

Halton District School Board

AUDIT COMMITTEE

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

Tuesday, February 11, 2020

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 Introduction of New External Public Representative Member (J. Gray)
- 1.4 Declaration of Possible Conflict of Interest
- 1.5 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, November 12, 2019 *pages 3-6*
- 2.2 Approval of Business Transacted in Private Session (J. Gray)
- 2.3 Action Items
 - 2.3.1 Appointment of the External Auditor for the 2019-20 Financial Statement Audit (R. Negoï) *page 7*

3.0 – Communication to the Audit Committee

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- 3.1 Board Report on Budget Development (R. Negoï) *pages 8-10*
- 3.2 Timelines for Financial Reporting Presentation to Board (R. Negoï) *page 11*

4.0 – Other Business

page

- 4.1 Audit Committee Governance Policy and Procedure (R. Negoï/J. Gray) *pages 12-26*
- 4.2 Board Policy Audit and Non-Audit Services – Rescinded (R. Negoï/J. Gray) *pages 27-29*
- 4.3 Fraud Management/Whistleblower Update (R. Negoï)

5.0 – Adjournment

- 5.1 Motion to Adjourn

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**Declaration to the Chair of the Audit Committee of
the Halton District School Board
by a Member of the Audit Committee
as to Whether or Not the Member has a Conflict of Interest**

1.) This Declaration applies to:
(check one)

- ☐ a) my initial appointment to the Audit Committee;
- ☐ b) the first Committee meeting of the Audit Committee for the fiscal year 2019-2020;
- ☐ c) any other time during my appointment.

2.) I _____, declare that I do not have a conflict of interest as
(name of member)
defined by Subsection 4(2) of O. Reg 361/10, *Education Act*, RSO 1990 C.E-2.
(strike out if inapplicable)

3.) I _____, declare that I have a conflict of interest as defined
(name of member)
by Subsection 4(2) of O. Reg 361/10, *Education Act*, RSO 1990 C.E-2 because one or more of my: parent(s), child(ren) or spouse is/are employed by the Board at this time.
(strike out if inapplicable)

Dated at Burlington, Ontario this 11th day of February, 2020.

Audit Committee Member

Note: Subsection 4(2) O. Reg 361/10, *Education Act*, RSO 1990 C.E-2 states:

For the purposes of clause (1) (c), a person has a conflict of interest if his or her parent, child or spouse is employed by the board. O. Reg. 361/10, s. 4 (2).

**Halton District School Board
Audit Committee Public Session Meeting Minutes
Tuesday, November 12, 2019**

Attendance:

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

Trustee Guests: T. Ehl Harrison

Public Representative: M. Caputi, D. McKerrall

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

External Auditor: L. Cheung

Regrets: D. Tonin, J. Baker

Agenda Item 1.0

1.1 Call to Order

- The Chair called the meeting to order at 3:32 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

- No conflicts of interest were declared.

1.4 Approval of the Agenda

Motion: L. Reynolds / M. Caputi

Be it resolved that the Agenda for the Public session of the Audit Committee Meeting for November 12th, 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, September 17, 2019

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Motion: D. McKerrall / M. Caputi

Be it resolved that the minutes from the Public Session Audit Committee Meeting held on September 17, 2019 be approved as distributed. **Carried Unanimously.**

2.2 Approval of Business Transacted in Private Session

Motion: L. Reynolds / D. McKerrall

Be it resolved that the business ratified in the Private Session with respect to the External Auditor's Report and Letter of Recommendations concerning IT and School Generated Funds, and the Regional Internal Audit Status Update be approved. **Carried Unanimously.**

2.3 Action Items:

2.3.1 2018 / 2019 Financial Statements and Accumulated Surplus Balances

- The Superintendent of Business Services presented the statements and responded to questions
- Any unspent allocation of Administration Grant recommended to be allocated to the Board facility
- Cash and cash equivalents are significantly lower – result of deferred grant payment due to Ministry's cash management strategy
- Increased grants due to increase in enrollment
- Note 1 identifies that this is the last year to consolidate The Centre for Skills Development and Training in Board's balances
- Note 17 regarding subsequent events notes the new secondary school to be built in Milton
- Ministry's cash management strategy introduced to mitigate Province's own debt but decreases cash flow to Boards with strong financial position
- Boards lose ability to earn interest on these payments that are held back
- Boards do rely on other revenues such as this to support many programs
- Required to monitor subsequent events until November 20th. Should labour disruptions, changes in legislation, etc. occur before November 20th they could be included. However, labour unrest is typically cost neutral to the Boards
- The Centre's debt to the Board is down to \$300,000 to be repaid over three years. The Centre has a strong cash position currently and risk of default is low.

