



Halton District School Board

AUDIT COMMITTEE

Virtual Meeting meet.google.com/mwc-exyg-epf (use calendar invite link or type into browser)

Tuesday, April 20, 2021

Public Session: 3:30 p.m. *Note: new start time*

PUBLIC SESSION AGENDA

1.0 – Opening

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

2.0 – Ratification / Action

page

- 2.1 Minutes of the Audit Committee Meetings
 - 2.1.1 Audit Committee Meeting, February 9, 2021 *pages 2-5*
- 2.2 Approval of Business Transacted in Private Session (Chair)
- 2.3 Action Items
 - 2.3.1 External Audit Plan for 2020/2021 Financial Statement Audit (L. Cheung) *pages 6-27*
 - 2.3.2 Regional Internal Audit Plan for 2021/2022 (J. Baker) *pages 28-30*
 - 2.3.3 Payroll Audit Terms of Reference (J. Baker) *pages 31-34*

3.0 – Communication to the Audit Committee

page

- 3.1 For Information
 - 3.1.1 Timelines for Financial Reporting Presentation to Board (R. Negoï) *pages 35-36*
 - 3.1.2 Fraud Management Policy Update - verbal only (R. Negoï)
 - 3.1.3 Risk Management Policy and Administrative Procedure (R. Negoï) *pages 37-40*
 - 3.1.4 Updates to Audit Committee Webpage on HDSB Board Website
– verbal only (Chair)

4.0 – Other Business

page

- 4.1 Public Questions and Answers (Submit via [Google Form](#))

5.0 – Adjournment

- 5.1 Motion to Adjourn

Date of Next Meeting – *suggested Tuesday, September 28, 2021*
(must be before September 30, 2021)

This publication is available in accessible formats upon request

**Halton District School Board
Audit Committee Public Session Meeting Minutes
Tuesday, February 9, 2021**

Attendance:

Trustee Members: J. Gray, A. Collard, L. Reynolds (Chair)

Trustee Guests: T. Rocha, T. Ehl Harrison

Public Representative: D. McKerrall, S. Malik

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

Regional Internal Audit Team: J. Baker

External Auditor: L. Cheung

Regrets: D. Tonin

Agenda Item 1.0

1.1 Call to Order

- The Chair called the meeting to order at 3:53 p.m.

1.2 Acknowledgement of Traditional Lands

- On behalf of 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

- Item 2.3.1 – will be presented by the Superintendent of Business Services
- Item 2.3.3 – to be moved into 3.0 Communication to the Audit Committee (3.1.4) as a motion is not necessary. This item arose from a motion at the Board of Trustees.

Motion: S. Malik/A. Collard

Be it resolved that the Agenda for the Public session of the Audit Committee Meeting for February 9, 2021 be approved as amended.

Carried Unanimously.

Agenda Item 2.0

2.1 Minutes of the Audit Committee Meetings

2.1.1 Audit Committee Meeting, November 10, 2020

Motion: J. Gray/D. McKerrall

Be it resolved that the minutes from the Public Session Audit Committee Meeting held on November 10, 2020 be approved as distributed. **Carried Unanimously.**

2.2 Approval of Business Transacted in Private Session

Motion: S. Malik/A. Collard

Be it resolved that the business ratified in the Private Session of the Audit Committee Meeting held on February 9, 2021, in respect of the RIAT Status Update Report, be approved and the report to be included in the summary to the Board of Trustees. **Carried Unanimously.**

2.3 Action Items:

2.3.1 Appointment of the External Auditor for the 2020-21 Financial Statements Audit

Motion: J. Gray/S. Malik

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 statements audit of the 2020/2021 fiscal year, at a cost not to exceed \$68,850 + HST. **Carried Unanimously.**

2.3.2 Draft Risk Management Policy

- The Superintendent of Business Services presented the Draft Risk Management Policy and responded to questions.
- Amendment to motion requested to include Legal review
- Superintendent of Business Services confirmed that a Legal review has already taken place but if there are significant changes requested by the Committee or Board of Trustees than a further review may be required.
- The request for the amendment was withdrawn.

Motion: A. Collard/J. Gray

Be it resolved that the Audit Committee recommend to the Board of Trustees the adoption of the Risk Management Governance Policy. **Carried Unanimously.**

Agenda Item 3.0

3.1 Information Items

3.1.1 Reports from the Auditor General

- The Superintendent of Business Services presented the reports and responded to questions
- Recommendation in these reports that may result on a change of practice are adopted by The Board by informing the appropriate parties within the Board (for example Information Technology Department). RIAT also references the recommendations in their reviews with School Boards. A lot of the findings result in changes in practice at the Ministry level which are then passed onto Boards to implement (i.e. EDC reporting to the public).

- Sometimes recommendations are based on practices at specific Boards that were audited, so in some cases the Board may require a separate audit to determine if changes are required at HDSB.

3.1.2 Board Report on Budget Development and Schedule

- The Superintendent of Business Services presented the report and responded to questions.
- There was consultation between Boards and the Ministry in regards to the education funding. There were a lot of common themes in the submissions provided but there has been no information on details or how this feedback will impact the Grants.
- The Superintendent of Business Services is not expecting any significant changes to the Grants.
- There may be some additional supports provided once the Ministry knows what pressures Boards are under next year.
- There is a working group on budget funding gaps that meets regularly with the Ministry and the Superintendent of Business Services is part of the working group, as part of her role as Co-Chair of the Council of Senior Business Officials. The Ministry has been listening to their concerns so far and have provided pieces of funding throughout the year in response.
- There is a risk associated with the impact on reserves and the initiatives the Board has planned to use those reserves on, as a result of the shuffling of funds to the unencumbered reserves to deal with the pandemic. It does reduce some funds available to implement the multi-year plan.

3.1.3 Timelines for Financial Reporting Presentation to Board

- The Superintendent of Business Services shared the timelines for Financial Reporting

3.1.4 Audit Committee Governance Procedure

- Confirmation provided that the Committee is acting in compliance to the Board motion made on January 15, 2021.
- As of Feb 1st, 2021, the Audit Committee will offer public participation in the Public Meeting.
- This requirement has been adopted into agenda item 4.1 – Public Questions and Answers
- The practice will be reviewed in May of 2021 by the Board of Trustees

Agenda Item 4.0*4.1 Public Questions and Answers*

- The Google Form for questions made available to the Public was checked during the meeting and it was confirmed that there were no public questions submitted.

