



Halton District School Board

AUDIT COMMITTEE

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

Thursday, April 13, 2017

Public Session: 3 p.m.

PUBLIC SESSION AGENDA

1.0 – Opening

- 1.1 Welcome and Call to Order
- 1.2 Approval of the Agenda
- 1.2 Declarations of Possible Conflict of Interest

2.0 – Ratification / Action

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- 2.1 Minutes of the Audit Committee Meetings
 - 2.1.1 Audit Committee Meeting, February 28, 2017 *pages*
- 2.2 Approval of Business Transacted in Private Session
- 2.3 Action Items
 - 2.3.1 External Audit Plan 2016/2017 (*D. Tonin*) *pages*
 - 2.3.2 Regional Internal Audit Plan 2017/2018 (*J. Baker*)
 - 2.3.3 Audit Committee Terms of Reference
 - 2.3.4 Policy for Designating Non-Audit Services by the External Auditor

3.0 – Communication to the Audit Committee

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- 3.1 Information Items
 - 3.1.1 Regional Internal Audit Status Update (*J. Baker*) *page*
 - 3.1.2 HDSB Internal Audit Update (*deferred to next meeting*)

4.0 – Business Arising

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5.0 – Other Business

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6.0 – Adjournment

- 6.1 Motion to Adjourn

This publication is available in accessible formats upon request

**Halton District School Board
Audit Committee Public Session Meeting Minutes
Tuesday, February 28th, 2017**

Attendance:

Trustee Members: A. Harvey Hope, J. Gray, K. Graves

Trustee Guests: A. Collard

Public Representative: M. Caputi, D. McKerrall

Staff: D. Boag, L. Veerman, C. Salemi, J. Sweetman, K. Samarin

Regional Internal Audit Team: J. Baker

External Auditor: D. Tonin

Regrets: S. Miller, C. Dalrymple

Agenda Item 1.0

1.1 Call to Order

The Chair called the meeting to order at 3:00 p.m.

1.2 Declarations of Possible Conflict of Interest

No conflicts of interest were declared.

Agenda Item 2.0

2.1 Approval of the Public Session Agenda

Motion: K. Graves/D. McKerrall

Be it resolved that the Agenda for the Public session of the Audit Committee Meeting for February 28th, 2017 be approved as distributed.

Carried Unanimously.

2.2 Minutes of the Audit Committee Meetings

2.2.1 Audit Committee Meeting, November 8, 2016

Motion: K. Graves/M. Caputi

Be it resolved that the minutes from the Public Session Audit Committee Meeting held on November 8th, 2016 be approved as distributed. **Carried**

Unanimously.

2.3 Introduction of External Audit Committee Member

The Chair introduced Dan McKerrall as the new External Audit Committee Member and provided a brief synopsis of Dan's experience and background. The Committee welcomed Dan.

2.4 Action Items

2.4.1 Policy for Designating Non-Audit Services by the External Auditor

Superintendent of Business Services confirmed that the wording in the policy is consistent with the wording in Regulation 361/10.

Confirmation that although Board may enter into multi-year contracts for external audit services, the contracts would include an exit clause to allow for termination at the end of each year if necessary.

New policy will be subject to public consultation.

Motion: D. McKerrall/K. Graves

Be it resolved that the Audit Committee make a recommendation to forward the Policy for Designating Non-Audit Services by the External Auditor to the Board of Trustees for approval. **Carried Unanimously.**

2.4.2 Audit Committee Terms of Reference

Request to change wording under "Membership" from "beginning the first meeting following a municipal election" to "...beginning the first meeting of their term".

Request for additional discussion with respect to the electoral process for Chair and Vice-Chair and whether potential candidates need to declare their intent prior to the election meeting.

Under "Support", request to add Controller of Financial Services

Request that the section describing "Meetings" include language identifying the various options for calling an Audit Committee meeting.

Request for clarification outlining criteria to determine if reports to Board will be verbal/written.

2.4.3 Appointment of External Auditor for 2016/2017 Financial Statement Audit

Motion: A. Harvey Hope/M. Caputi

Be it resolved that the Audit Committee make a recommendation to the Board of Trustees to authorize the appointment of the external audit firm, Deloitte LLP, to perform the annual financial statement audit of the 2016/2017 fiscal year. **Carried Unanimously.**

Agenda Item 3.0

3.1 Information Items

3.1.1 Regional Internal Audit Status Update and Declaration of Independence

The Regional Internal Audit Manager spoke to the Regional Internal Audit Status Update and the written Annual Independence Assertion.

