

A meeting of the Audit Committee was held via Microsoft Teams through a virtual meeting on Monday, May 4, 2020, at 5:30 p.m.

**Present:**

**Trustee** L. French  
**Members:** S. Ruttan  
G. Elliott

**Officials:** M. Baumann, Manager, Financial Services  
D. Rantz, Director of Education  
C. Young, Superintendent of Business Services & Treasurer

**Others:** L. Huber, KPMG  
P. L'orfano, RIAT Ontario East  
G. Segu, RIAT Ontario East

**Recorder:** D. Burns, Administrative Assistant

Trustee French called the meeting to order at 5:30 pm.

Acknowledgement of Territory:

"The Limestone District School Board is situated on the traditional territories of the Anishinaabe and Haudenosaunee. We acknowledge their enduring presence on this land, as well as the presence of Métis, Inuit and other First Nations from across Turtle Island. We honour their cultures and celebrate their commitment to this land."

**Approval of Agenda**

*MOVED BY: Trustee Elliott, that the agenda, as presented, be approved. Carried.*

**Declaration of Conflict of Interest**

Trustee Elliott declared a conflict of interest as his wife is an employee with LDSB and member of ETFO.

**Action Items:**

**1. Verbal Internal Audit Update**

G. Segu introduced herself as the Audit Manager for Ontario East. The RIAT plan for 2019-20 is in good shape. Progress has been made. Many items and engagements that were presented in September 2019 will be presented in Private Session and questions will be received during that time.

**2. 2019-2020 Draft Audit Plan**

L. Huber, Manager of KPMG, attended the meeting to provide an overview of the 2019-2020 Draft Audit Plan Report and she noted the following highlights:

- The Audit Planning Report (APR) is similar to last year with a consistent team.
- We remain independent and have extensive quality control and conflict checking processes in place. We provide complete transparency on all services and follow Audit Committee approved protocols.
- There are new slides in our APR on page 7 and 8 – these pages are meant to cover at a high level the effects COVID-19 will undoubtedly have on the Board's business and the Board's financial reporting. These are quite new and continue to evolve as more information becomes available.
- We have met with management as part of our audit planning process and have identified the following specific changes to the operations of the Board that will be considered in our audit approach this year including: Impact of COVID-19 as previously noted including province-wide school closures and Ontario teacher bargaining process. We are cognizant of the fact the new director search has started.
- There are no significant changes in the regulatory environment for the current audit period.
- Asset retirement obligations is the future accounting standard that will have the most significant impact in the near term in fiscal 2022.
- Audit risks – KPMG'S audit approach is a risk-based approach. Presumed risk related to fraudulent revenue recognition and presumed risk of management override of control.
- Materiality - determined to plan and perform the audit and to evaluate the effects of identified misstatements on the audit and of any uncorrected misstatements on the consolidated financial statements. The corresponding amount for the prior year's audit was \$7,500,000. We are proposing to keep materiality at \$7.5 million, 2.8% of benchmark. Benchmark has not changed year over year. Audit misstatement posting threshold at \$375,000. If we find any differences, we will report back to the Audit Committee and discuss with management.
- Audit Approach areas of focus – there were no real changes other than COVID-19 related impacts. Perform substantive analytical procedures over salaries and benefits, and related accounts – because salaries and benefits makes a large portion of the budget– we look at design and implementation of controls around the payroll process – we will continue to do that this year.
- Additional audit related work – KPMG performs additional audit work throughout the year on school generate funds. KPMG plans to visit schools at the request of management and review the processes and internal controls relevant to the school deposit, disbursement and enrolment processes (on the assumption that distancing restrictions have been lifted). Seventh Month Specified Procedures – KPMG will prepare the Accountants' Report with respect to the period September 1, 2019 to March 31, 2020 7-month procedures as required by the Ministry of Education.
- Data and analytics in the audit– KPMG has some new ideas here – embedding more technology into our processes and identifying any anomalies.
- Continue to leverage technology to carry out our audits.
- Key deliverables and milestones - following a similar timeline – hope to be back in front of the Audit Committee in September 2020.
- Appendix 1 refers to required communications that we should have with the Audit Committee. No significant change year over year. We continuously reach out to the Chair to have conversations regarding areas of risk, errors or fraud. We will continue to reach out as part of our audit procedures.
- Audit Quality and Risk Management -quality control is fundamental to our business and is the responsibility of every partner and employee.
- Appendix 5- Lean in Audit – provide basic Lean training and equip teams with a new Lean mindset to improve quality, value and productivity. Perform interactive

workshops to conduct walk throughs of selected financial processes providing end-to-end transparency and understanding of process and control quality and effectiveness. Quick and pragmatic insight report including immediate quick win actions and prioritized opportunities to realize benefit. Hopeful we can do that and that it will be part of our Audit Findings Report in the fall.

- New standards are coming- Asset Retirement Obligations, included in the APR is a document from national office for Audit Committee Agendas and some key issues, page 30 has useful information.

Trustee Elliott inquired if school visits occurred for every school? L. Huber stated that KPMG picks five schools between elementary and secondary on a rotating basis. Trustee Elliott inquired if IT security was postponed due to COVID-19, and whether it would be under review soon? L. Huber stated that is not covered under KPMG's financial statement audit. G. Segu stated it will be part of the RIAT plan.

Chair French stated that most schools will have little ability to utilize the school generated funds sitting in the bank this year and even going into next year. Carryforward is complicated, is there any risk for our school generated funds that school councils have been involved in? Superintendent Young confirmed there is no risk.

*MOVED BY: Trustee Elliott, that Draft Audit Plan be received. Carried.*

### **3. Other Business**

Superintendent Young provided an update on external committee members. Our external committee members' term has ended. A public posting was placed on our website, for two months, seeking interested individuals, however, no applications were received. We reached out to Adam Young who previously served on the committee and he was unable to commit. We will go out again to seek members externally. We have advised the Ministry that we are having trouble – this is not uncommon. We will reach out to the CPA group within Kingston with a specific invitation and see if we can solicit additional resumes.

Trustee Elliott stated he had a request after the deadline from a member of the community who was interested in the Audit Committee.

### **Motion to Private Session**

*MOVED BY: Trustee Ruttan, that the meeting move into Private Session.*

### **Private Session**

### **4. 2019-20 Internal Audit Activities Update**

G. Segu provided an Internal Audit Activities update.

### **5. 2019-20 Data Visualization Report**

G. Segu provided an overview of the 2019-2020 Data Visualization Report.

### **6. 2019-20 RIAT Model Review Introduction and Final Report**

G. Segu provided an overview of the 2019-2020 RIAT Model.

### **7. 2019-20 Follow-up Procedures Report**

P. L'orfano provided an overview of the 2019-20 Follow-up Procedures Report.

**Other Business**

Superintendent Young provided a verbal update on a liability issue.

**Committee to Rise and Report**

*MOVED BY: Trustee Ruttan, that the Committee Rise and Report to Public Session.  
Carried.*

**Next Meeting Dates (tentative)**

The next meeting dates are tentatively scheduled for: September 14, 2020, November 9, 2020 and May 3, 2021.

**Adjournment**

*MOVED BY: Trustee Elliott, that the meeting adjourn. Carried.*

The meeting adjourned at 6:51 p.m.