2.3.2 Report to the Audit Committee on the 2018 / 2019 audit

- Deloitte presented the report to the Audit Committee and responded to questions
- Audit opinion is clean

Trustee A. Collard returned to the meeting 4:01

- Note 1 explains that financial statements mirror Education Finance Information System (EFIS) requirements and therefore there are some differences with Public Sector Accounting Board (PSAB) standards

2.3.3 Audit Committee Approval of the 2018/2019 Financial Statements

Motion: L. Reynolds / M. Caputi

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. **Carried Unanimously.**

2.3.4 Audit Committee Policy and Procedure/Terms of Reference

- The Superintendent of Business Services spoke to the Audit Committee Governance Policy and Governance Procedure
- Was presented as an Administrative Procedure previously but has gone to legal for review as a governance policy (terms of reference) and governance procedure
- Policy to be kept current through normal Board Policy review cycle of every 4 years unless legislative changes, and normally go through Legal.

Motion: A. Collard / D. McKerrall

Be it resolved that the Audit Committee recommend the Audit Committee Policy and the Audit Committee Procedure be included in the Audit Committee Summary to the Board of Trustees for final approval. **Carried Unanimously**

Agenda Item 3.0

3.1 Information Items

3.1.1 Supplementary Reporting

- Annual Statement of Education Development Charges (EDC) Report
 - Superintendent of Business Services presented the report and responded to questions
 - Report updated to reflect changes presented in Memorandum received from the Ministry on Friday, November 8, 2019
 - Cap on EDCs remains unchanged but some additional areas to spend EDCs on.
 - Committee is concerned with size of EDC deficit and recognize that this will continue to increase with additional land acquisitions
 - Concern that lending institutions may reconsider lending us money if this deficit continues to grow
 - EDC rates have not kept up with the price of land in the Halton Region

- Committee would like to bring to the public's attention that private schools are exempt from EDCs.
- Summary of Trustee Expenses Report as of 2018/2019
 - Superintendent of Business Services presented the report and responded to questions
 - Trustee expenses used to be audited by the Internal Auditor but are now being reviewed by the Superintendent of Business Services

3.2 Timelines for Financial Reporting Presentation to Board

- The Superintendent of Business Services presented the timelines for financial reporting presentation to Board for information

3.3 Procurement Administrative Procedure

- Revised Procurement Administrative Procedure presented to Board of Trustees on November 6th
- Included as part of Financial Training to Administrators in November
- All School Council accounts are now under the School for bookkeeping so financial training not provided to Treasurers unless requested

Agenda Item 4.0

4.1 Special Acknowledgements

Special acknowledgement of thanks made by the Chair and the Director in regards to Mary Caputi's service on the Audit Committee as a Public Representative for two terms.

Agenda Item 5.0

5.1 Adjournment

Motion: M. Caputi / D. McKerrall

Be it resolved that the Public Session of the Audit Committee Meeting held on November 12th, 2019 be adjourned at 4:35pm. **Carried Unanimously.**

Halton District School Board

Date: February 11, 2020

FOR DECISION

TO: Audit Committee
FROM: Roxana Negoï
Superintendent of Business Services and Treasurer

RE: **Appointment of External Auditor for 2019/2020 Financial Statement Audit**

RECOMMENDATION

Be it resolved that the Audit Committee recommend to the Board of Trustees the appointment of the external audit firm Deloitte LLP to perform the annual financial statement audit of the 2019/2020 fiscal year.

Ontario Regulation 361/10 s. 9 (4) 1, states the following:

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.*

Following a procurement process for the selection of external auditors, the external audit firm, Deloitte LLP, was the successful proponent for appointment of a 5 year term beginning in the 2017/2018 fiscal year. This will be the third year of their term.

An annual assessment of the performance of the external auditors was performed at the November 12, 2019 Audit Committee meeting in private session. The overall result of the consolidated assessment was positive.

The fee for the 2019/2020 HDSB year-end consolidated financial statement audit is quoted at \$67,500 + HST.

Respectfully submitted,

*Roxana Negoï
Superintendent of Business Services and Treasurer*

Report Number: 20019**Date: January 30, 2020****FOR INFORMATION**

TO: The Chair and Members of the Halton District School Board
FROM: R. Negoï, Superintendent of Business Services and Treasurer
RE: **2020/2021 Budget Development**

Background

This report is intended to present the 2020/2021 Budget Development Schedule and the Board's Budget Objectives.

