board administrative procedures as well as acquire the appropriate approvals prior to purchase or the commencing the work.

<i>Nature of Procurement</i>	<i>Approving Authority</i>	<i>Authorization Limit</i>
<i>School Accounts</i>	Senior Secretary (Elementary)	Up to \$2,000
	Supervisor – School Business (Secondary)	Up to \$2,000
	Principal (Elementary and Secondary)	Up to \$10,000
	Superintendent	Up to \$100,000
	Director of Education or Superintendent of Business Services and Treasurer	More than \$100,000
<i>Department Accounts (non-school)</i>	Executive Assistant, Specialist, Administrator, Coordinator or Designate	Up to \$2,000
	Instruction Program Lead / Manager / System Principal	Up to \$10,000
	Controller or General Manager	Up to \$50,000
	Superintendent or Executive Officer of Human Resources	Up to \$100,000
	Director of Education or Superintendent of Business and Treasurer	More than \$100,000
<i>Single/Sole Source</i>	Manager of Purchasing or Designate	Up to \$50,000
	Director of Education or Superintendent of Business and Treasurer	More than \$50,000
<i>Award Notification</i>	Manager of Purchasing or Designate	Up to \$1,000,000
	Director of Education or Superintendent of Business and Treasurer	More than \$1,000,000
<i>Service Agreements (one time occurrence)</i>	Principal or Manager	Up to \$10,000
	Manager of Purchasing	Up to \$50,000

<i>Nature of Procurement</i>	<i>Approving Authority</i>	<i>Authorization Limit</i>
	Director of Education or Superintendent of Business and Treasurer	More than \$50,000
<i>Engagement of Consultants</i>	Manager, Controller or General Manager	Up to \$50,000
	Superintendent or Executive Officer of Human Resources	Up to \$100,000 (three quotes)
	Director of Education or Superintendent of Business and Treasurer	More than \$100,000 (request for proposal or tender)
<i>Leases</i>	Director of Education or Superintendent of Business and Treasurer	Regardless of Cost
<i>Property Acquisitions</i>	Director of Education or Superintendent of Business based on Board motion	Regardless of Cost
<i>Change Order</i>	Facilities Project Lead / Supervisor	Within Contingency with approval as per below
	Facilities Manager	Up to \$10,000 within contingency
	Superintendent of Facilities	Up to \$50,000 within contingency
	Director of Education or Superintendent of Business and Treasurer	More than \$50,000 and anything that will increase / change project budget.
<i>Facility Services – Operations and Maintenance</i>	Facility Supervisor, Specialist	Up to \$10,000
	Facilities Manager	Up to \$50,000
	Superintendent of Facilities	Up to \$100,000
	Director of Education or Superintendent of Business	More than \$100,000
<i>Facility Services – Contract Services</i>	Facilities Services and Superintendent of Facilities and Budget Department	Regardless of Cost
<i>New School Construction and additions and major renovations more than \$500,000</i>	Director of Education or Superintendent of Business following award of tender by Board Motion	Regardless of Cost
<i>Facility Services – Budgeted</i>	Facilities Manager	Up to \$50,000

<i>Nature of Procurement</i>	<i>Approving Authority</i>	<i>Authorization Limit</i>
<i>Capital Projects</i>	Superintendent of Facilities	Up to \$100,000
	Director of Education or Superintendent of Business	Up to \$500,000
	Board Motion	More than \$500,000
<i>Emergency Purchasing</i>	Facilities Supervisor, Specialist	Up to \$10,000
	Facilities Manager	Up to \$50,000
	Superintendent of Facilities	Up to \$100,000
	Director of Education or Superintendent of Business	More than \$100,000

Appendix B**Purchasing Thresholds/Requisition Process & Limits/Contract Award**

Estimated Total Dollar Value of Procurement	Method of Procurement	Method of Payment	Description
More than \$100,000	Formal Process Tender/ Proposal: Managed through Purchasing Department	Invoice payment based on PO issued to the vendor.	Where the estimated total value of goods or services exceeds \$100,000, a formal competitive procurement process will be managed through the Purchasing Department. <i>A requisition must be created in the Financial Information System (FIS) and a purchase order must be issued prior to receipt of goods or services where estimated total value of goods or services is more than \$100,000.</i>
\$50,001 to \$100,000	Formal Process Quotes: Managed through the Purchasing Department	Invoice payment based on PO issued to the vendor.	Where the estimated total value of goods or services, including shipping, duty, customs and any other applicable charges is between \$50,001 and \$100,000, a formal procurement process shall be managed through Purchasing. <i>A requisition must be created in the FIS and a purchase order must be issued prior to receipt of goods or services where estimated total value of goods or services is between \$50,001 and \$100,000.</i>
\$10,001 to \$50,000	Quotation Process 3 Written Quotes: Purchase may be completed at the school or department level.	Invoice payment based on PO issued to the vendor.	Where the estimated total value of goods and services, including shipping, duty, customs and any other applicable charges is between \$10,001 and \$50,000, three (3) written quotes will be obtained by the requesting school, department, or Purchasing, and attached to the purchase order requisition. <i>A requisition must be created and a purchase order issued through FIS, prior to receipt of goods or services.</i>
\$2,001 to \$10,000	Quotation Process 1 Written Quote: Purchase may be completed at the school or department level.	Invoice payment based on PO issued to the vendor.	Where the estimated total value of goods and services, including shipping, duty, customs and any other applicable charges is between \$2,001 and \$10,000, excluding taxes, a minimum of one written quote will be obtained by the requesting school, department, or Purchasing Department, and attached to the purchase order requisition. <i>A requisition must be created and a purchase order issued through the FIS, prior to the receipt of goods or services.</i>
\$1,001 to \$2,000	Informal / Discretionary: <i>Purchase completed at the school or department level</i>	Direct invoice payment.	Where the estimated total value of goods or services, including shipping, duty, customs and other applicable charges is between \$1,001 and \$2,000, excluding taxes, a competitive solicitation is not required. This transaction can be addressed by the originating school, department or Purchasing if required. Prices may be obtained verbally from a

Estimated Total Dollar Value of Procurement	Method of Procurement	Method of Payment	Description
			vendor, which offers the most favorable price, consistent with HDSB standards, reliability, delivery and service requirements of HDSB. The invoice will be approved and account coded by the school or department, and forwarded to AP for payment.
\$251 to \$1,000	<u>Informal / Discretionary:</u> <i>Purchase completed at the school or department level</i>	P-Card or direct invoice payment.	Where estimated total value of goods or services, including shipping, duty, customs and other applicable charges, is between \$251 and \$1,000, excluding taxes, the method of procurement shall be through the use of the P-Card, or direct invoice.
\$0 to \$250	<u>Informal / Discretionary:</u> <i>Purchase completed at the school or department level</i>	P-Card	Where estimated total value of goods or services, including shipping, duty, customs and other applicable charges, is between \$0 and \$250, excluding taxes, the method of procurement and payment shall be through the use of the P-Card.