Motion: D. McKerrall/K. Graves

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

3.1.2 HDSB Internal Audit Update (deferred to next meeting)

Chair noted that this item has been deferred until the next Audit Committee meeting.

Agenda Item 4.0

4.1 Business Arising

No items were brought forward.

Agenda Item 5.0

5.1 Professional Development Request for Audit Committee Members

Request for additional information on Professional Development for Audit Committee members at next meeting.

Package of materials shared with new Public Representative will be distributed to other members of the Committee to help determine what additional training is required.

Agenda Item 6.0

6.1 Motion to Rise into Private Session

Motion: M. Caputi/D. McKerrall

Be it resolved that the Audit Committee rise into Private Session. **Carried Unanimously.**

Agenda Item 7.0

7.1 Ratification of Business Transacted in Private Session

Motion: A. Harvey Hope/M. Caputi

Be it resolved that the Audit Committee approve the motions that were ratified in private session. **Carried Unanimously.**

7.2 Other Business Arising From Private Session

No items were brought forward.

Agenda Item 8.0

8.1 Motion to Adjourn

Motion: K.Graves/A. Harvey Hope

Be it resolved that the Public Session of the Audit Committee Meeting held on February 28th, 2017 be adjourned at 5:20 pm. **Carried Unanimously.**



Halton District School Board 2017 Audit service plan

For the year ended August 31, 2017
Presented to the audit committee
April 13, 2017



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April 6, 2017

To the Chairman 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

2017 Audit service plan

Dear audit committee members:

We are pleased to provide you with our audit service plan for Halton District School Board and its related entities ("the School Board") for the year ending August 31, 2017. This document describes the key features of our plan including our audit scope and approach, our planned communications with you, our team and an estimate of our fees.

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

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

Yours truly,

A handwritten signature in black ink that reads "Deloitte LLP".

Chartered Professional Accountants
Licensed Public Accountants

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Our audit explained

Audit scope and terms of engagement

We have been asked to perform an audit of the School Board's consolidated financial statements (the "consolidated financial statements") 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") as at and for the year ending August 31, 2017. 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 service agreement, which will be sent separately in the near future. Our service agreement should be signed on behalf of the board and management.



Materiality

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

Materiality levels are determined on the basis of 2% of total expenses.

We will inform the audit committee of all uncorrected misstatements greater than a threshold of 5% of materiality and any misstatements that are, in our judgment, qualitatively material. In accordance with Canadian GAAS, we will ask that any misstatements be corrected.

Audit risks

Through our preliminary risk assessment process, we have identified audit risks. These risks and related audit responses are discussed in the Audit risks section of this report.

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. Asking people 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 also ask 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.

Complete engagement reporting

Audit reporting

Under Canadian GAAS, we are required to communicate certain matters to the audit committee. The primary reports and formal communications through which we will address these matters are:

- This Audit Service Plan
- Year End Communication, and
- Our Auditor’s Report on the consolidated financial statements.

Business Insights

We will provide you with insights into the condition of your business and offer meaningful suggestions for improvement.



Audit fees

The quoted fees for the 2017 audits and other related work, excluding applicable taxes, are as follows:

Audit	Current year	Previous year
School Board’s statutory audit (including Pre and Post Audit Committee Reports, school visits and Management Letter)	\$61,000	\$61,000
The Fast Track – Community Centre for Skills, Development and Training audit	\$15,000	\$15,000
Seven month stub period report	\$7,350	\$7,350
Total	\$83,350	\$83,350

Audit risks

During our risk assessment, we identified some audit risks that will require special audit consideration. These risks, together with our planned responses, are described below.

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.

Revenue recognition*

Audit risk

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

This represents a fraud risk for the 2017 audit.

Our proposed audit response

- We will test cut-off, completeness and accuracy by obtaining confirmation of the 2017 revenues.
 - We will review agreements with third parties.
 - We will review grant stipulations.
 - We will review related disclosure.
-

Management override of controls*

Audit risk

Management is in a unique position to override internal controls, which could allow manipulation of the accounting records that could result in consolidated financial statements that are materially misstated.

This represents a fraud risk for the 2017 audit.

Our proposed audit response

- We will discuss fraud with management.
 - We will test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.
 - We will evaluate the business rationale for any significant unusual transactions.
 - We will determine whether the judgments and decisions related to management estimates indicate a possible bias, which will include performing retrospective analysis of significant accounting estimates.
-

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 large volume of cash collected. This represents a fraud risk for the 2017 audit.

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.

Accounts payable and accrued liabilities

Risk identified

Accounts payable and accrued liabilities may be understated due to improper cut-off.