Agenda Item 5.0*5.1 Adjournment*

- Next meeting date: Tuesday April 20, 2021
- The meeting was adjourned at 4:32 pm

Halton District School Board

Date: April 20, 2021

FOR DECISION

TO: Audit Committee
FROM: Roxana Negoi,
Superintendent of Business and Treasurer
RE: External Audit Plans

RECOMMENDATION:

Be it resolved that the Audit Committee recommend to the Board of Trustees the approval of the external audit plan and the fees of \$77,420 excluding applicable taxes (attached as Appendix A) for the fiscal year ending August 31, 2021, prepared by the Board's external auditors, Deloitte LLP.

Background:

Ontario Regulation 361/10, initially approved in 2010, applies to Audit Committees established by district school boards under subsection 253.1 (1) of the Education Act. The following sections are applicable to the recommendations:

External Audit Plan, Paragraph 9(4) (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.

The audit fees quoted of \$77,420 include the fees for the annual consolidated financial statement audit of the Board of \$68,850 and the seven month specified procedures report of \$8,570.



Halton District School Board

2021 Audit service plan

For the year ending August 31, 2021
To be presented to the Audit Committee
April 20, 2021

April 14, 2021

Private and confidential

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

2021 Audit service plan

Dear Audit Committee members:

We are pleased to provide you with our audit service plan for Halton District School Board ("the School Board"), for the year ending August 31, 2021. This document describes the key features of our plan including our audit scope and approach, our planned communications with you, and our team.

Our audit of Halton District School Board's consolidated financial statements (the "Financial Statements") for the year ending August 31, 2021 prepared in accordance with the Financial Administration Act supplemented by the Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act ("Financial Reporting Framework"), will be conducted in accordance with Canadian generally accepted auditing standards.

Our commitment to you is straightforward: we will provide you with outstanding professional services delivered by an experienced and dedicated team of professionals. Our professionals will continue providing you with best practices and insights to face the increasingly complex array of issues and challenges encountered by the School Board.

We look forward to discussing our audit service plan with you and answering any questions you may have.

Yours truly,

"Original signed Deloitte LLP"

Chartered Professional Accountants
Licensed Public Accountants

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Executive summary

Audit scope and terms of engagement

We have been engaged to perform an audit of the School Board's consolidated Financial Statements, as at, and for the year ending, August 31, 2021 (the "Financial Statements") prepared in accordance with the Financial Administration Act supplemented by the Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act ("Financial Reporting Framework"). Our audit will be 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 for Professional Services dated April 1, 2018, which has been signed on behalf of the Committee and management, and Confirmation of Changes letter dated April 14, 2021 which is to be signed.

Audit risks

- | | |
|---|--|
| 1 | Revenue recognition |
| 2 | Management override of controls |
| 3 | School generated funds and school council funds |
| 4 | Government transfers relating to capital contributions |
| 5 | Employee future benefits |

Materiality

2.5% of total expenses



Preliminary materiality

5% of materiality



Clearly trivial threshold

We are responsible for providing reasonable assurance that your Financial Statements as a whole are free from material misstatement. We will report to the Committee uncorrected misstatements greater than our current year clearly trivial amount. We will report our final materiality figures to the Committee at our audit results presentation. In accordance with Canadian GAAS, we will ask that any misstatements be corrected.



Fraud risk

We will develop our audit strategy to address the assessed risks of material misstatement due to fraud. Determining this strategy will involve:

1. Enquiry of those involved in the financial reporting process about inappropriate or unusual activity.
2. Testing a sample of journal entries throughout the period as well as adjustments made at the end of the reporting period.
3. Identifying and obtaining an understanding of the business rationale for significant or unusual transactions that are outside the normal course of business.
4. Evaluating whether your accounting policies may be indicative of fraudulent financial reporting resulting from management's effort to manage earnings.
5. Evaluating whether the judgements and decisions related to management estimates indicate a possible bias.
6. Incorporating an element of unpredictability in selecting our audit procedures.

We will ask Management and 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.

If we suspect fraud involving management, we will immediately inform the Audit Committee of our suspicions and discuss the nature, timing, and extent of audit procedures necessary to complete the audit.

Group audit

The Financial Statements of the School Board include their share of the accounts and activities of the Halton Student Transportation Services ("HSTS"). As the group auditor of the School Board, we communicate with the auditors of HSTS and provide direction on the planning, performance, and results of their audit, including their risk assessment, materiality, and audit strategy. We are responsible to assess the impact of any uncorrected misstatements and disclosure misstatements they identify as part of their audit of HSTS on our overall audit opinion on the financial statements of the School Board. We will report back to the Audit Committee if any matters arise as part of our group audit requirements.

Use of the work of specialists

We intend to use our own IT specialists to assess the design and implementation of information technology computer controls.

We also intend to use the work of the School Board's actuary, School Boards' Co-operative Inc., in their valuation of the School Board's post-employment benefits. We will review and test any data and assumptions used, ensure the disclosure in the financial statements is adequate and that the actuary is in good standing with the Canadian Institute of Actuaries.

If our assessment does not provide us with sufficient, appropriate audit evidence, we will need to perform additional audit procedures to address the risks of material misstatements in the Financial Statements.

COVID-19 impacts

Other than COVID-19, and the related impacts to revenue and expenses, cash management and operations of the School Board, we are not currently aware of any significant events that would impact the audit of the financial statements for the August 31, 2021 year-end. We have incorporated these COVID-19 considerations in the “Audit risks” section of this document.

Below are some of the Deloitte resources we have developed and have available to assist with the potential impacts COVID-19 may have on the 2021 audit. We will continue to monitor the status of the situation and, if necessary, will discuss and finalize an action plan with management as to how to best continue to conduct the audits remotely, if necessary.