Reporting

The fiscal year for all School Boards in Ontario is in alignment with the school year and runs from September 1 to August 31. According to Ministry of Education reporting and accountability requirements, a School Board's budget must be submitted to the Ministry by the end of June preceding the start of the fiscal year in question. Consequently, the 2020/2021 budget must be submitted prior to the end of June 2020.

Provincial Perspective

Over the past year, the Ministry of Education has introduced a reform to education funding, resulting in significant reductions to funding across the province. The main changes pertained to increase of class size from 23.84:1 to 24.5:1 for Grades 4-8, and from 22:1 to 28:1 for Grades 9-12, over a four year period. Additional funding reductions were introduced which impacted the early childhood educator allocation, secondary programming allocation, school operations allocation and the elimination of local priorities funding introduced during the last round of bargaining.

The province is currently in labour negotiation with education unions across the sector. To date, the Canadian Union of Public Employees (CUPE) has reached an agreement, with the remaining parties still debating on various issues which will impact the upcoming budget and education funding.

On January 13, 2020, the Ministry released memorandum 2020:B01 - 2020-21 Education Funding Feedback (attached as appendix A), soliciting input into the budgeting process. While feedback on all aspects of education funding is welcomed, the main focus of the consultation is around reducing red tape and administrative burden for the education sector. The memorandum also identifies the Ministry's focus to continue to "improve and refine the education funding formula", which could lead to further changes for 2020/2021.

Revenue – Grants for Student Needs (GSN)

The Ministry of Education allocates funding to school boards using a model referred to as Grants for Student Needs (GSN) that is based on enrolment and the needs of students in each board. In 2019/2020, the HDSB projected to receive 91% (approximately \$696 million) of total operating revenue from GSN funding. Specific funding allocation details are normally provided to Boards following the provincial budget. In the past few years, this information has been made available in late March or early April. The timing of these funding announcements present challenges for boards in the province given that certain major decisions such as staffing need to be made in advance of final budget discussions.

The provincial government remains committed to finding efficiencies and balancing the provincial budget. Many areas, which have financial implications, are dependent on the results of the central negotiations, providing a big unknown in the budget process. At this point, there has been no indication whether additional areas of the GSN are expected to change; however, that remains a possibility, depending on the results of central negotiations and the priorities and targets identified in the provincial budget.

Board Perspective*Objectives of Budget Development Process*

The key objective of the Budget Development Process is to align the allocation of resources with the Operational Plan of the Board, the Multi-Year Plan, and the Special Education Plan; identify school based staffing requirements; identify budget challenges and opportunities; and gather input from the various stakeholder groups.

The 2020/2021 budget timelines are attached to this report. A survey will be developed in February, seeking input into the upcoming budget process. Results will be presented to the Board of Trustees during March and April. A budget presentation will be scheduled during April at the Committee of the Whole meeting, with a draft budget proposed for May 2020. The final budget will be presented to the Board for final approval in June 2020.

Multi-Year Plan 2020-2024 and Operational Plan

The Board is currently in the process of developing the 2020-2024 Multi-Year Plan. This new strategic plan is expected to be approved by the Board of Trustees by April 2020, with the 2020/2021 Operational Plan and Special Education Plan to be approved by June 2020. The budget development process will align the allocation of resources in order to support these plans.

Enrolment

The Halton District School Board is projected to continue to grow by 595 Average Daily Enrolment (ADE) or 0.9% into 2020/2021, as compared to 2019/2020 Budget Estimates. The growth is expected to occur at the secondary panel, which will continue to put pressure on temporary accommodations for students in Milton and north Oakville. In addition to the operational impact on the budget, this growth will continue to put pressure on the capital expenditures of the board.

Rationale:

The Halton District School Board has always been 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.

Respectfully submitted,

R. Negoi, Superintendent of Business and Treasurer

S. Miller, Director of Education

Timelines for 2020/2021 Budget Development

December 2019/January 2020

Education Funding Consultations

- Provide feedback to senior administration and include in a Board report

Senior Staff budget meetings

- Administrative Council budget planning meeting

February 2020

Administrative Council budget discussions continue

Senior Staff budget meetings

- Individual meetings with budget owners
- Identifying gaps and priorities

Budget Development Report

- Budget objectives, schedule, funding, consultation, review of budget assumptions
- Budget Input
 - Deploy online budget survey
 - Staff budget meetings
 - Trustee input

March/April 2020

Administrative Council meetings to form recommendations

Trustee Budget Meeting(s)