Our proposed audit response

- We will test disbursements subsequent to year-end to determine the reasonableness of accounts payable and accrued liabilities.
- We will test the supporting assumptions and underlying data for accruals.
- We will review the outcome of prior year estimates and accruals.

Employee future benefits

Risk identified

Employee future benefits liabilities and expenses may be understated.

Our proposed audit response

- We will review the actuarial report including assumptions and data upon which estimates are based.
- We will ensure proper disclosure in the financial statements.

Payroll

Risk identified

Payroll expense is not accurately recorded.

Our proposed audit response

- We will review and test internal controls related to the payroll cycle.
- We will detail test payroll transactions for appropriate pay in accordance with employment agreements and other relevant documentation.

*significant risk

As we perform our audit procedures, we will inform you of any significant changes to the audit risks discussed above and the reasons for those changes.

Appendix 1 – 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 risksNames, locations, and planned responsibilities of other independent public accounting firms or others that perform audit procedures in the audit 	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 240.20
5. Any known suspected or alleged fraud affecting the School Board	CAS 240.21
6. Whether the School Board is in compliance with laws and regulations	CAS 250.14
Year-end communication	
7. Fraud or possible fraud identified through the audit process	CAS 240.40-.42
8. Significant accounting policies, practices, unusual transactions, and our related conclusions	CAS 260.16 a.
9. Alternative treatments for accounting policies and practices that have been discussed with management during the current audit period	CAS 260.16 a.
10. Matters related to going concern	CAS 570.23
11. Management judgments and accounting estimates	CAS 260.16 a.
12. Significant difficulties, if any, encountered during the audit	CAS 260.16 b.

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

Required communication	Reference
13. Material written communications between management and us, including management representation letters	CAS 260.16 c.
14. Other matters that are significant to the oversight of the financial reporting process	CAS 260.16d.
15. Modifications to our opinion(s)	CAS 260.A18
16. Our views of significant accounting or auditing matters for which management consulted with other accountants and about which we have concerns	CAS 260.A19
17. Significant matters discussed with management	CAS 260.A.19
18. Matters involving non-compliance with laws and regulations that come to our attention	CAS 250.23
19. Significant deficiencies in internal control, if any, identified by us in the conduct of the audit of the Consolidated financial statements	CAS 265
20. Uncorrected misstatements and disclosure items	CAS 450.12-13
21. Any significant matters arising during the audit in connection with the School Board’s related parties	CAS 550.27

Appendix 2 – Group audit and timing

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

Procedures	Timing
Presentation of audit plan to the Audit Committee	April 13, 2017
Seven month stub period report	Week of May 1, 2017
Interim audit	Week of May 29, 2017
School Generated Funds/School Council Funds audit	Tentatively week of September 18, 2017
Fast Track – Community Centre for Skills, Development and Training audit	Tentatively week of September 18, 2017
Year-end audit	Tentatively October 16-27, 2017
Meetings with the Audit Committee to:	
Issuance of draft consolidated financial statements to the Audit Committee	Tentatively November 9, 2017
Review the result of our audit and provide audit report	Tentatively November 9, 2017



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MEMO

To: Halton District School Board Audit Committee
From: Jenny Baker, Regional Internal Audit Manager
Date: 13 April 2017
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 28, 2017.

A. 2017-2018 Risk Assessment Update and Audit Plan Proposal

Attached for your information is a summary describing the annual risk assessment update and the presentation of 2017-18 regional internal audit plan for your approval.



**INTERNAL
AUDIT TEAM**
West of Central Region

MEMO

TO: Halton District School Board Audit Committee
FROM: Jenny Baker, Regional Internal Audit Manager
DATE: 13 April 2017
SUBJECT: 2017-18 Internal Audit Plan

During the spring of 2016, the Regional Internal Audit Manager facilitated a risk assessment discussion with the Director and the Superintendent of Business Services and a risk presentation to Board Leaders. These sessions resulted in the development of a two year audit plan which was presented last April. During March 2017, discussions were held with the Superintendent of Business Services to identify if there were any changes in the risk profile or any new or emerging risks impacting Board operations and processes which Board Management wanted reflected in the 2017-18 regional internal audit plan. The result of the planning session proposes the delay of the audit of compliance to the Broader Public Sector Procurement Directive until 2018-19, the deletion of a special education audit due to the Board's ongoing special education review and the scheduling of the following two projects.

Recommendation:

Be it resolved that the Audit Committee recommends that the 2017-18 Regional Internal Audit Plan which includes audits of Board Sponsorships and Insurance Program Administration, and follow-up reviews on IT Strategy and the Entity Level Assessment to be approved by the Board of Trustees.