COVID-19 Working remotely

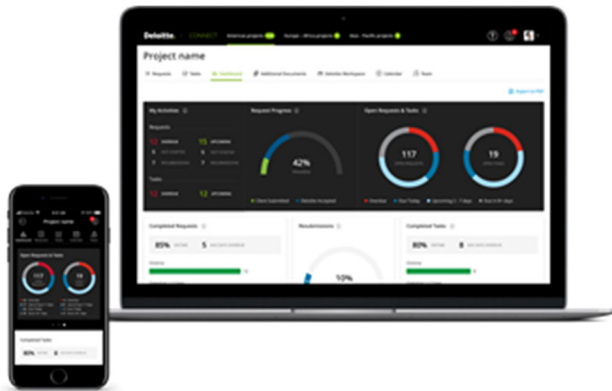
What makes Deloitte’s audit different going forward is that with our technology platform, we focus efforts on what actually matters rather than taking a “needle in a haystack” random sampling approach. Through consistent processes and capabilities within our global audit platform, we facilitate a better client experience by focusing on what matters, reducing client burden, and delivering value. How would this look and feel different for you?

For the audit of the School Board, we have historically and will continue to deploy Deloitte Connect for audit collaboration. We also intend to make use of iConfirm, as described below, or a similar electronic portal to facilitate the confirmation process. With respect to data analytics, we will continue to make use of an in-house tool, Excel Analytics, for our risk assessment and focused journal entries testing. The combination of these electronic tools will facilitate remote auditing, and are best suited to an organization of the School Board’s size, complexity and nature.

Spotlight

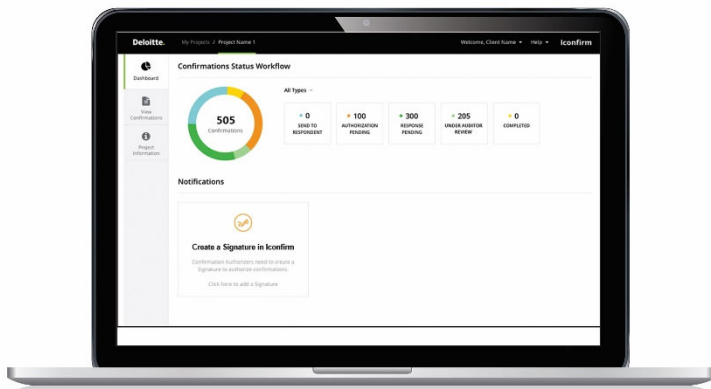
Using Spotlight’s data analytics capabilities, we’re able to be laser-focused on transactions that are out of the norm. This means less burden on you and your team providing audit support, more relevant and smarter questions, and less time wasted on immaterial issues.





Deloitte connect

One centralized collaboration portal where you can quickly drag and drop files, ask clarifying questions, get reminders. You have visibility into audit and request status on real-time dashboards, whether on your computer or on a mobile app.



iConfirm

A secure web-based application for preparing, sending, receiving and managing confirmations. We're able to automatically create confirmations, have you apply your signature to the entire batch, and send them electronically rather than by mail. This approach also provides much better visibility into the status of all of the confirms with a clear real-time dashboard.

COVID-19 Resources



- [Deloitte public domain on COVID-19](#) (includes links to government grant program details)
- Our [Deloitte COVID-19 Information Centre](#) brings together Deloitte insights to help businesses manage and mitigate the risk.
- [Webcasts for clients](#) (recordings of past webcasts and invitations for upcoming webcasts)
- [Centre for Financial Reporting COVID-19](#) section where clients will find all our external-facing resources
- [POVs and thought leadership](#) – various reading material and toolkits
- Leveraging artificial intelligence - Deloitte has created a [COVID-19 Economic Recovery Dashboard](#) to monitor the health, community/social activity, financial and economic indicators that will signal when the rebound stage has arrived.

Audit risks

The following tables set out the audit risks that we identified during our preliminary planning activities, including our proposed response to each risk. Our planned audit response is based on our assessment of the likelihood of a risk's occurrence, the significance should a misstatement occur, our determination of materiality and our prior knowledge of the School Board.

Significant risks are denoted by an asterisk (*)

Revenue recognition*

Significant audit risk

Assurance standards include the presumption of a fraud risk involving improper revenue recognition. (Grants, deferred capital contributions, other fees and revenue, and school fundraising and other revenue). We recognize that as a result of COVID-19 there continue to be changes to the various provincial grants announced by the Ministry of Education, which will be captured as part of our audit response.

Our proposed audit response

- We will test the design and implementation of controls in these revenue streams and perform substantive analytic procedures and detailed testing in these areas
- With respect to grants revenue, obtain funding letters, as well as associated B and SB memos issued by the Ministry of Education, to understand the grant stipulations and assess management's recording of the associated revenue and deferred revenue.
- Through discussion with management and review of the Audit Committee minutes, we will obtain an understanding of the financial impact to various revenue streams as a result of COVID-19, and design procedures surrounding the recognition of such revenues and any changes (compared to prior year and to the approved budget) as a result of the pandemic. We will pay particular attention to any revenue sources that may have been deferred or for which alternate arrangements have been made with users/funders.

Management override of controls*

Significant audit risk

Assurance standards include the presumption of a significant risk of management override of controls.

Management is in a unique position to perpetrate fraud because of management's ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Our proposed audit response

In testing for management override of controls we will:

- Engage in periodic fraud discussions with certain members of senior management, and others
- Consider the potential for bias in judgments and estimates, including performing retrospective analysis of significant accounting estimates
- Evaluate the business rationale for any significant unusual transactions
- Evaluate the School Board's fraud risk assessment and consider entity-level internal controls and internal controls over the closing and reporting process
- Test journal entries that exhibit characteristics of possible management override of controls, identified using manual techniques

School generated funds and school council funds

Audit risk

There is an increased risk of misstatement of School Generated Funds and School Council Funds due to the fact that transaction processing is decentralized and internal controls implemented at each school site and their operating effectiveness may vary.

Our proposed audit response

- We will select a sample of schools to audit and perform substantive tests of details to obtain assurance over assets, liabilities, revenues and expenses.
- In the current year, we will also perform testing on internal controls over the p-card process at the selected schools.
- We will also perform testing on the maintenance of enrolment registers and enrolment reporting at each selected school.

Government transfers relating to capital contributions

Audit risk

The accounting for government transfers relating to capital contributions is a distinct area which has been prescribed by the Ministry of Education, and can be complex given the significance of capital transactions and balances at the School Board. Ministry directives in this area differs from Canadian Public Sector Accounting Standards and thus requires additional scrutiny.

