



# Halton District School Board

## AUDIT COMMITTEE

Large Boardroom, J.W. Singleton Education Centre

Tuesday, May 2, 2023

**Public Session: 3:30 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 Audit Committee Member
- 1.4 Declarations of Possible Conflict of Interest
- 1.5 Approval of the Agenda

### 2.0 – Ratification / Action

**page**

- 2.1 Minutes of the Audit Committee Meetings
  - 2.1.1 Audit Committee Meeting, February 14, 2023 *pages 3-6*
- 2.2 Approval of Business Transacted in Private Session (Chair)
- 2.3 Action Items
  - 2.3.1 External Audit Plan for 2022/2023 Financial Statement Audit (L. Cheung) *pages 7-23*
  - 2.3.2 Regional Internal Audit Plan for 2023/2024 (A. Eltherington) *pages 24-25*

### 3.0 – Communication to the Audit Committee

**page**

- 3.1 For Information
  - 3.1.1 Regional Internal Auditor Status Report (A. Eltherington) *page 26*
  - 3.1.2 Timelines for Financial Reporting Presentation to Board (R. Negoï) *pages 27-28*
  - 3.1.3 Fraud Prevention and Management Policy and Administrative Procedure Review (R. Negoï) *pages 29-34*

### 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 X, 2023*

*This publication is available in accessible formats upon request*

**Halton District School Board  
Audit Committee Public Session Meeting Minutes  
Tuesday, February 14, 2023**

**Attendance:**

**Trustee Members:** A. Collard (Chair), T. Rocha, D. Danielli

**Trustee Guests:**

**Public Representative:** A. Hann, S. Malik

**Staff:** K. Samarin, R. Negoï, C. Salemi, C. Ennis, E. Jabat, H. Camastro

**Regional Internal Audit Team:** A. Eltherington

**External Auditor:** A. Dellavedova, L. Cheung

**Regrets:** J. Chanthavong

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**Agenda Item 1.0**

**1.1 Call to Order**

- The Audit Committee Chair called the meeting to order at 3:30 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 with us.

**1.3 Introduction of Audit Committee Members and Participants**

- Trustee A. Collard introduces and welcomes audit committee members and participants back to the in-person meeting format. All members of the Audit Committee, auditors, and staff representatives introduce themselves.

**1.4 Presentation of Inspire Award**

- Former Audit Committee external member, D. McKerrall is introduced by Trustee A. Collard to receive the Inspire Award, in which D. McKerrall was nominated for his dedication to serving the Board as an external member on the Audit Committee for the past six years.

**1.5 Declarations of Possible Conflict of Interest**

- A. Hann, newly appointed as an external member on the Audit Committee declares a conflict of interest as he accepted an offer of employment with Deloitte which will preclude him from participating in any further meetings. A. Hann's submits his resignation letter.
- S. Malik declares a conflict of interest with the recommendation for the appointment of the external auditor.

1.6 Conflict of Interest Declaration Form

- Declaration forms are signed and submitted to C. Salemi, Manager of Accounting – School Financial Services.

1.7 Approval of the Agenda

**Motion: T. Rocha / S. Malik**

Be it resolved that the Agenda for the Public session of the Audit Committee Meeting for February 14, 2023 be approved as distributed. **Carried Unanimously.**

**Agenda Item 2.0**

2.1 Minutes of the Audit Committee Meetings

2.1.1 Audit Committee Meeting, November 8, 2022

**Motion: S. Malik / A. Collard**

Be it resolved that the minutes from the Public Session Audit Committee Meeting held on November 8, 2022 be approved as distributed. **Carried Unanimously.**

2.2 Approval of Business Transacted in Private Session (Chair)

- There was no business approved in private session.

2.3 Action Items:

2.3.1 Internal Audit Charter Update

- The Regional Internal Audit Manager presented the report.
- The internal audit charter is brought forward once a year to audit committee members outlining the regional internal audits responsibilities to the Board and the Board's commitment to provide information needed to complete the work on the regional internal audit team's end.
- The charter must be re-signed when there is a change in Director, Chair of the Audit Committee or Regional Internal Audit Manager, or when the charter itself is updated.
- Small changes are made to the charter outlined in red in the package attached based on a meeting held with the West of Central Senior Business Officials consisting of both the Public and Catholic boards in Waterloo, Guelph, Hamilton, Halton & Niagara.
- Trustee A. Collard confirms the updated charter has been signed today, February 14, 2023 by herself and Director C. Ennis.

**Motion: T. Rocha / D. Danielli**

Be it resolved that the Audit Committee approve the revised Regional Internal Audit Charter. **Carried Unanimously.**

*2.3.2 Recommendation for the External Auditor Appointment for the 2022-2023 Financial Statement Audit*

- Through a procurement process, Deloitte has been recommended as the Board's external audit firm for an additional five-year term.
- Additional accounting procedures may need to be implemented for the implementation of new accounting standards resulting in additional audit procedures to be completed, outside of the normal scope of an audit. Additional fees will apply.

