

AUDIT COMMITTEE MEETING MINUTES – NOVEMBER 6, 2023

PUBLIC SESSION

Roll Call:

Administrative Staff Present:

Committee Members:	Staff:
S. Ruttan (Chair) G. Elliott, Trustee T. Lloyd, Trustee R. Richard, External Member C. Innocente, External Member	K. Burra, Director of Education C. Young, Superintendent of Corporate Services P. Carson, Manager of Financial Services L. Benjamin, Assistant Manager of Financial Services
Invitees:	Recorder & Producer:
L. Huber, KPMG External Auditor P. L'Orfano, Internal Auditor-regrets G. Segu, Internal Auditor	D. Burns, Administrative Assistant J. Dooley, Producer

Trustee Ruttan began the meeting with opening remarks.

The Indigenous Acknowledgement of Territory was read; 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.

1. CALL TO ORDER

The meeting was called to order at 5:30 pm.

2. ADOPTION OF THE AGENDA

Chair Ruttan called for any additions to the agenda. No additions were made.

MOTION: *That the Agenda as presented be accepted.*

MOVED BY: *Trustee Elliott. Carried.*

3. DECLARATION OF CONFLICTIONS OF INTEREST

None.

4. FOR INFORMATION

4.1 AUDIT COMMITTEE ANNUAL REPORT TO THE BOARD OF TRUSTEES AND MINISTRY OF EDUCATION

Superintendent Young presented the annual report to the board of trustees which details audit committee members and their attendance at the three audit meetings. Both C. Innocente and R. Richard have agreed to sit on the audit committee for another three-year term. The report summarizes the work performed by the external and internal auditors. The annual report to the Ministry of Education outlines the material presented at the three audit committee meetings by the external auditors.

Chair Ruttan asked for questions. There were none.

4.2 FRAUD PROCEDURE

Superintendent Young gave a verbal update on the Fraud Procedure. Assistant Manager Benjamin has been implementing best practices into the procedure and will have a draft Fraud Procedure ready for the audit committee to review at the May 6th, 2023, meeting.

Chair Ruttan asked for questions. There were none.

4.3 2023-2024 REGIONAL INTERNAL AUDIT PLAN UPDATED

G. Segu noted that RIAT is making progress on the special education benchmarking. They are currently in the process of meeting with the leads for special education in Ontario East. They have reached out to the Ministry to have a conversation with the special education staff at the Ministry as a RIAT group. They have obtained the EFIS data from the Ministry of Education as well as the special education information in regard to the students found in the ONSIS software, and data has been obtained for the whole province.

Chair Ruttan asked for any questions on the RIAT update. There were none.

4.4 AUDIT FINDINGS REPORT

L. Huber presented the KPMG Audit Findings Report. KPMG has completed the audit of the financial statements and have issued a clean audit report and noted there was no material misstatements in the financial statements. Remaining procedures include: completing subsequent events procedures to the date of the approval of the financial statements; completing discussions with the Audit Committee; obtaining evidence of the Board of Trustee's approval of the financial statements; and receipt of the signed management representation letter. They have not made any significant changes to the audit plan which was communicated to the audit committee in the audit planning report other than the addition of a significant risk related to the implementation of PS 3280, Asset Retirement Obligations. KPMG concurs with Management's presentation and disclosure related to the implementation of PS 3280, Asset Retirement Obligations in the Board's financial statements for the year ended August 31, 2023. KPMG did not identify any adjustments that remain uncorrected. There were no corrected audit misstatements identified. Materiality was set at \$8,000,000, which represented approximately 2.8% of the prior year's total expenses. Current year actual total expenses increased to \$303,342,802, therefore, materiality represented 2.6% of current year expenses. This falls within the acceptable range of KPMG's required benchmark of between 0.5% - 3.0%. No changes to materiality were required. KPMG did not identify any control deficiencies that were determined to be significant deficiencies in internal control over financial reporting. Chair Ruttan asked if there were any questions. There were none.

5. ACTION ITEMS

5.1 ADMIN REPORT ON THE DRAFT CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2023

Manager Carson gave a report on the draft consolidated financial statements for the year ended August 31, 2023. The consolidated financial statements reflect the financial results for the Board for the year-ended August 31, 2023, with comparative results for the previous year and a comparison to the Board's budget. There is a total of \$34.9 million of accumulated surplus - available for compliance and a deficit of \$19.6 million of accumulated surplus - unavailable for compliance resulting in a net accumulated surplus of \$15.4 million. The 2022 accumulated surplus amounts have been restated. The restated balance includes a deficit adjustment of \$27.9 million for the Asset Retirement Obligation.

Chair Ruttan thanked Manager Carson and asked if there were any questions. Discussion ensued.

5.2 DRAFT CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2023

Manager Carson presented the draft consolidated financial statements for the year ended August 31, 2023. The August 31, 2022, figures have been re-stated. The re-statement is due to changes in accounting policy and the adoption of the new accounting standard for Asset Retirement Obligations (ARO). The re-statement includes the following lines: Asset Retirement Obligations – re-statement is an increase of \$49.9 million (credit), Tangible capital assets – re-statement is an increase of 22 million (debit), and Accumulated surplus – re-statement is a decrease of 27.9 million (debit). The draft consolidated financial statements attached to the audit package detail the significant variances from August 31, 2022, to August 31, 2023, and the Consolidated Statement of Operations and Accumulated Surplus.

Chair Ruttan thanked Manager Carson and the financial team for all the work spent on the financial statements. Chair Ruttan asked for any questions. There were none.

MOTION: *That the Audit Committee recommend to the Board approval of the audited consolidated financial statements for the year ended August 31, 2023.*

That the audited consolidated financial statements for the year ended August 31, 2023, be filed with the Ministry of Education and posted on the Board website subject to approval at the November 15, 2023, Board meeting.

MOVED BY: *R. Richard. Carried.*

6. OTHER BUSINESS

None at this time.

7. FUTURE MEETING DATES

Monday, May 6, 2024

8. ADJOURNMENT

MOTION: *To adjourn.*

MOVED BY: *R. Richard. Carried.*

PRIVATE SESSION 6:20 PM

Roll Call:

Administrative Staff Present:

Committee Members:	Staff:
S. Ruttan, Trustee (Chair) G. Elliott, Trustee T. Lloyd, Trustee R. Richard, External Member C. Innocente, External Member	
Invitees:	
L. Huber, KPMG External Auditor P. L’Orfano, Internal Auditor-regrets G. Segu, Internal Auditor	

9. RESOLVE INTO AUDIT COMMITTEE PRIVATE SESSION

MOTION: *To move into Private Session.*

MOVED BY: *Trustee Lloyd. Carried.*

10. PRIVATE DISCUSSION BETWEEN AUDITORS AND AUDIT COMMITTEE MEMBERS

11. ADJOURNMENT

MOTION: *To adjourn.*

MOVED BY: *Trustee Lloyd. Carried.*

The meeting adjourned at 6:40 pm.