Our proposed audit response

- We will detail test transactions and balances impacted, including tangible capital assets and capital contributions received and recognized through annual amortization, and determine whether the School Board has accounted for these transactions in accordance with regulations and relevant policies.
- We will ensure adequate disclosure of the basis of accounting in the notes to the financial statements.

Employee future benefits

Audit risk

Employee future benefits liabilities and expenses are valued by the School Board's actuary based on certain significant judgments and assumptions.

Our proposed audit response

- We will communicate with the School Board's actuary, School Boards' Co-operative Inc., to ensure we understand the assumptions used by them in their preparation of the valuation.
 - We will review the actuarial report, and verify inputs used through detail testing against personnel files, and review assumptions used against independent, industry sources.
 - We will ensure proper disclosure in the financial statements.
-

Revised CAS 540, Auditing accounting estimates and related disclosures

Drivers for the Revised Standard

- Changes in financial reporting frameworks and standards include a greater focus on complex accounting estimates, which highlights the importance of fostering professional skepticism
- The revised standard strives to improve communication and transparency between auditors and those charged with governance on complex accounting estimates.
- Our communications and transparency with the Committee previously were already in compliance with this new standard.



What can you expect from your auditor?

Management

- Greater focus in assessing how management understands the nature, extent, risks, and controls associated with accounting estimates.
- Varying audit procedures to drive work efforts based on assessed risk levels including consideration to adopt a control reliance approach to auditing accounting estimates.
- More interaction with management's experts.
- Specific written management representations.

Communication with the Finance & Audit Committee

- The Finance & Audit Committee can expect to have enhanced dialogue on accounting estimates. This may include the auditor's views and assessment of:
 - significant qualitative aspects of the Association's accounting practices relating to accounting estimates and related disclosures;
 - indicators of management bias;
 - appropriateness of management's methods, assumptions and data used; and
 - significant deficiencies in internal controls around accounting estimates.

Appendix 1 – Audit approach

Deloitte's audit approach is a systematic methodology that enables us to tailor our audit scope and plan to address the unique issues facing the Association.



Delivering professional excellence

Focus area

Risk based audit	<ul style="list-style-type: none"> Deliver a customized risk assessment, focusing our attention and resources on the audit areas that are most relevant to the Association.
Confidential Information	<ul style="list-style-type: none"> Protecting the privacy and confidentiality of our clients and the firm is a cornerstone of the professional standards every Deloitte partner and practitioner commits to upholding every day. Deloitte employs technical, physical, and procedural safeguards, including our Confidential Information Program, to appropriately safeguard your data before, during, and after the course of the engagement.
Professional skepticism	<ul style="list-style-type: none"> Obtain a thorough understanding of the relevant facts and information, analyze reasonable alternatives, apply a questioning mindset and challenge management's assumptions. Perform a more rigorous review of potential contradictory evidence.
Consultations	<ul style="list-style-type: none"> Involve additional resource or consult with technical resources concerning the significant or unusual events.



When general IT controls (GITCs) may be relevant?

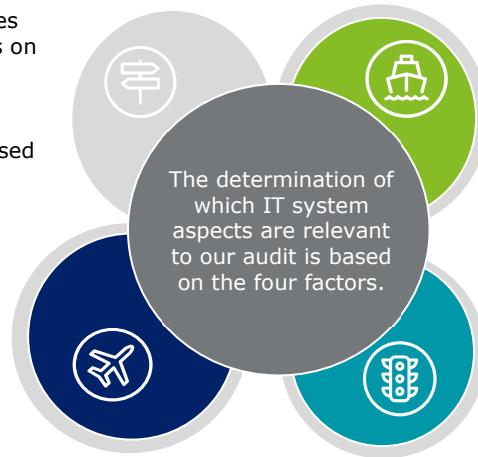
Factor #1 Data

For example:

A billing system that performs many functions (such as processing orders, generating invoices, and tracking financial balances) and it processes and houses data. The entity relies on the functionality and the data processed by the system. Additionally, the volume and complexity of transactions processed by system is considered high. Therefore the billing system is relevant to the audit.

Factor #3: System Generated Reports

For example, a system-generated A/R aging report from the financial reporting application is used to determine the allowance for doubtful accounts.



Factor #2 Automated Controls

For example:

- 3-way match of the purchase order, goods receipt and invoice prior to payment
- The calculation of depreciation expense
- Access is restricted to update inventory quantity

Factor #4: Substantive Procedures

For example, a telecommunications company uses its application system to create a log of the services provided to its customers, to initiate and process its billings for the services, and to automatically record such amounts in the general ledger. It is a highly automated environment and therefore most of the audit evidence is maintained in the application system itself. The team has concluded that substantive procedures alone would not be sufficient to address certain risks of material misstatements. Therefore, the application system is relevant for the audit.