**Motion: D. Danielli / T. Rocha**

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 and the agreed-upon procedures report for the 2022/2023 fiscal year, at a cost not to exceed \$85,200 + HST. **Carried Unanimously.**

**Agenda Item 3.0**

*3.1 Information Items*

*3.1.1 Board Report on Budget Development and Schedule*

- The Superintendent of Business Services presented the report.
- Grant for Student Needs is the bulk of revenue from the Ministry of Education to be announced in March.
- Education Funding is expected to remain consistent to the current year with the exception of the transportation funding formula being reviewed provincially.
- Significant financial resources have been provided during the 2022/2023 fiscal year to support both in-person and virtual learning models. At this point into the budget development process, it is not known if these investments will continue and may result funding for in over 200 temporary positions lost.
- The 2023/2024 budget survey is expected to be released on February 17 closing on March 6 to seek input for the upcoming budget process. The report with feedback from stakeholders will be presented to the Board of Trustees on April 19 at the public Board meeting.
- The survey has been distributed to various stakeholders ranging from staff and parents. HDSB has a social media platform extending the audience to students and community members.

*3.1.2 Timelines for Financial Reporting Presentation to Board*

- The Superintendent of Business Services presented the timelines for financial reporting presentation to Board for information
- Links for the reports will be added and updated as each report is presented to the Board

**Agenda Item 4.0**

*4.1 Public Questions and Answers*

- There are no questions submitted from the Public

Returned to Item 2.2. Written resignation from A. Hann has been received formally and the Audit Committee accepts the resignation putting forward the Motion.

**Motion: T. Rocha / D. Danielli**

Be it resolved that the Audit Committee accepts the resignation of Azer Hann effective February 14, 2023.

**Agenda Item 5.0**

*5.1 Adjournment*

Meeting declared adjourned due to agenda being exhausted on February 14, 2023 at 3:52 p.m.

- Next scheduled meeting date – Tuesday, May 2, 2023



## Halton District School Board 2023 Audit service plan

For the year ending August 31, 2023  
To be presented to the Audit Committee  
May 2, 2023

April 25, 2023

**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

**2023 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, 2023. 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, 2023 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, 2023 (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"). In addition to the audit of the Financial Statements, we will also be performing agreed-upon procedures on the March 31, 2023 EFIS reporting to the Ministry of Education.

The terms and conditions of our engagement are described in the Master Services Agreement for Professional Services dated April 1, 2018 and Confirmation of Changes letter dated April 14, 2021, which have been signed on behalf of the Committee and management.



## 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
- 6 Adoption of new PSAS accounting standards



## Materiality

3% 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.

# 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).

As part of our audit planning, we will pinpoint the presumed fraud risk in revenue recognition to specific revenue streams and associated assertions.

### 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.
- We will pay particular attention to any revenue sources that are new in the current year, or may have been deferred or have performance obligations that must be fulfilled prior to their recognition.

## 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.
- We will 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.

## Adoption of new PSAS accounting standards

### Audit risk

In fiscal 2023, two new accounting standards, *PS 3280 Asset retirement obligations ("ARO")*, and *PS 3450 Financial instruments*, will come in effect. The School Board has been preparing for the adoption of both standards, including development of accounting policies, information gathering with various School Board departments, engagement of external consultants (where needed) to assist with valuation, and development of go-forward processes for policy maintenance.

We understand that the Ministry of Education has been leading the sector's implementation of the ARO standard, and has provided certain templates to assist with the process, including unit cost estimates to enable the valuation of asset retirement obligations.

### Our proposed audit response

- We will continue discussions with management on the implementation plan for the new standards.
- Through the implementation and information gathering process, we will connect with management to monitor status and ensure implementation decisions are reasonable and judgments are properly documented and substantiated. We will provide input as requested by management and have done an initial review of management's memo over the PS 3280 implementation approach and process.
- We are working with internal advisory specialists to review the Ministry's ARO estimation models (Models 1 and 2) and the reasonableness of the assumptions used in the model.
- We will test a sample of inputs used by the School Board within the models against source documents.
- We will work with management to review the disclosure of the first time adoption in the financial statements, including introduction of new accounting policy notes and financial statements presentation.
- Specifically with respect to the agreed-upon procedures for the March 31, 2023 EFIS reporting, the Ministry has requested that we perform extensive procedures on ARO which is additional scope to our typical engagement. We will track our incremental work effort and discuss the fee associated with this work once we confirm the extent.