For 2017-18

1. Board Sponsorships

"The Board has an objective to create the opportunity for the highest quality education possible for all students in Halton and has identified that partnerships and sponsorships may mutually benefit education, the community and business and provide opportunities for increased community participation in the education process."¹

An Administrative Procedure has been in place since 2002 to address the administration of corporate partnerships, sponsorships and donations where the Board

¹ HDSB Administrative Procedure 'Corporate Partnerships, Sponsorships, Donations' effective September 2002

is the recipient. However this Procedure does not extend to situations where the Board is the donor. Therefore an assessment is proposed to determine whether Board sponsorships established for specific programs and services are being delivered. This audit addresses operational and reputational risk.

2. Insurance Program Administration

The Board participates in a number of initiatives that contribute to the prevention, reduction and mitigation of a multitude of risks to students and school board staff, property and reputation.

The proposed objective of this assessment is to determine whether Boards programs and insurance coverage adequately mitigates the risks that confront school board staff today.

3. Audit Follow up Reviews

- I. IT Strategy
- II. Entity level Assessment

For 2018-19 – Topics Identified For Discussion Only

1. Compliance to the Broader Public Sector (BPS) Procurement Directive

The objectives of the audit will be to assess whether HDSB has developed procurement policies and administrative procedures for purchasing which determine how the requirements of the Broader Public Sector Procurement Directive, effective April 1, 2011 have been put into operation; and whether the Board acquires goods and services through an open, fair and transparent process with consideration for quality, cost effectiveness, and timeliness of delivery.

2. Attendance Support Program

It is recognized that rising employee absences impacts student achievement and well-being and operating costs. RIAT proposes to utilize business intelligence software and data visualization to present information about employee absences that assists Board leadership in confirming whether effective mitigation strategies to address absenteeism are in place or can be strengthened.

3. Privacy

Concerns over the privacy of personal private information (PPI) have progressed from limited to pervasive in almost all industries. PPI as a whole is exposed to a variety of vulnerabilities, including loss, misuse and unauthorized distribution. Stakeholders of the Board expect that the privacy of student and staff information is adequately protected.

The objective of the audit will be to provide assurance of the adequacy and effectiveness of information management and privacy practices in place to protect PPI as it is collected, processed and stored and to support compliance to both Board policy and legislative requirements.

4. Audit Follow up Reviews

- i. Information Technology, Back up Disaster and Recovery
- ii. Information Technology Vulnerability and Security Assessment

Audit Committee

Terms of Reference - Draft - ~~February 28~~ April 13, 2017

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Purpose

In order to contribute to good governance, transparency and accountability, the Audit Committee reports and makes recommendations to the Board of Trustees. These reports assist trustees in their obligations and oversight responsibilities relating to the school board's financial and risk management, control and governance frameworks and processes.

Context

Audit Committees are bound by The Ontario Education Act, Ontario Regulation 361/10. This Terms of Reference is developed in accordance with the act and outlines the purpose, objectives, membership and operating procedures of the Halton District School Board's Audit Committee.

Definitions

"External Auditor" means an auditor appointed by a board under subsection 253(1) of the Act to perform the duties referred to in subsection 253(4) of the Act.

"Internal Auditor" means a contractor or employee of a board who examines and evaluates a board's records and procedures related to the board's risk management, internal controls and governance processes and makes recommendations on ways to improve the board's risk management, internal controls and governance processes.

361/10 S.1(2)

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"External Member" means a person who is not an employee or officer of the board or of any other board at the time of his or her appointment. This member has accounting, financial management or other relevant business experience that ensures an understanding of the accounting and auditing standards applicable to the board. 361/10 S.4(1)

"Fiscal Year" means the fiscal year of the board which begins on September 1st and ends at August 31st of the following calendar year.

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Duties and Responsibilities

The audit committee duties and responsibilities are related to:

- financial reporting processes
- internal controls

- internal auditor
- external auditor
- risk management
- compliance matters

Membership

Pursuant to legislation, the Audit Committee shall consist of five members which must include three trustees and two external members. Trustee appointments shall be made by the Striking Committee and will be up to four years in length beginning the first meeting following the beginning of their term at the first Audit Committee meeting after the new board is sworn in following a municipal election. External members will be appointed by the board's selection committee as per Ontario Reg. 361/10 S.5 for a term not to exceed three years 361/10 S.7(2). Any code of conduct of the board that applies to trustees also applies to external members in relation to their functions, powers and duties as members of the committee. If an external member resigns, another member shall be appointed for the remainder of the three year term.

