

Audit Committee Meeting Minutes – November 11, 2024

Public Meeting

Roll Call:

Trustees:	Staff:
Suzanne Ruttan	Krishna Burra
Garrett Elliott	Craig Young
Tiffany Lloyd	Paula Carson
	Lindsay Benjamin
External Members:	Recorder and Producer:
Christine Innocente-regrets	Danielle Burns, Recorder
Roger Richard	Anne Marie Andretta, Producer
Invitees:	
Lori Huber, KPMG External Auditor	
Pasquale L'orfono, Internal Auditor	

Trustee Lloyd began the meeting with opening remarks.

The Land Acknowledgement 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 Lloyd called for any additions to the agenda. No additions were made.

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

MOVED BY: *Trustee Ruttan. Carried.*

3. DECLARATION OF CONFLICT 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. 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 Lloyd asked for questions. There were none.

4.2. FRAUD PROCEDURE

Superintendent Young gave a verbal update on the Fraud Procedure. There was a question at the September 9, 2024, Audit Committee meeting asking if we could reinforce an area of the fraud procedure, section 5 Protection Against Reprisals with the wording Whistleblower Protection. The wording was added in section 5 and a section 5.3 was added stating “The board would endeavour to keep the identity of anyone making a good faith allegation confidential if requested. In the event that legal proceedings require the disclosure of the identify of the complainant, the complainant will be advised prior to proceeding.” That has now been written into the Fraud Procedure.

Chair Lloyd asked for questions. There were none.

4.3. 2024-2025 REGIONAL INTERNAL AUDIT PLAN UPDATE

P. L’orfano gave an update on the 2023-2024 Special Education Benchmarking. This fall the Regional Internal Audit Team (“RIAT”) has completed the analysis There is a report in progress and it will be sent to management for review. There is nothing to follow up on and there have been no management requests thus far.

Chair Lloyd 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 there have been no deviations from the audit plan.

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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 Trustees' approval of the financial statements; and receipt of the signed management representation letter. KPMG did not identify any uncorrected audit misstatements. There were no corrected audit misstatements identified.

Materiality was set at \$8,000,000, which represented approximately 2.6% of the prior year's total expenses. 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.

A monetary resolution to Bill 124 occurred in fiscal 2024 relating to amounts applicable for previous years as well as the current year. Note disclosure has been included in the financial statements to alert a user of the financial statements to the significant financial impact of this monetary resolution to Bill 124.

The new accounting policies and practices were selected and applied during the period with no impact to the School Board.

Chair Lloyd 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, 2024

Manager Carson gave a report on the draft consolidated financial statements for the year ended August 31, 2024. The consolidated financial statements reflect the financial results for the Board for the year-ended August 31, 2024, with comparative results for the previous year and a comparison to the Board's budget. At year end, the accumulated surplus is \$11.9 million. The accumulated surplus total available for compliance of \$31 million includes \$19.7 million of unappropriated funds. It also includes amounts designated as internally appropriated and LDSB has committed a capital amount of \$6 million.

There is \$2.1 million for school budget balances carried over to the following year. The decrease of \$1.1 million is mainly due to \$900,000 of surplus spending on computers.

The amount of \$220,000 for retirement benefits is required to address collective agreements and settlements. The change of \$1.1 million is offset to the change to the employee future benefits listed under unavailable for compliance.

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LDSB has an amount of \$3 million for Workers' Safety Insurance Board. The change of \$480,000 is offset to the change to the employee future benefits listed under unavailable for compliance.

The accumulated surplus, unavailable for compliance at year-end August 31, 2024, is a deficit of \$19.1 million. The most significant component is a \$30 million deficit for Asset Retirement Obligation (ARO), which was a result of changes in accounting policy and the adoption of the new accounting standard for ARO that happened during the 2022-2023 school year.

Other components include a \$0.9 million deficit for employee future benefits, \$4.4 million surplus for School generated funds, and a \$8 million surplus for revenue recognized for land.

At year-end August 31, 2024, the Consolidated Statement of Operations and Accumulated Surplus shows a deficit of \$3.5 million, as compared to the budgeted deficit of \$4.4 million.

5.2. DRAFT CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2024

Manager Carson presented the draft consolidated financial statements for the year ended August 31, 2024. The significant variances from August 31, 2023 to August 31, 2024 are found in the financial assets, the cash increased by \$4.1 million. Also, in the accounts receivable, the Government of Ontario-approved capital decreased by \$4.1 million, the Government of Ontario-non-capital reflects a decrease of \$3.6 million, and within the accounts receivable other an increase of \$6.4 million which is due to the Bill 124 funding receivable of \$13.8 million.

Under financial liabilities, temporary borrowing has an increase of \$0.8 million.

Within accounts payable and accrued liabilities there is an increase of \$7.6 million. The net long-term liabilities reflect a decrease of \$3.6 million and the asset retirement obligation reflects an increase of \$2 million. Under non-financial assets, tangible capital assets reflect an increase of \$6 million.

The Accumulated surplus balance reflects a decrease of \$3.5 million which is the 2023-2024 deficit.

Manager Carson reviewed the Consolidated Statement of Operations and Accumulated Surplus, stating that this details the revenues and expenditures for the year ended August 31, 2024 with

comparisons to August 31, 2023 results and the 2023-2024 budget. Revenues exceeded budget by \$42.4 million. Expenditures over budget were \$41.5 million.

Bill 124 expenditures exceeded the funding by \$1.2 million. Other expenditure variances included additional expenditures of \$1.6 million on short term Educational Assistants and additional expenditures of \$0.5 million due to the increase in employee replacement costs. Expenditures under budget included decreased computer expenditures of \$1.8 million due to capitalization of the purchases. These variances resulted in an in-year deficit of \$3.5 million as compared to the budgeted deficit of \$4.4 million.

Manager Carson mentioned a couple of changes to the notes to the financial statements and also stated that there are two motions for the committee to review at the end of the report.

Chair Lloyd asked for any questions. Discussion ensued.

***MOTIONS:** That the Audit Committee recommend to the Board approval of the audited consolidated financial statements for the year ended August 31, 2024.*

That the audited consolidated financial statements for the year ended August 31, 2024, be filed with the Ministry of Education and posted on the Board website subject to approval at the November 13, 2024, Board meeting.

***MOVED BY:** R. Richard. Carried.*

6. OTHER BUSINESS

None.

7. NEXT MEETING DATE

May 5, 2025

8. ADJOURNMENT

Chair Lloyd called for a motion to adjourn the meeting.

***MOTION:** To Adjourn.*

***MOVED BY:** Trustee Ruttan. Carried.*

The meeting adjourned at 6:00 pm.

9. PRIVATE DISCUSSION BETWEEN AUDITORS AND THE AUDIT COMMITTEE

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