# 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 School Board.



## Delivering professional excellence

### Focus area

<b>Risk based audit</b>	<ul style="list-style-type: none"> <li>Deliver a customized risk assessment, focusing our attention and resources on the audit areas that are most relevant to the School Board.</li> </ul>
<b>Confidential Information</b>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>
<b>Professional skepticism</b>	<ul style="list-style-type: none"> <li>Obtain a thorough understanding of the relevant facts and information, analyze reasonable alternatives, apply a questioning mindset and challenge management's assumptions.</li> <li>Perform a more rigorous review of potential contradictory evidence.</li> </ul>
<b>Consultations</b>	<ul style="list-style-type: none"> <li>Involve additional resource or consult with technical resources concerning the significant or unusual events.</li> </ul>



## When general IT controls (GITCs) may be relevant?

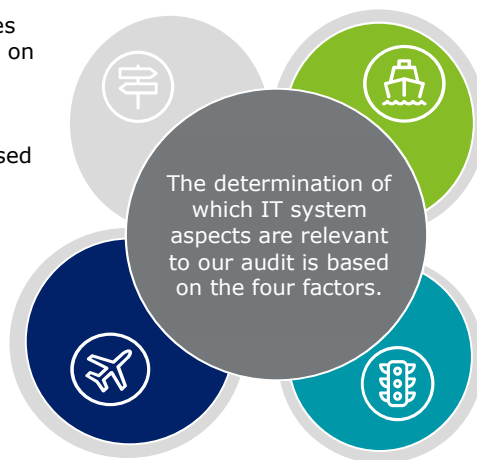
### Factor #1 Data

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.



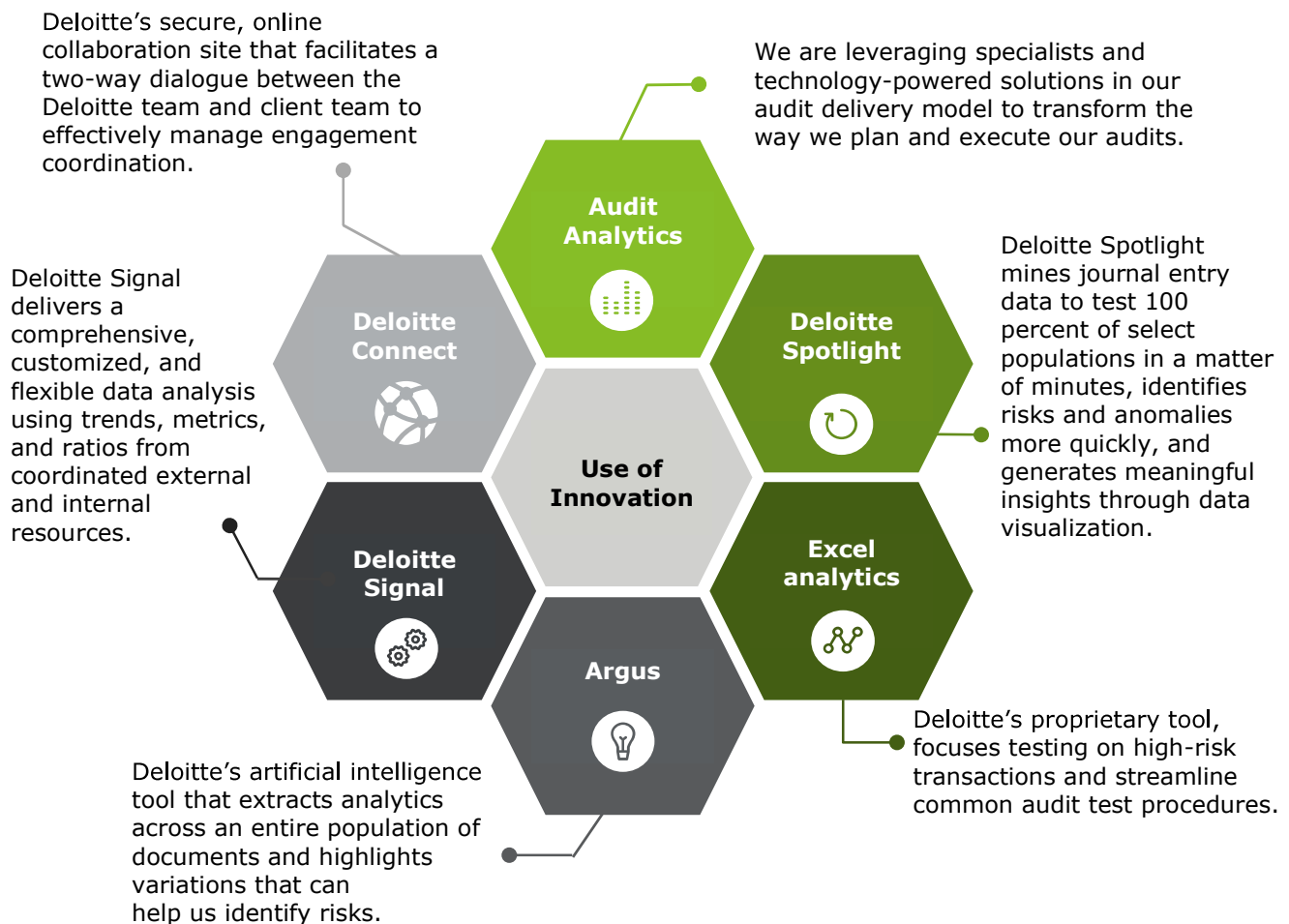


## Innovating our audit approach

### 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

- **Project management** - Enhance project management oversight and effective communications between the audit team and management.

