

AUDIT COMMITTEE MEETING MINUTES – MAY 2, 2022

PRIVATE SESSION

Roll Call:

Committee Members:	Staff:
G. Elliott, Trustee L. French, Trustee (Chair) S. Ruttan, Trustee R. Richard, External Member C. Innocente, External Member -regrets	K. Burra, Director of Education C. Young, Superintendent of Business Services P. Carson, Manager of Financial Services
Invitees:	Recorder & Producer:
P. L'Orfano, Internal Auditor G. Segu, Internal Auditor	D. Burns, Administrative Assistant A. Galt, Administrative Assistant

1. CALL TO ORDER

The Chair called the meeting to order.

MOTION: To move into Private Session.

MOVED BY: Trustee Elliott. Carried.

The meeting moved into Private Session at 5:30 pm.

2. DECLARATION OF CONFLICTS OF INTEREST

Trustee Elliott declared a conflict as his wife is an employee of the Board and a member of ETFO.

3. FOR INFORMATION

3.1. Multi-year internal audit plan

G. Segu, Regional Internal Audit Manager provided a review of the Multi-Year Internal Audit Plan.

PUBLIC SESSION

Laurie French, Chair of the Audit Committee Meeting opened the meeting by welcoming Trustees, Senior Staff and viewing public.

Chair French presented the Land Acknowledgement: “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, and I always ask that we all consider the harms of the past, and thank you all for commitment to improvements going forward.”

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Committee Members:	Staff:
G. Elliott, Trustee L. French, Trustee (Chair) S. Ruttan, Trustee R. Richard, External Member C. Innocente, External Member -regrets	K. Burra, Director of Education C. Young, Superintendent of Business Services P. Carson, Manager of Financial Services
Invitees:	Recorder & Producer:
L. Huber, KPMG External Auditor P. L’Orfano, Internal Auditor G. Segu, Internal Auditor	D. Burns, Administrative Assistant A. Galt, Administrative Assistant

5. ADOPTION OF AGENDA

Chair French asked if there were any additions to the agenda.

MOTION: That the Agenda as presented be accepted.

MOVED BY: Trustee Ruttan. Carried.

6. DECLARATION OF CONFLICT OF INTEREST

Trustee Elliott declared a conflict as his wife is an employee of the Board and a member of ETFO.

7. PRIVATE SESSION REPORT

Chair French reported that during Private Session the LDSB's internal auditor, Genevieve Segu presented the Audit Committee with the Multi-Year Internal Audit Plan for the 2022-2023 school year. No other motions or decisions were made.

8. REPORTS FOR INFORMATION

8.1 Regional Internal Audit Update

G. Segu, Regional Internal Audit Manager provided the Regional Internal Audit Update. The Audit Committee approved the 2021-22 Audit Plan at the September 13, 2021, meeting. The Critical Positions engagement has started, and the Audit Committee should receive the report in September 2022. The planning for the Safe School engagement will take place later this week. Depending on the scope the Regional Internal Audit Team ("RIAT") will start in the summer or fall of 2022. Follow-up procedures have started, and the complete report will be available in September 2022. No management requests have been received to date.

Chair French asked for any questions or comment for G. Segu.

8.2 KPMG 2021-2022 Audit Planning Report

L. Huber, External Auditor, reviewed the 2021-2022 Audit Planning Report. The Executive Summary highlights the key conversations that KPMG and the Audit Committee should be having. It is planned to be a status quo year.

Materiality is an important audit concept for any financial statement as it sets the scope in terms of the level of detail that KPMG looks at as part of the financial statement audit. The plan is to keep materially the same as it was at last year: overall financial reporting materiality at \$7.5 million. As KPMG reviews all the accounts and balances – to the extent any differences are found in excess of \$375,000 or 5% of materiality, KPMG will accumulate those and have discussions with the management team, and they will be part of the Audit Findings Report to the Audit Committee in the fall.

There is a presumption of the risk specifically related to fraud involving improper revenue recognition and risk from management override of controls. These are not unique to the school board by any stretch. They are required to be incorporated into any financial statement audit in Canada, so they've been around for several years now. Nothing uniquely different this year. KPMG will continue to do the work that's required to mitigate these risks to an acceptable level and certainly report back to the Audit Committee in

November.

KPMG spends time looking at any estimates in the financial statements simply because they are gray by nature, subject to measurement uncertainty and certainly could have an impact on the reported as surplus, or deficit in any given year. KPMG will continue to pay attention to those. Compensation expense, salaries, and benefits are such a large proportion of the Board's overall expenses in any fiscal year, KPMG continues to look at the controls in place relative to the HR payroll processes. That will be the large part of the internal audit that is to occur later this summer.

Financial Statements include school generated funds, which is the consolidation piece. Any significant activity will be looked at in those funds year over year. KPMG is currently working on the 7-month procedure audit which is required to be reported to the Ministry as of March 30. The impact of COVID-19 continues to be a consideration with incremental expenses and revenue recognition related to any new COVID funds the Board has received.

KPMG will report back to the Audit Committee in November 2022 to have the Board approve the financial statements.

KPMG responded to Management's request for proposal in the fall of 2021. The fees presented in the Audit Planning Report are the fees committed to in the proposal.

The Board has engaged KPMG Toronto to carry out a review of certain processes with the Board, KPMG Kingston is aware and certainly comfortable with the necessary safeguards. The Teams are separate and distinct and do not encroach on one another.

Any matters related to control deficiencies will be reported to Management

The annual engagement letter is very similar to previous years, subject to a new COVID-19 rider. Included in the Audit Planning Report is an example of expected report KPMG would expect to issue upon completion of the audit in November.

KPMG has had conversations with the Board with respect to new accounting standards for the future. The newest accounting standard, Asset Retirement Obligations, will come into play in 2023. Conversations will continue with Management to make sure everyone is in a good position for next fiscal year.

Chair French asked for questions and thanked L. Huber.

9. OTHER BUSINESS

None at this time.

10. OTHER MEETINGS

September 12, 2022, 5:30 pm

November 7, 2022, 5:30 pm

May 1, 2023, 5:30 pm

11. ADJOURNMENT

MOTION: To adjourn.

MOVED BY: Trustee Elliott. Carried.

The meeting adjourned at 6:22 pm.