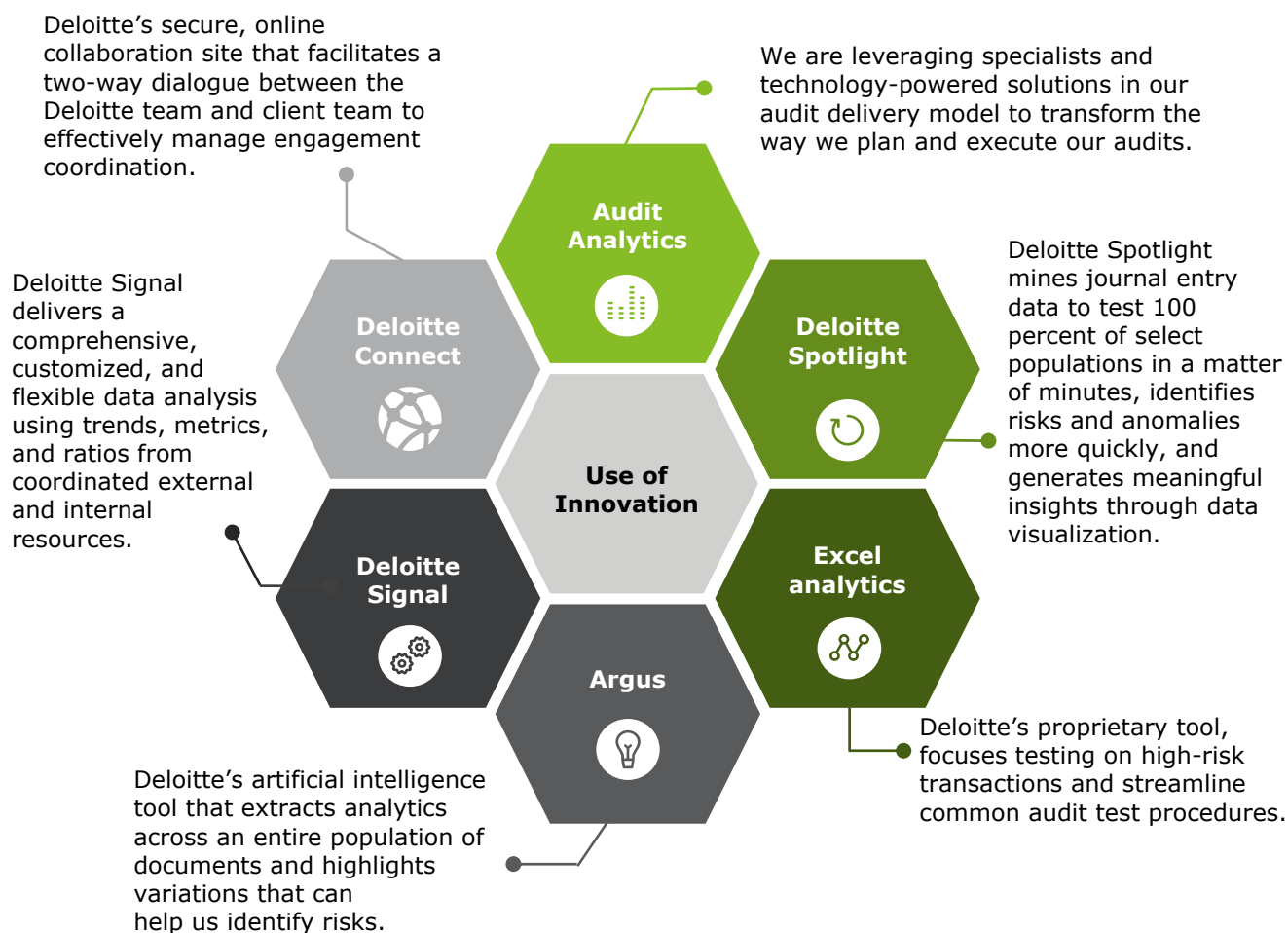


Innovating our audit approach

Focus area

Audit technology

- Deloitte Connect – Use Deloitte’s secure, online collaboration site to facilitate a two-way dialogue between the Deloitte team and the Association team to effectively manage engagement coordination and provide greater transparency allowing both management and auditor visibility over client request status.
- Deloitte Spotlight - Gather data and test journal entries, identify risks and anomalies more quickly, and generate meaningful insights through data visualization.
- Argus – Use Deloitte’s artificial intelligence tool to analyze the population of contracts or other documents to identify variations, potential risks and hone in on items of interest.



Focus area

Processes
<ul style="list-style-type: none">• Project management - Enhance project management oversight and effective communications between the audit team and management.

Appendix 2 – Communication requirements

Required communication	Reference
Audit service plan	
1. Our responsibilities under Canadian GAAS, including forming and expressing an opinion on the financial statements	CAS ¹ 260.14
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 c. Nature and extent of specialized skill or knowledge needed to perform the planned audit procedures related to significant risk 	CAS 260.15
3. Significant transactions outside of the normal course of business, including related party transactions	CAS 260 App. 2, CAS 550.27
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 240.21
5. Any known suspected or alleged fraud affecting the Association	CAS 240.22
6. Whether the Association is in compliance with laws and regulations	CAS 250.15
Year-end communication	
7. Modification to our audit plan and strategy	CAS 260.A26
8. Fraud or possible fraud identified through the audit process	CAS 240.40-.42
9. Significant accounting policies, practices, unusual transactions, and our related conclusions	CAS 260.16 a.
10. Alternative treatments for accounting policies and practices that have been discussed with management during the current audit period	CAS 260.16 a.
11. Matters related to going concern	CAS 570.25
12. Management judgments and accounting estimates	CAS 260.16 a.
13. Significant difficulties, if any, encountered during the audit	CAS 260.16 b.
14. Material written communications between management and us, including management representation letters	CAS 260.16 c.
15. Circumstances that affect the form and the content of the auditor's report	CAS 260.16d.
16. Modifications to our opinion	CAS 260.A21
17. Our views of significant accounting or auditing matters for which management consulted with other accountants and about which we have concerns	CAS 260.A22
18. Significant matters discussed with management	CAS 260.A.22

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

Required communication	Reference
19. Matters involving non-compliance with laws and regulations that come to our attention, unless prohibited by law or regulation, including illegal or possibly illegal acts that come to our attention	CAS 250.23
20. Significant deficiencies in internal control, if any, identified by us in the conduct of the audit of the financial statements	CAS 265
21. Uncorrected misstatements and disclosure items	CAS 450.12-13,
22. Any significant matters arising during the audit in connection with the Association's related parties	CAS 550.27

Appendix 3 – Audit timelines

This calendar indicates our various procedures and meetings as planned throughout the year:

Procedures	Timing
Seven-month stub period report	Week of May 3, 2021
Interim audit	Week of May 31, 2021
School Generated Funds/School Council Funds audits	Tentatively week of September 20, 2021
Year-end audit	Tentatively October 18-29, 2021

Meetings with the Audit Committee	
Presentation of audit plan to the Audit Committee	April 20, 2021
Issuance of draft consolidated financial statements to the Audit Committee	Tentatively November 9, 2021
Review the result of our audit and provide audit report	Tentatively November 9, 2021

Appendix 4 – New and Revised Public Sector Accounting Standards

The following is a summary of certain new or revised Canadian Public Sector Accounting Standards that will become effective in 2021 and beyond.