# Appendix 2 – Communication requirements

Required communication	Reference
<b>Audit service plan</b>	
1. Our responsibilities under Canadian GAAS, including forming and expressing an opinion on the financial statements	CAS <sup>1</sup> 260.14
2. An overview of the overall audit strategy, addressing: <ul style="list-style-type: none"> <li>a. Timing of the audit</li> <li>b. Significant risks, including fraud risks</li> <li>c. Nature and extent of specialized skill or knowledge needed to perform the planned audit procedures related to significant risk</li> </ul>	CAS 260.15
3. Significant transactions outside of the normal course of business, including related party transactions	CAS 260 App. 2, CAS 550.27
<b>Enquiries of those charged with governance</b>	
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
<b>Year-end communication</b>	
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

<sup>1</sup> 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 1, 2023
Interim audit	Week of June 5, 2023
School Generated Funds/School Council Funds audits	Tentatively week of September 18, 2023
Year-end audit	Tentatively October 16-27, 2023

## Meetings with the Audit Committee

Presentation of audit plan to the Audit Committee	May 2, 2023
Issuance of draft consolidated financial statements to the Audit Committee	Tentatively November 6, 2023
Review the result of our audit and provide audit report	Tentatively November 6, 2023

# 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 2022 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 for fiscal years beginning on or after April 1, 2022. Earlier adoption is permitted.
<u>PS 3450 – Financial instruments</u>	This Section establishes standards on how to account for and report all types of financial instruments including derivatives.	Effective for fiscal years beginning on or after April 1, 2022. Earlier adoption is permitted.
<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 <a href="http://www.bestmanagedcompanies.ca">www.bestmanagedcompanies.ca</a>  <b>Target audience</b> <ul style="list-style-type: none"> <li>• Directors and CEO/CFO</li> </ul>	<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 <a href="https://www.iasplus.com/en-ca/standards">https://www.iasplus.com/en-ca/standards</a>  <b>Target audience</b> <ul style="list-style-type: none"> <li>• Directors and CEO/CFO</li> <li>• Controller and Financial reporting team</li> </ul>	<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 <a href="https://www.iasplus.com/en-ca/tag-types/deloitte-viewpoints">https://www.iasplus.com/en-ca/tag-types/deloitte-viewpoints</a>  <b>Target audience</b> <ul style="list-style-type: none"> <li>• CFO</li> <li>• Controller and Financial reporting team</li> </ul>	<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 <a href="https://www.iasplus.com/en-ca/cfos-corner">https://www.iasplus.com/en-ca/cfos-corner</a>  <b>Target audience</b> <ul style="list-style-type: none"> <li>• CFO and VP Finance</li> <li>• Controller and Financial reporting team</li> </ul>	<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 <a href="https://www.iasplus.com/en-ca/dbriefs/webcasts">https://www.iasplus.com/en-ca/dbriefs/webcasts</a>  <b>Targeted audience</b> <ul style="list-style-type: none"> <li>• CFO and VP Finance</li> <li>• Controller and Financial reporting team</li> </ul>	<p>Learning webcasts offered throughout the year featuring our professionals discussing critical issues that affect your business.</p> <p><b>Recent publications (ASPE)</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Revenue (Jan 13, 2020)</a></li> <li>• <a href="#">Accounting for shares issued in tax planning arrangements (ROMRS) (Dec, 18, 2019)</a></li> <li>• <a href="#">Agriculture (Dec 18, 2019)</a></li> </ul>

## MEMO

TO: Halton District School Board Audit Committee  
FROM: Andrea Eltherington, Regional Internal Audit Manager  
DATE: May 2, 2023  
SUBJECT: 2023-24 Internal Audit Plan

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### Recommendation:

*Be it resolved that the Audit Committee recommends that the 2023/2024 Regional Internal Audit Plan which includes the Confirmation of Risk Management Strategic Objectives ‘Understanding stakeholder needs’ under the Equity and Inclusion strategic priority and “Student achievement post pandemic” plus a follow-up review of Student Mental Health and any remaining actions plans identified during the Privacy and Procurement audits be approved by the Board of Trustees.*

### For 2023-24

The Audit plan for 2021-2022 revised in June 2021 included the following reviews:

- Confirmation of Risk Mitigation Strategies for Strategic Objective ‘Equity and Inclusion’ and
- Confirmation of Risk Mitigation Strategies for Strategic Objective ‘Mental Health & Well-Being’ for students.
- Confirmation of Risk Mitigation Strategies for Strategic Objective ‘Mental Health & Well-Being’ for staff.
- Conducting Network Penetration Testing

At the May 18, 2021 Audit Committee meeting, it was noted that the approved audit plan contains four audits and not all of the audits would be completed within the 2021/2022 school year. The top risks identified in the Corporate Risk Profile is Student well-being and Student achievement during COVID-19. At the February 22, 2022 Audit Committee meeting, it was noted that only the Mental Health & Well-being for students audit would be completed during 2021/2022. The RIAT is funded to perform two audits per year at each of the Boards within the West of Central Region. Therefore, the audit plan for 2022/2023 included Mental Health and well-being for staff and Network Penetration testing. The last audit – Equity and Inclusion along with Student achievement post pandemic will be conducted in 2023/2024.