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Chair and Vice Chair

Among the committee members, a Chair and Vice Chair will be elected at the first meeting of the Audit Committee in each fiscal year. 361/10 S.6(1). The electoral process will be consistent with that used for the election of the Chair and Vice Chair of the Board of Trustees. All members of the Audit Committee will be given the opportunity to declare themselves as a candidate at the first meeting of each fiscal year prior to the elections.

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The Vice Chair will chair the meeting when the Chair is not present, has a conflict of interest, or when the Chair deems it necessary, in accordance with the Passing the Gavel By-Laws of the Board.

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Quorum

Three members of the Audit Committee, including at least one external member, constitutes a quorum for meetings of the Audit Committee. 361/10 S.11(6).

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Decision Making

Each member of the Audit Committee has one vote. 361/10 S.11(3). The Audit Committee shall make decisions by resolution. In the event of a tie vote, the Audit Committee Chair is entitled to cast a second vote. 361/10 S.11(5).

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Support

Each regularly scheduled meeting of the Audit Committee may include the following staff as needed:

- Director of Education or designate
- Superintendent of Business Services and Treasurer
- Controller of Financial Services
- Internal Auditor
- External Auditor(s)
- Regional Internal Audit Team
- Manager of Accounting
- Staff assigned minute taking for the committee

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Meetings

The Audit Committee shall meet at least three times in each fiscal year, and at such other times as the Chair of the Audit Committee or the Board of Trustees considers advisable. 361/10 S.11(1). The first meeting of the fiscal year shall take place no later than September 30. 361/10 S.11(2). The other two meetings are typically held in November and in April. Trustees who are not members of the Audit Committee shall be invited to attend all meetings as observers. The names of trustees in attendance shall be noted in the minutes.

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Audit Committee meetings may be comprised of up to three distinct and separate sessions: Public (Open), Private (Closed) and In-Camera.

Public sessions are open to the public.

Private are not open to the public. Private sessions include Audit Committee members, Board of Trustees, and any other personnel or participants as needed. Private sessions deal with matters regarding personnel, property or risk management.

In-Camera sessions include Audit Committee members and other personnel or participants as needed. In-Camera sessions permit the Audit Committee to receive feedback regarding audit processes or risks without other parties present.

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Private and Public Session Meetings

- a) PrivatePublic Session shall precede Publicprivate Session. The Audit Committee can, by resolution, go back into Privatepublic Session following the Publicprivate Session of the Audit Committee meeting.
- b) Audit Committee members may vote to make recommendations to the Board on matters brought before them in Private Session, and any such recommendations

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will be brought forward for a vote at a meeting of the Audit Committee in Public Session.

Meeting Agendas and Minutes

Meeting agendas will be developed by the Chair in consultation with the Vice Chair and support from the Superintendent of Business Services. Requests for agenda items may be addressed to the Chair.

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The Chair of the Audit Committee shall ensure that minutes are taken at each meeting and provided to the members of the committee in a timely fashion. 361/10 S.11(7)

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Budget

The board's administration budget covers the costs associated with all aspects of the work of the Audit Committee.

External Members may claim for mileage reimbursements to attend Audit Committee meetings in accordance with the Board's Travel and Expense Reimbursement and Hospitality Administrative Procedures.

Contact Person

Any questions related to the activities of the Audit Committee, should be directed to the Chair of the Audit Committee or the Chair of the Board of Trustees.

Audit Committee Reporting to Board of Trustees

In addition to reporting responsibilities outlined in Ontario Regulation 361/10 S.15, a report will be presented to the Board of Trustees after each meeting of the audit committee, on all decisions and actions approved by the Audit Committee. Where

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Audit Committee matters are passed in a motion during the meeting, and such motions are brought forward to the Board, this report must be presented in written format. Otherwise, the committee report may be presented as a verbal report to Board.

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An annual written report will be provided to the board at the end of each fiscal year to meet the requirements of Ontario Regulation 361/10 S.15(1).

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BOARD FRAMEWORK POLICY	
Adopted	
Last Revised	
Review Date	

AUDIT and NON-AUDIT SERVICES

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

1. Audit Committee Pre-Approval of Services

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

2. Pre-Approval of Services

The engagements for the annual audit of the Board’s consolidated financial statements or its subsidiaries shall be approved by the Audit Committee on an annual basis and evidenced by the execution of an audit engagement letter with the external auditor.

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

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

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

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

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

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

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

3. Engagement Letters

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

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

4. Reports of Services to the Audit Committee

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

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

Legal References:

Education Act,

Ontario Regulation 361/10 Audit Committees

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

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

Board References:

Board Governance and Framework Policies

Halton District School Board Multi-Year Plan

Halton District School Board Operational Plan