Public Sector Accounting Standards

Title	Description	Effective Date
<u>Section PS 3280 - Asset retirement obligations</u>	This Section establishes standards on how to account for and report on the legal obligations associated with the retirement of tangible capital assets.	Effective April 1, 2022. Earlier adoption is permitted. We will commence discussions with Management regarding the implementation considerations in the current year. We anticipate that proper implementation will require cooperation and coordination with other departments in the School Board, including long-term process changes.
<u>Section PS 3400 - Revenue</u>	This Section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.	Effective for fiscal years beginning on or after April 1, 2023. Earlier adoption is permitted. This Section may be applied retroactively or prospectively.

Appendix 5 – 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.

Register [here](#) to receive practical insights, invitations to Deloitte events/webcasts, and newsletters via email and other electronic channels. You will be able to select business topics and industries that align with your interests.

<input type="checkbox"/> Canada's Best Managed Companies (www.bestmanagedcompanies.ca) Target audience <ul style="list-style-type: none"> • Directors and CEO/CFO 	<p>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.</p>
<input type="checkbox"/> Centre for financial reporting (https://www.iasplus.com/en-ca/standards) Target audience <ul style="list-style-type: none"> • Directors and CEO/CFO • Controller and Financial reporting team 	<p>Web site designed by Deloitte to provide the most comprehensive information on the web about financial reporting frameworks used in Canada.</p>
<input type="checkbox"/> Deloitte Viewpoints (https://www.iasplus.com/en-ca/tag-types/deloitte-viewpoints) Target audience <ul style="list-style-type: none"> • CFO • Controller and Financial reporting team 	<p>Electronic communications that helps you to stay on top of standard-setting initiatives impacting financial reporting in Canada.</p>
<input type="checkbox"/> CFO's corner (https://www.iasplus.com/en-ca/cfos-corner) Target audience <ul style="list-style-type: none"> • CFO and VP Finance • Controller and Financial reporting team 	<p>Editorial providing insights into key trends, developments, issues and challenges executives face, with a Deloitte point of view.</p>
<input type="checkbox"/> Deloitte Dbriefs (https://www.iasplus.com/en-ca/dbriefs/webcasts) Targeted audience <ul style="list-style-type: none"> • CFO and VP Finance • Controller and Financial reporting team 	<p>Learning webcasts offered throughout the year featuring our professionals discussing critical issues that affect your business.</p> <p>Recent publications (ASPE)</p> <ul style="list-style-type: none"> • Revenue (Jan 13, 2020) • Accounting for shares issued in tax planning arrangements (ROMRS) (Dec, 18, 2019) • Agriculture (Dec 18, 2019)



MEMO

To: Halton District School Board Audit Committee
From: Jenny Baker, Regional Internal Audit Manager
Date: 20 April 2021
Subject: Regional Internal Audit Status Report – Public Session

This memorandum will serve to update the Audit Committee of the Regional Internal Audit Team's work since February 9, 2021.

A. Planned Audit

Attached is the terms of reference for the Payroll audit.

B. 2021-2022 Audit Plan Proposal

Attached for your consideration is the proposed 2020-2021 regional internal audit plan for your approval and recommendation to the Board of Trustees.

C. Other

Annual Independence Assertion

In compliance with S1110 of the International Standards for the Professional Practice of Internal Auditing, I am confirming that the regional internal audit team is organizationally independent and has been allowed to carry out its' responsibilities in an unbiased manner, free from interference in determining the scope of internal audit projects, performing work, and communicating results.

Motion:

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



MEMO

TO: Halton District School Board Audit Committee
FROM: Jenny Baker, Regional Internal Audit Manager
DATE: 20 April 2021
SUBJECT: 2021-22 Internal Audit Plan

A briefing note has been included as part of this session that confirms the process used to determine the audit projects that are proposed for this 2021-22 internal audit plan.

Recommendation:

Be it resolved that the Audit Committee recommends that the 2021-22 Regional Internal Audit Plan which includes the completion of the Payroll audit starting in June 2021, Network Penetration testing and a confirmation of the risk mitigation strategies defined to support the Equity and Inclusion strategic objective plus a follow-up review of Privacy and Special Education and any remaining actions plans identified during the Insurance Program Administration and Board Partnerships and Sponsorships audits be approved by the Board of Trustees.

For 2021-22

1. Payroll

On January 1, 2020, the new payroll application iSYSpay went live. While internal control processes are felt to be sufficient and appropriate, confirmation of such will be beneficial processing considering that almost 78% of annual budget expenditures relate to the payment of salaries and benefits.

As noted, this audit starting in June 2021 will be completed recognizing staff black out times and the vacation plans of HDSB and RIAT Team. It is expected that this project will be completed in the fall of 2021.

This audit addresses data integrity, operations, compliance, financial and human resource risk.



2. Confirmation of Risk Mitigation Strategies for Strategic Objective 'Equity and Inclusion'

Management has articulated a threat /opportunity statement "That HDSB may not yet clearly understand and respond to the equity and inclusion needs of their stakeholders." They have also described a set of 'current people, processes, or systems in place (controls)' to mitigate the impact of the threat to an acceptable level.

An audit plan will be developed to confirm that the set of controls defined in the risk register are effective to mitigate this risk.

3. Network Penetration

An IT Security and Vulnerability audit was completed in 2017 and followed-up in 2019. Management recognizes that the velocity of new threats from cyberattacks, ransomware and privacy and security breaches warrants ongoing monitoring. The risk register includes the threat statement that "HDSB may not be able to identify and effectively respond" to network security threats which could impede the ability to uninterrupted program delivery".

Management planned to perform network penetration testing during 2020-21 and plans to leverage regional internal audit resources with complimentary testing in 2021-22.

Network penetration testing addresses data security, data availability, privacy and compliance risk.

4. Audit Follow up Reviews

Audit follow-up testing continues throughout the period as evidence is provided that management action plans have been implemented.

- i. Insurance Program Administration**
- ii. Board Partnerships and Sponsorships**
- iii. Special Education**
- iv. Privacy**



INTERNAL AUDIT TEAM

West of Central Region

MEMO

TO: Sari Taha, Superintendent of Human Resources
Allison Vader Ippolito, General Manager Human Resources
Sara Harwood, HR Manager - Operations
Roxana Negoï, Superintendent of Business & Treasurer

C.C.: Audit Committee
Stuart Miller, Director of Education

FROM: Jenny Baker, Regional Internal Audit Manager

DATE: 14 April 2021

SUBJECT: Halton District School Board Payroll Audit Terms of Reference

Please find below the terms of reference for the Payroll audit scheduled to begin in June 2021. The internal audit plan approved on April 28, 2020 for the 2020-21 year included this audit.