**1. Confirmation of Risk Mitigation Strategies for Strategic Objective ‘Equity and Inclusion’**

Management has articulated a threat /opportunity statement “That HDSB may not yet have a deep understanding of all protected identifies to respond to the equity and inclusion need of all 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.

**2. Confirmation of Risk Mitigation Strategies for Strategic Objective “Student achievement post pandemic”**

Management has articulated a threat/opportunity statement “That HDSB may be unable to meet student achievement expectations as a result of pandemic consequences and pressures”. 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. Audit Follow up Reviews**

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

- i. Privacy**
- ii. Procurement**
- iii. Student Mental Health**

## MEMO

TO: Halton District School Board Audit Committee  
FROM: Regional Internal Audit Team  
DATE: May 2, 2023  
SUBJECT: Regional Internal Audit Status Report – Open Committee Session

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This memorandum will serve to update the Audit Committee of the Regional Internal Audit Team's (RIAT) work since February 14, 2023.

### **A. RIAT Host Board Update**

As indicated in the GSN announcement on April 17, 2023

*'The West of Central Regional Internal Audit Team (RIAT), previously administered by Waterloo Region DSB, will now be administered by Hamilton-Wentworth DSB'.*

### **B. 2023-2024 Audit Plan Proposal**

Attached for your consideration is the proposed 2023-2024 regional internal audit plan for your approval and recommendation to the Board of Trustees.

### **C. 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.



# Halton District School Board

## INFORMATION FOR AUDIT COMMITTEE

### 2022/2023 FISCAL YEAR

Budget Development	February 2, 2022	<a href="#">Report 22016</a>
Budget Presentation to Committee of the Whole	February 9, 2022	<a href="#">Committee of the Whole Presentation</a>
Budget Presentation	June 1, 2022	Budget for 2022/2023 <a href="#">Report 22068</a> and <a href="#">Full Operating and Capital Budget Report</a>
Budget Approval	June 15, 2022	<a href="#">Approved Budget 2022/23 Link M22-0111</a>
Revised Estimates	December 7, 2022	<a href="#">Revised Estimates 2022/23 Report 22160</a> and <a href="#">Presentation</a>
Quarterly Financial Report for the period ending November 2022	January 11, 2023	<a href="#">Report 23005</a>
Quarterly Financial Report for the period ending February 2023	March 22, 2023	<a href="#">Report 23048</a>
Quarterly Financial Report for the period ending May 2023	June 21, 2023	
Financial Statements – Audit Committee	November 2023	
Financial Statements – Board Presentation and Board Approval	November 2023	

### 2023/2024 FISCAL YEAR

Budget Development	December 7, 2022	<a href="#">Report 22153</a>
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Committee of the Whole Budget Planning Presentation and Trustee Input	March 8, 2023	<a href="#">Committee of the Whole Budget Presentation</a>
Budget Survey Feedback Board Report	April 19, 2023	<a href="#">Budget Survey Results</a>
Release of the Grants for Student Needs Board report	May 3, 2023	
Committee of the Whole Budget Presentations	May 10, 2023 and May 24, 2023	
Draft Budget Report	June 7, 2023	
Budget Approval	June 21, 2023	
Revised Estimates	December 2023	

<b>BOARD POLICY</b>	
<b>Adopted</b>	June 17, 2020 (M20-0074)
<b>Revised:</b>	June 2020, June 2023
<b>Review Date:</b>	June 2027 <del>October 2023</del>

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## FRAUD PREVENTION AND MANAGEMENT

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### POLICY STATEMENT

The Halton District School Board (the “Board”) is committed to protecting its assets and maintaining public trust through a system of internal controls designed to prevent, detect, investigate, and report instances of fraud. This policy sets the guiding principles to be followed in the prevention and management of fraud.

### GUIDING PRINCIPLES

- a) This policy applies to Trustees, employees, volunteers, and third-party contractors/consultants. It also applies to other external parties who perpetrate fraud against the Board.
- b) The Board is committed to preventing fraud, protecting its revenue, property, proprietary information and other assets.
- c) In the event that fraud is found to have occurred, the Board shall make every reasonable effort to seek restitution and obtain recovery of any and all losses from the offender(s), or other appropriate sources, including the Boards’ insurers.
- d) In the event of criminal misconduct, the police shall be notified, as determined by the Director of Education, and if appropriate, in consultation with Board legal counsel.
- e) This policy prohibits reprisals against individuals, acting in good faith, who report incidents of suspected fraud, or who act as a witness in any subsequent investigation.
- f) This policy is intended to establish and maintain a system of internal control to ensure, to the fullest extent possible, the prevention and detection of fraud.

