

AUDIT COMMITTEE MEETING MINUTES – MAY 1, 2023

PUBLIC SESSION

Roll Call:

Administrative Staff Present:

Committee Members:	Staff:
G. Elliott, Trustee T. Lloyd, Trustee (Regrets) S. Ruttan, Trustee R. Richard, External Member C. Innocente, External Member	K. Burra, Director of Education C. Young, Superintendent of Business Services P. Carson, Manager of Financial Services L. Benjamin, Assistant Manager of Financial
Invitees:	Recorder & Producer:
L. Huber, KPMG External Auditor P. L'orfano, Internal Auditor G. Segu, Internal Auditor	A. Galt, Administrative Assistant K. Pacheco, Administrative Assistant

1. CALL TO ORDER

Superintendent Young called the meeting to order at 5:34 pm.

2. OPENING GREETINGS AND INTRODUCTIONS

Superintendent Young opened the meeting by welcoming Trustees, Senior Staff, and the viewing public.

3. ELECTION OF COMMITTEE CHAIR

Superintendent Young called for nominations for the position of Chair of the Audit Committee.

Trustee Elliott nominated Trustee Ruttan.

Trustee Ruttan accepted the nomination.

Superintendent Young called for nominations two additional times. Hearing none, Trustee Ruttan was acclaimed as Chair of the Audit Committee.

Trustee Ruttan assumed the Chair.

Trustee Ruttan 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.”

Trustee Ruttan stated that after the private session, staff will be asked to leave to give Committee Members and Auditors an opportunity to have a private conversation.

4. ADOPTION OF AGENDA

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

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

MOVED BY: *C. Innocente. Carried.*

5. DECLARATION OF CONFLICT OF INTEREST

None.

6. REPORTS FOR INFORMATION

6.1 2022-2023 Regional Internal Audit Update

G. Segu briefly summarized the 2022-2023 Regional Internal Audit Update. This report provides an update on the progress of the RIAT work for 2022-2023. G. Segu highlighted three completed reports including Critical Positions, Safe Schools, and the Follow-Up Report. The School Generated Funds Fraud Flags Identification is in progress. There has been no request from management for engagement.

G. Segu offered to answer any questions.

6.2 Audit Planning Report for The Year Ending August 31, 2023

L. Huber presented the Audit Planning Report for the Year Ending August 31, 2023. L. Huber stated that the audit is underway from a planning perspective. L. Huber discussed audit quality. KPMG continues to work on increasing the quality of their engagements. Performing quality engagements is always at the forefront and remains their highest priority.

To help Audit Committee Members gage the quality of the audit process, L. Huber directed attention to the six items highlighted as Audit Quality Indicators. The six items include audit team composition, technology in the audit, independence, client preparedness, committee meetings, and voice of the client. An update will be provided on the status of the six items upon completion of the audit, on the audit findings report.

KPMG is moving to a new audit platform called KPMG Clara. Every KPMG office around the globe will be on the new platform. KPMG is continuing to innovate and imbed more technology in how audit procedures are executed, with more focus on data and analytics. The implications of this for LDSB will be highlighted upon completion of the audit.

KPMG's audit approach continues to be a risk-based audit approach. The financial statements are reviewed as a whole. They try to identify where there is a greater risk of material misstatement occurring and an audit plan is adopted in accordance with that information. In every financial statement audit for almost ten years, there are certain presumed risks specifically related to fraud that are not unique to LDSB. Those risks need to be considered, addressed, and dealt with through the course of every financial statement audit each year.

An important piece of an audit plan speaks to materiality. KPMG is bound by certain constraints in the handbook. Determining materiality is a matter of professional judgement, considering both quantitative and qualitative factors. It is affected by their perception of the common financial information needs of users of the financial statements as a group. There has been an increase in the benchmark upon which materiality is based. For public sector organizations, this tends to be revenues, total revenues or total expenses. Materiality has been kept at \$7.5 million for several years. It increased this year to

\$8 million for the financial statements in aggregate. The reason for the change is the increase in the benchmark upon which we base that determination. The audit misstatement posting threshold has increased slightly from \$375,000 to \$400,000. That is the quantum upon which entries are accumulated. KPMG methodology states that the benchmark cannot go above 3%.

Regarding the Risk Assessment Summary, there is nothing significantly new or different that would cause change.

Overall, there has not been significant change year over year in terms of the audit procedures. A lot of time is spent on revenue recognition to ensure that performance criteria have been met to support the revenue recognition. A great deal of work goes into the interim audit in terms of payroll. Payroll is a large proportion of the overall expenses in any given fiscal year.

In terms of fees, the competitive proposal, which was submitted on April 9, 2021, is being followed. There are two new items incorporated into that piece this year tying back to the new audit, and the new accounting standards that will be coming into play this year.

L. Huber pointed out two changes for this year. One is a new audit standard applicable for this fiscal year end audit, CAS 315. The second is a new accounting standard titled Asset Retirement Obligations which will be applicable in the current year and is expected to have a significant impact on financial reporting. These new standards are issued by the Canadian Auditing Standards.

L. Huber welcomed feedback and comments.

Chair Ruttan thanked L. Huber and asked the Audit Committee for questions.

7. OTHER BUSINESS

None.

8. FUTURE MEETING DATES

September 11, 2023	5:30 pm
November 6, 2023	5:30 pm

Public meeting ended at 6:03

9. MOTION TO MOVE INTO PRIVATE SESSION

MOTION: To move into Private Session.

MOVED BY: Trustee Elliott. Carried.

10. REPORTS FOR INFORMATION

10.1 2022-23 Follow-Up Procedures Final Report

P. L'orfano presented the 2022-23 Follow-Up Procedures Final Report.

10.2 Critical Positions Analysis Final Report

G. Segu presented the Critical Positions Analysis Final Report.

10.3 Safe & Caring Schools Engagement Final Report

G. Segu presented the Sage & Caring Schools Engagement Final Report.

10.4 Safe Schools Survey Results Memo

G. Segu presented the Safe Schools Survey Results Memo.

Private meeting ended at 6:46 pm.



PRIVATE DISCUSSION BETWEEN AUDITORS AND AUDIT COMMITTEE

Chair Ruttan excused the LDSB staff members to provide a private conversation with both the external and internal auditors.

COMMITTEE TO RISE AND REPORT

The Committee will rise and report to the full Board of Trustees in Private Session and to the public at the next Board meeting (May 17, 2023).

Limestone District School Board

Limestone District School Board is situated on traditional territories of the Anishinaabe & Haudenosaunee.

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