BACKGROUND

Payroll is the single largest expense incurred by the Halton District School Board (HDSB). The 20/21 school year saw a budget of approximately \$634.4 million spent on salary and benefits, for 11,581 full and part time employees. This represents approximately 80% of the \$802.8M budget.

HDSB converted from iSYS/Ceridien to iSYSpay on January 1, 2020. The iSYS Human Resource system is used to capture and manage the required information about its' employees. The Board processes its own payroll.

AUDIT OBJECTIVES

To assess the controls in place that provide assurance that payroll is accurately calculated and processed in a complete and timely manner.

AUDIT SCOPE

Audit tests will be completed on the pay periods from September 1, 2020 – April 15, 2021. The scope of our work includes, but is not limited to the following:



- Document, flowchart and then test the processes used by Human Resources and Payroll to establish master record information about employees and staff and then use this information to compensate them;
- Ensure that changes to human resource or pay information (such as new hire, termination, retirement, job classification, benefit changes, pay grid increments) are processed accurately, timely and are duly authorized;
- Assess the relevant application based controls that are not managed by the payroll or human resource department but by the application service provider. This will include reviewing the contract and service level agreements negotiated with the service provider;
- Assess the adequacy of those controls in place to ensure deductions to employee payroll are accurate and complete and that remittances are filed to the correct authority. Such deductions may be related to pension/group benefits, Canadian Pension Plan and Employment Insurance rates, income tax rates, T4 and T4A reporting, the Employee Health Tax and vacation allowances;
- Assess the accuracy of the time collection process;
- Validate the reconciliation of the Ontario College of Teachers (OCT) listing to the employee listing to ensure that the employees are allocated to the correct pension plan;
- Confirm that pay deductions for extended absences are appropriately applied;
- Assess how vacation accruals are calculated;
- Assessing the anti-fraud controls including the adequate segregation of duties both logically administratively and the entity level controls that monitor departmental activity; and
- Review the process to accurately translate contract terms established in a collective agreement to the payroll calculation engine.

Some of the expected controls supporting payroll were assessed as part of other audits and will be reviewed only if changes to processes have been made:

- Security and Privacy of HR files – 2019/2020 Privacy Audit
- iSYS Logical Security Access has been assigned based on a least privileged basis – 2017 Vulnerability Observation #3 which has been implemented.

SCHEDULING

A start date in June 2021 is proposed. A 'Request for Client Information' has been discussed and will be prepared for Human Resources for requirements gathering.



KEY CONTACTS

Name	Title	Phone	E-mail
Sari Taha	Superintendent of Human Resources	905-335-3665	tahas@hdsb.ca
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Sara Harwood	HR Manager-Operations	905-335-3665 x 3297	harwoods@hdsb.ca
Allison Vader Ippolito	General Manager of Human Resources	905-335-3665	vaderippolita@hdsb.ca
Jenny Baker	Regional Internal Audit Manager	519-588-4519	Jenny_baker@wrdsb.ca
Andrea Eltherington	Senior Regional Internal Auditor	519-571-5220	Andrea_eltherington@wrdsb.ca

AUDIT TEAM

The audit team will include the following members:

Audit Planning and Audit Execution

Andrea Eltherington, Senior Regional Internal Auditor

John Mocarski, Regional Internal Audit Contractor

Audit Planning and Project Oversight

Jenny Baker, CPA.CA, CISA, CFE, Regional Internal Audit Manager

AUDIT APPROACH

The audit team held a planning meeting on April 9, 2021 to scope the review. Prior to fieldwork beginning, a brief introductory session is planned with available HR and Payroll staff for introductions and to walkthrough the proposed audit tests. This session is planned to educate the team that will interact with the auditors so that they understand the reason behind queries and tests.



As part of the professional practice standards, certain evidence must be obtained to support the results of audit tests and on which the final audit opinion is based. Any information that we require access to, we will maintain the privacy and confidentiality of the documents by:

- Redacting identifying information as required and using employee numbers as identifiers.
- Any reports or documents required as supporting documentation will be transferred through electronic means such as a google drive. From there the files will be imported to our automated working paper application which is maintained on a secure server with logical access limited to only the RIAT auditors and manager. Paper files will be scanned and then shredded using the secured shred box within our locked office.

As the audit progresses, we will endeavor to keep you informed as to the progress made and share with you any preliminary findings. As field work nears completion, a meeting will be scheduled to discuss all preliminary findings in advance of preparing a draft report.

A draft report will be compiled summarizing the results of the audit and will be distributed for discussion purposes to those staff who will be asked to respond to the final draft report. The purpose is to ensure our interpretation of the facts is correct; to seek clarification where we may have misinterpreted test evidence or to obtain additional information we may not have been aware of. Once the draft has been revised, the report will be formally issued for you to provide your management action plan in response. We would ask that your response be provided back to us within two to four weeks after the draft has been issued. It is a requirement of the International Standards for the Professional Practise of Internal Auditors (IPPF) that the final report contain the conclusion and opinion with respect to the assessment of the process, under review. The final audit report will be presented immediately thereafter and to the Audit Committee at the next scheduled meeting.