### TERMINOLOGY

**Fraud** is a deliberate act of dishonesty or deception with knowledge that it may deprive another person of assets or economic benefit. An act of fraud may be perpetrated by one or more individuals.<sup>1</sup>

A material act of fraud is defined for the purposes of the Fraud Prevention and Management Policy as the deprivation or suspected deprivation of an economic benefit to the Board equal to or greater than twenty-five thousand dollars (\$25,000.00), and/or inappropriate or suspected inappropriate activities by a Trustee, officer of the Board, general manager or principal causing the deprivation of an economic benefit to the Board.

### REQUIREMENTS/RESPONSIBILITY

Everyone is charged with the responsibility to prevent and immediately report any act of fraud, suspected fraud or financial misconduct in accordance with this policy and the Fraud Prevention and Management Administrative Procedure.

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<sup>1</sup> R. v. Theroux, 1993 CanLII 134 (SCC), see also Criminal Code (RSC 1985, c.C.46, s.380(1))

The responsibility of fraud oversight and investigation of alleged instances of fraud rests with the Director of Education, through the ~~Superintendent~~~~Executive Officer~~ of Human Resources and/or Superintendent of Business Services. The Director of Education may determine whether it is necessary to involve the regional internal auditors, external auditors and other subject matter experts.

The Director of Education will inform the Audit Committee Chair of any investigation of a material act of fraud, with a report provided to the Audit Committee at the conclusion of the investigation. The Audit Committee Chair will inform the Board of Trustees in a future scheduled Board meeting, in private session.

Nothing in this Policy shall limit the Board's ability to seek guidance from or report a suspected incident of fraud or financial misconduct to the Halton Regional Police Services.

The Director of Education will provide an annual report regarding the implementation of this policy and any related findings.

### **WHISTLE-BLOWER PROTECTION**

This policy prohibits reprisals against individuals, acting in good faith, who report incidents of suspected fraud, or who act as witnesses in any investigation. The Board shall make every effort to ensure that an individual, who, in good faith, makes a report under this policy, is protected from harassment, retaliation or adverse employment consequences. A suspected act of fraud shall be reported to the immediate Supervisor or Supervisory Officer. Where a senior member of management is suspected of involvement in fraudulent activity, the report shall be made to the Director of Education, Chair of the Audit Committee or Chair of the Board. Where a Trustee is suspected of fraud, a report shall be made to the Director of Education.

#### ***Related Board Policies***

*Code of Ethics*

*Trustee Code of Conduct*

*Audit Committee Governance Policy*

*Trustee Expenses*

#### ***Related Board Administrative Procedures***

*Fraud Prevention and Management*

*Code of Ethics*

*Audit Committee Governance Procedure*

*Progressive Discipline*

*Travel and Expense Reimbursement*

*Purchasing*

*Corporate Purchasing Card Program*

*School Fundraising*

*School Generated Funds*

*Hospitality*

#### ***Related Ministry Documents***

*Education Act*

*Ontario Regulation 361/10: Audit Committees*

*Ontario Public Sector Travel, Meal and Hospitality Expenses Directive*

<b>Topic:</b>	<b>Fraud Prevention and Management</b>
<b>Effective:</b>	<b>September 2020</b>
<b>Cross-Reference:</b>	<b>Education Act, Ontario Regulation 361/10: Audit Committees, Ontario Public Sector Travel, Meal and Hospitality Expenses Directive Board Administrative Procedures: Code of Ethics, Trustee Code of Conduct, Audit Committee Governance Procedure, Progressive Discipline, Workplace Investigation Process, Trustee Expenses, Travel and Expense Reimbursement, Purchasing, Corporate Purchasing Card Program, School Fundraising, School Generated Funds, Hospitality</b>
<b>Revision Date:</b>	<b>September 2020, June 2023</b>
<b>Review Date:</b>	<b>June 2027 <del>September 2024</del></b>
<b>Responsibility:</b>	<b>Superintendent of Business Services and Treasurer; Superintendent of Human Resources</b>

**INTENDED PURPOSE:**

This Administrative Procedure provides a clear and consistent process for preventing, detecting, investigating and reporting on suspected or alleged incidents of fraud, as set out in the Fraud Prevention and Management Policy. This procedure is intended to increase awareness of key indicators of fraud, the diverse types of fraud and fraudulent schemes that may exist and the roles/responsibilities of all staff in fraud prevention, deterrence and detection. This procedure applies to Trustees, employees, volunteers, and third-party contractors / consultants of the Halton District School Board (the “HDSB” or “**school board**”). It also applies to other external parties who perpetrate fraud against the **HDSB Board**.

**DEFINITIONS:*****Fraud***

Fraud is a deliberate act of dishonesty or deception with knowledge that it may deprive another person of assets or economic benefit. An act of fraud may be perpetrated by one or more individuals.