- Discussion re: Alignment of Financial Resources
 - Multi-Year Plan
 - Annual Operational Plan
 - Special Education Plan
- Review of Budget Parameters
 - Preliminary Enrolment
 - Revenue Assumptions
 - Expenditure Assumptions
 - Review ratified agreements implications
 - Review details of 2020/2021 GSN
 - Overview of Grant Revenue Calculation (based on GSN release)
 - Review Expenditures to ensure alignment with GSN
 - Discuss restraint measures if required
- Review of Accountability and Reporting Requirements
- Review Trustee Issues/Input
- Review Stakeholder Input
- Presentation/review with SEAC

May/June 2020

Trustee Budget Meeting(s)

- Review of draft budget
- Review Administrative Council recommendations
- Update on Trustee Input
- Update on Stakeholder Input
- Update on Communication Plan
- Continue to discuss restraint measures if required

Board Meeting

- Budget finalized

Budget filed with Ministry and posted on the board website



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	Included in meeting package
Financial Statements – Board Presentation and Board Approval	November 20, 2019	Financial Statements Link Report 19142, Page 30

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	Revised Estimates 2019-20 Link Report 19147, Page 17
Financial Statements – Audit Committee	November 2020	
Financial Statements – Board Presentation and Board Approval	November 2020	

Halton District School Board

Report Number: 19144
Date: November 14, 2019
FOR DECISION

TO: The Chair and Members of the Halton District School Board
FROM: Jeanne Gray, Chair, Audit Committee; Halton Hills Trustee
Roxana Negoï, Superintendent of Business Services
Stuart Miller, Director of Education
RE: Policy and Governance Procedure re: Audit Committee

Recommendation:

Be it resolved that the Halton District School Board approve the Audit Committee Policy, and Audit Committee Governance Procedure, as appended to Report 19144.

Background:

At the November 12, 2019 Audit Committee meeting, the Committee reviewed the proposed Policy and Governance Procedure (attached), outlining the mandate, responsibilities and reporting of the Audit Committee, in compliance with the Education Act and related regulations.

These documents have been vetted by legal counsel and replace the prior versions of the Audit Committee Administrative Procedure and Terms of Reference. It is recommended these documents be reviewed on a four-year cycle, with any additional updates made when there is a change in the respective governing regulations.

Respectfully submitted,

Jeanne Gray
Chair, Audit Committee; Halton Hills Trustee

Roxana Negoï
Superintendent of Business Services

Stuart Miller
Director of Education



BOARD GOVERNANCE POLICY

Adopted	December 2019: M19-0170
Review Date	<i>Every four years (NEW)</i>

AUDIT COMMITTEE POLICY

OBJECTIVE

The Audit Committee of the Halton District School Board (the “HDSB”) 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 HDSB’s financial reporting process, compliance matters, internal controls, risk management practices, and the processes and findings of the HDSB’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 HDSB'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 HDSB or of any other school 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

SELECTION COMMITTEE

The Halton District School Board (the "**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 HDSB; 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:

¹ Section 3(1)2

² Section 4(1)

³ Section 5(1) and (2)

⁴ Section 7(1)

⁵ Section 7(3)

⁶ Section 7(2)

⁷ Section 7(4)

- 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;
- c) they become an employee or officer of the HDSB or of any other school 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

⁸ Section 7(4)

⁹ Section 7(5)

¹⁰ Section 8(1)

¹¹ Section 8(2)

¹² Section 8(3)

¹³ Section 8(4)

¹⁴ Section 4(2)

¹⁵ Section 14(1)

¹⁶ Section 14(2)

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;
- 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.

¹⁷ Section 14(3)

¹⁸ Section 14(5)

¹⁹ Section 14(4)

²⁰ September 1 to August 31

²¹ Section 6(2)

²² Section 6(2)

²³ Section 11(7)

²⁴ Section 11(1)

²⁵ Section 11(2)

²⁶ Regulation 463/97

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;
- 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, as follows:

- a) related to the HDSB's financial reporting process, Appendix A;
- b) related to the HDSB's internal controls, Appendix B;
- c) related to the HDSB's internal auditor, Appendix C;
- d) related to the HDSB's external auditor, Appendix D;
- e) related to the HDSB's compliance matters, Appendix E;
- f) related to the HDSB's risk management, Appendix 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:

- (a) any annual or multi-year audit plan of the HDSB'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

²⁷ Section 11(4)

²⁸ Section 11(3)

²⁹ Section 11(5)

³⁰ Section 11(6)

³¹ Section 9(7)

³² Section 15(1)

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 HDSB'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 HDSB,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's 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.