If you have any questions about this audit, please do not hesitate to contact me at 519.588.4519 or Andrea Eltherington at 519.571.5220 or andrea_eltherington@wrdsb.ca



Halton District School Board

INFORMATION FOR AUDIT COMMITTEE

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 10, 2020	Included in Meeting Package
Financial Statements – Board Presentation and Board Approval	November 2020	Report 20124 Statements also posted online at Link

2020/2021 FISCAL YEAR

Budget Development	April 22, 2020 Committee of the Whole	Budget Development Link
Budget Presentation	July 15, 2020	Budget 2020-2021 Link Report 20071, Page 11
Budget Approval	July 22, 2020	Approved Budget 2020-21 Link
September Month End Financial Report	October 21, 2020	Interim Financial Update Report 20112
October Month End Financial Report	November 18, 2020	Interim Financial Update Report 20127
Revised Estimates	December 2, 2020	Revised Estimates 2020-21 Link Report 20140

November Month End Financial Report	January 6, 2021	Interim Financial Update Report 21003
January Month End Financial Report	February 17, 2021	Interim Financial Update Report 21034
February Month End Financial Report	March 17, 2021	Interim Financial Update Report 21048
March Month End Financial Report	April 21, 2021	
April Month End Financial Report	May 19, 2021	
May Month End Financial Report	June 16, 2021	
Financial Statements – Audit Committee	TBD - November 2021	
Financial Statements – Board Presentation and Board Approval	November 17, 2021	

2021/2022 FISCAL YEAR

Budget Development	February 3, 2021	Report 21022
Budget Presentation	June 2, 2021	
Budget Approval	June 16, 2021	



BOARD POLICY	
Adopted	June 2021 (Motion #1)
Revised	June 2021
Review Date	June 2025

RISK MANAGEMENT POLICY

OBJECTIVE

The Halton District School Board (The “Board”) is committed to achieving its stated objectives and, in pursuit of its objectives, ensuring the best possible information about uncertainty is used to inform resource allocation and decision making. This policy sets the guiding principles to be followed in managing risk and uncertainty at the Board.

GUIDING PRINCIPLES

1. The Board is committed to achieving its objectives and recognizes it operates in a context with internal and external uncertainties.
2. The Board shall consider both threats and opportunities as a natural part of considering uncertainty or ‘risk’ in decision-making.
3. Halton District School Board needs to take risks in pursuit of its objectives. The Board’s risk appetite towards considering uncertainty associated with achieving objectives will differ, depending on internal and external factors and regulatory requirements. The board is more willing to consider risks in pursuit of creativity, innovation and learning, and less willing to consider risks for areas impacting safety, compliance and regulatory requirements.
4. The Halton District School Board is committed to a model of operational leadership and continuous improvement, which is consistent with the Education Act, Ministry of Education direction, and the principles of good governance, as described in the Board’s Operational Leadership Procedure.
5. Risk management is considered as a key part of the strategic, operational and budget planning processes.

OVERVIEW OF RESPONSIBILITY

Governance of risk management applies to the following:

- a. The Board of Trustees establishes the direction for risk management and risk appetite, fosters a culture of risk-informed decision making and understands significant risks and management’s assessment of their impact on strategic objectives.
- b. The Audit Committee oversees the risk management approach as delegated by the Board of Trustees including monitoring of significant risks, adequacy of insurance and Board reporting.

- c. The Director of Education establishes the Board's approach for design and implementation of risk management across the organization, ensures a risk-aware culture and ensures the Board has the process, tools, and training to support implementation. The Director of Education monitors and reports on significant risks to the Audit Committee and Board of Trustees.

RELATED BOARD POLICIES AND PROCEDURES

Board By-Law
Trustee Code of Conduct
Code of Ethics Policy
Audit Committee Governance Policy
Operational Leadership
Governance Procedure
Director's Performance Review Policy
Governance Process Policy
Halton District School Board Multi-Year Plan
Privacy and information management

RELATED MINISTRY DOCUMENTS

Education Act
Ontario Regulation 361/10: Audit Committees

RELATED EXTERNAL DOCUMENTS

Good Governance: A Guide for Trustees, School Boards, Directors of Education and Communities
2014 Multi-Year Strategic Planning Supports for School Boards
ISO 31000, Risk Management

Topic:	Risk Management
Effective:	June 2021
Cross-Reference:	Related Statutes and Regulations: Education Act, Ontario Regulation 361/10: Audit Committees, ISO 31000, Risk Management HDSB Risk Management Governance Policy, Audit Committee Governance Policy, Code of Ethics Policy HDSB Administrative Procedures: Code of Ethics, Trustee Code of Conduct, Audit Committee Governance Procedure
Revision Date:	June 2021
Review Date:	June 2025
Responsibility:	Superintendent of Business Services and Treasurer

INTENDED PURPOSE:

The Halton District School Board recognizes the importance of risk management as decision making support to help ensure a sustainable and resilient school system.

To that end, this administrative procedure constitutes the Board's risk management framework.

DEFINITIONS:

Risk – The effect of uncertainty on objectives. Risk can represent both a threat or an opportunity.

Risk Assessment – Overall process of risk identification, risk analysis, and risk evaluation.

Risk Appetite – The level of uncertainty that the organization is willing to accept in pursuit of its objectives.

PROCEDURES**Roles and Responsibilities**

- The Director of Education establishes the Board's approach for design and implementation of risk management across the organization, ensures a risk-aware culture and continuous improvement and fosters policy compliance by ensuring the Board has the policy, tools, and training to support implementation and monitoring of significant risks.
- The Director of Education establishes a risk management framework that identifies and regularly monitors and addresses significant risks as part of monitoring organizational performance against the Multi Year Plan priorities. The Director of Education will report annually to the Audit Committee on the status of framework implementation and outcomes.
- Audit Committee oversees the risk management approach and policy as delegated by the Board of Trustees including monitoring of significant risks, adequacy of insurance and/or other compensating controls, and Board reporting as directed.
- Supervisory and Executive Officers support the implementation of the Board's risk management framework. Supervisory and Executive Officers, in collaboration with staff, identify emerging risks or potential changes in ranking of existing risks and communicate these to the Director of Education and Superintendent of Business Services. The Superintendent of Business Services will maintain the risk register and coordinate updates with assigned risk owners.

- The Director of Education and Supervisory and Executive Officers review the corporate risk profile on a bi-annual basis, or more often when required. Top risks (threats and opportunities) are assigned risk owners and are monitored and reported to Executive Council. Risk treatment strategies are identified by risk owners and discussed with Executive Council, in order to reduce the risk exposure to acceptable levels, and align with the risk appetite outlined in the Risk Management Policy.
- HDSB management uses risk management training, resources and tools to help anticipate and respond to threats and opportunities.

Risk explicitly informs strategic, operational, budget and staffing decisions regarding resource allocation. Guidance, tools and training will be used across all academic and operational areas of the Board to help realize the purpose of the risk management policy and procedure.