Acts of fraudulent behaviour may include but are not limited to, the following:

- i. Forgery or alteration of cheques or other banking documents and records;
- ii. Theft, embezzlement or misappropriation of funds, supplies and services, resources, other assets or time;
- iii. Any irregularity in the handling or reporting of money transactions, including the falsification, destruction or removal of corporate records;
- iv. Any computer related activity involving the alteration, destruction, forgery, manipulation, of data or unauthorized access for fraudulent purposes;
- v. Any claim for reimbursement of business expenses that is either intentionally inflated or not a *bona fide* business expense of the **Bschool board**;
- vi. Any claim for compensation/pay (eg. inflated timesheets);
- vii. Any claim for reimbursement of benefit expenses under the **HDSB Board**-benefit plans provided to employees that is either intentionally inflated or falsified;
- viii. The unauthorized use of **school bBoard** money, property, resources or authority for personal gain or other non-**bBoard** related purposes;
- ix. Misuse or abuse of authority in the context of purchasing goods and services;
- x. False claims for grants, contributions or any program/service payments, including refunds and rebates;
- xi. Seeking or accepting anything of material value from vendors of the **HDSB Board** (bribes, commissions, etc.) in violation of the conflict of interest;
- xii. Making personal purchases on **HDSB issued Board**-Corporate/Purchasing credit cards;
- xiii. Other financial misconduct.

**PROCEDURES****Roles and Responsibilities**

- Senior Management is responsible for instituting and maintaining a system of internal controls to provide reasonable measures for the prevention and detection of fraud. These measures include appropriate segregation of duties, user access, manual and automated controls, senior authorization and audit functions.
- The Fraud Prevention and Management Policy and Administrative Procedure shall be communicated to all Trustees and permanent employees and form part of the on-boarding package. Fraud training shall be integrated into the annual financial training, as well as provided on an as needed basis.
- External vendors, service providers and volunteers shall be required to ~~comply~~~~confirm~~~~compliance~~ with the Board's Fraud Prevention and Management Policy.

**Duty to Report**

- All individuals have a duty to report suspected fraud or financial misconduct.
- All employees and other parties of the ~~HDSB Board~~ are responsible to report immediately any suspected or detected fraud by notifying their immediate supervisor/manager. If the employee has reason to believe that such supervisory/manager may be involved, the employee shall immediately notify the responsible Supervisory Officer. If the employee has reason to believe that the Supervisory Officer may be involved, the employee shall then notify the Director of Education, Chair of the Audit Committee or Chair of the Board.
- Upon notification from an employee of a suspected fraud, the manager/supervisor shall immediately notify his/her Supervisory Officer, who shall notify the Director of Education and the Superintendent of Human Resources and/or Superintendent of Business Services, as appropriate. The manager/supervisor or the Supervisory Officer shall not attempt to investigate the suspected fraud nor discuss the matter except as required to facilitate with the investigation process or as required by law.
- Upon notification of suspected fraud of a material amount, the Director of Education and the Superintendent of Human Resources and/or Superintendent of Business Services shall inform the Chair of the Audit Committee of the alleged or suspected fraud and shall ensure that all instances of alleged or suspected fraud are appropriately investigated.
- The Director of Education, the Superintendent of Human Resources and/or Superintendent of Business Services, may, at their discretion, involve the services of the Regional Internal Audit Manager, the ~~Board~~ forensic consultants, external auditors and/or the ~~HDSB Board~~ legal counsel.

**Investigation of Suspicion of Allegations of Fraud**

- Where there are reasonable grounds to suspect that a fraudulent act has occurred, the evidence must be secured, and action shall be taken to prevent the theft, alteration, or destruction of relevant records.
- The records must be adequately secured until they are required to begin the audit investigation. Continuity of evidence must be maintained throughout the investigation.
- Investigation of suspected or alleged acts of fraud shall be managed with appropriate ~~HDSB Board~~ staff, limiting the number of staff members involved in the investigation to the fullest extent possible. Investigations pertaining to employee misconduct will be conducted in accordance with the ~~Workplace Investigation Process~~ and Progressive Discipline Administrative Procedure.
- Employees are expected to fully cooperate with management and any others involved in the investigation.



- The Director of Education and the Superintendent of Human Resources and/or Superintendent of Business Services shall inform the Chair of the Audit Committee of an alleged act of material fraud, once the occurrence has been confirmed. The Chair of the Audit Committee shall inform the Board of Trustees of any alleged or suspected material fraud at the next scheduled Board meeting, in Private Session.
- Depending on the severity of the matter, the Chair of the Audit Committee may call a meeting of the Audit Committee to apprise them of the situation and seek further advice from them.
- At the conclusion of the investigation, the Director of Education, through the Superintendent of Human Resources and the Superintendent of Business Services shall present the Audit Committee with a report of findings, in collaboration with any subject matter experts involved. The Audit Committee Chair will provide the report of findings to the Board of Trustees at the next scheduled Board meeting, in Private Session.