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 officer 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

³³ Section 15(2)

³⁴ Section 15(3)

³⁵ Section 12

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

³⁷ Section 13

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

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: 20005

Date: January 10, 2019

FOR DECISION

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

FROM: J. Gray, Chair, Audit Committee; Halton Hills Trustee
R. Negoj, Superintendent of Business and Treasurer
Stuart Miller, Director of Education**RE: Rescinding of Policies: Audit and Non-Audit Services**

Background:

With the Board's approval of the new Audit Committee Policy and Governance Procedure in December 2019, the former Audit and Non Audit policy is now redundant. Legal counsel has confirmed all aspects required have been covered under the new Audit Committee policy and governance procedure recently adopted. To that end, the following motion is brought forward for the Board's consideration.

RECOMMENDATION:

Be it resolved that the Halton District School Board rescind the Audit and Non-Audit Policy.

Respectfully submitted,

*J. Gray, Audit Committee Chair
Halton Hills Trustee*

*R. Negoj,
Superintendent of Business and Treasurer*

*Stuart Miller
Director of Education*


BOARD FRAMEWORK POLICY

Adopted	
Last Revised	
Review Date	

AUDIT and NON-AUDIT SERVICES

This Halton District School Board policy complies with the Audit Committees Regulation 361/10 that states that the Audit Committee “recommend to the board policy designating services that the external auditor may perform for the Board and... to oversee its implementation.” O. Reg. 361/10, s.9(4).

1. Audit Committee Pre-Approval of Services

In accordance with the requirements of Education Act ONTARIO REGULATION 361/10 AUDIT COMMITTEES, and to safeguard the continued independence of its external auditor, the Halton District School Board or its subsidiaries and related entities (collectively, the “Board”) requires that all audit and non-audit services to be rendered to the Board by the Board’s external auditor be the subject of pre-approval by the Audit Committee of the Board.

2. Pre-Approval of Services

The engagements for the annual audit of the Board’s consolidated financial statements or its subsidiaries shall be approved by the Audit Committee on an annual basis.

Engagement of the external auditor by the Board for any service that is neither prohibited nor restricted to be performed by the external auditor as set out in the Chartered Professional Accountants of Ontario’s (CPA) Code of Professional Conduct August 2016, (“the Code”), is hereby accepted in principle by the Audit Committee.

The Superintendent of Business will review the Code of Professional Conduct for any amendments and will communicate any required changes to this policy to the Audit Committee for approval.

Any proposed engagement of the external auditor involving any service that is neither prohibited nor restricted under the Code shall be pre-approved by the Audit Committee in advance of the Auditor starting to provide that service.

Where such approval is required prior to the next scheduled Audit Committee meeting, the Audit Committee delegates the authority to effect such pre-approval to the Chair of the Audit Committee provided any such pre-approval is reported to the Audit Committee no later than its next scheduled meeting.

Under no circumstances may the Audit Committee delegate its responsibilities to the Board management.

In the event an engagement inadvertently proceeds without having been pre-approved, management will promptly bring this to the attention of the Audit Committee or the Chair of the Audit Committee for approval.

It is the responsibility of management to determine whether a particular service is permitted under the Code. Management shall seek the guidance of the Audit Committee Chair if there is any ambiguity about whether a particular service is permitted under the Code.

3. Engagement Letters

Any pre-approved non-audit service shall be provided by the external auditor pursuant to an engagement letter with the Board or related entity that satisfies each of the following requirements:

- a. the engagement letter shall be in writing and signed by the external auditor; and
- b. the engagement letter shall set out the non-audit service to be provided by the external auditor, which is neither prohibited nor restricted under the Code.

4. Reports of Services to the Audit Committee

At every regularly scheduled meeting of the Audit Committee, management shall report on all new engagements involving the external auditor entered since the last such report and confirm whether each such engagement was approved in accordance with this policy. ~~Such~~ The report shall also include new engagements involving the external auditor entered into by the Regional Internal Audit Team (RIAT) in order to execute its internal audit plan for the Board.

All engagement letters shall be made available to the Audit Committee for review.

Legal References:

Education Act,

Ontario Regulation 361/10 Audit Committees

[*Chartered Professional Accountants of Ontario \(CPA\)'s Code of Professional Conduct*](#)

CPA Code of Professional Conduct, Rule 204.4 - Specific Prohibitions, Assurance and Specified Auditing Procedures Engagements

Board References:

Board Governance and Framework Policies

Halton District School Board Multi-Year Plan

Halton District School Board Operational Plan