### **Special Investigations**

- Where the Superintendent of Business Services is suspected of fraud, the employee or other party of the ~~B~~school board will contact the Director of Education directly. The Director of Education will notify the Chair of the Audit Committee. The Director of Education may request the ~~Board's~~ Regional Internal Audit Manager or forensic consultants to conduct an initial review and report the results to the Director of Education and the Chair of the Audit Committee.
- Where the Director of Education is suspected of fraud, the employee or other party of the school ~~B~~board will contact the Chair of the Audit Committee or the Chair of the Board directly. The Chair of the Audit Committee may request the ~~Board's~~ Regional Internal Audit Manager or forensic consultant to conduct an initial review and report the results directly back to the Chair of the Board and the Chair of the Audit Committee.
- Where a Trustee is suspected of fraud, the employee or other party of the school ~~b~~Board will contact the Director of Education. The Director of Education may request the ~~Board's~~ Regional Internal Audit Manager or forensic consultants to conduct an initial review and report the results back to the Director of Education and/or the Superintendent of Business Services, and/or the Chair of the Audit Committee.

### **Confidentiality**

- Except as required by law, all participants in a fraud investigation shall keep the details and results of the investigation confidential, shall not discuss the matter with anyone other than those involved in the investigation, and shall sign confidentiality agreements to that effect.

### **Whistle Blower Protection**

- A Trustee, employee, or other party of the ~~HDSB Board~~, making an allegation in good faith of a suspected act of fraud or financial misconduct will be protected from reprisal, discipline or dismissal.
- The ~~HDSB Board~~ will not tolerate any retaliation directly or indirectly against anyone who, in good faith, makes an allegation of wrongdoing.
- Except as required by law, the ~~HDSB Board~~ will not reveal the identity of any person who makes a good faith allegation and who asks that their identity remain confidential. To the fullest extent possible, the anonymity of the person providing the information will be maintained.

### **Follow-up Actions**

- Unless exceptional circumstances exist, an employee or other party under investigation for fraud or financial misconduct shall be given notice in writing of the essential particulars of the allegations following the conclusion of the investigation, and before any final disciplinary action is taken. Employee misconduct investigations are conducted in accordance with the **Workplace Investigation Process and the Progressive Discipline Administrative Procedure**.

- When fraud or financial misconduct is substantiated by the investigation, appropriate disciplinary action shall be taken, up to and including dismissal.
- Where there are reasonable grounds to indicate that criminal misconduct has occurred, the Director of Education, Superintendent of Human Resources and the Superintendent of Business Services in consultation with ~~appointed Board~~ forensic consultants and ~~HDSB Board~~ legal counsel, as appropriate, will notify the Halton Regional Police Services.
- Nothing in this procedure ~~shall~~ limit the ~~school b~~Board's ability to seek guidance from or report a matter to the Halton Regional Police Services.
- The ~~HDSB Board~~ shall make every reasonable effort to seek restitution and obtain recovery of any and all losses from the offender(s), or other appropriate sources, including the ~~school b~~Board's insurers.

### Media

- Matters related to an alleged fraud, financial misconduct or audit investigation shall not be discussed with the media. Any staff person or Trustee contacted by the media with respect to an investigation shall refer the inquiry from the media to the Manager, Communications Services or designate.

### False and Malicious Allegations

- It is expected Trustees, employees and other parties of the ~~HDSB Board~~ will report any suspected or detected acts of fraud or financial misconduct in good faith, with reasonable grounds for believing there has been a breach of the Code of Ethics and/or Code of Conduct, or questionable financial practices. Deliberately frivolous, malicious or false allegations are serious acts of misconduct and the ~~HDSB Board~~ may impose disciplinary measures up to, and including dismissal, or take other legal action, as appropriate.

### Post Implementation

#### Reporting

- Upon conclusion of the investigation where material fraud is verified, the results shall be reported to the Chair of the Audit Committee. Where the Regional Internal Audit Manager or the ~~Board's~~ forensic consultants were involved in the investigation, the results will first be reported to the Director of Education, and the Superintendent of Business Services, as appropriate.
- The Chair of the Audit Committee shall provide a report to the Board of Trustees, at the next scheduled Board meeting, in Private Session.
- All information relating to investigations undertaken under this policy will be reported to the external auditors, so as to allow them to discharge their statutory responsibilities.
- On an annual basis, the Director of Education, through the Superintendent of Human Resources and the Superintendent of Business Services will provide a report to the Audit Committee, on the implementation of this Administrative Procedure, including information on any investigations conducted during the year and any ~~related~~ findings. The Chair of the Audit Committee will provide the annual report to the Board of Trustees, at the next scheduled Board meeting, in Private Session.

#### Risk Assessment

- Upon completion of any fraud investigation, the ~~HDSB Board~~ will conduct a risk assessment of the incident and ensure, to the fullest extent possible, that corrective and preventative measures are put in place to reduce the chance of recurrence or similar behaviour occurring elsewhere in the ~~B~~school board.