



P.O. Box 3110, 963 Airport Road
North Bay, ON P1B 8H1
Phone: 705.472.8170
Fax: 705.472.9927
Website: www.nearnorthschools.ca

David Thompson, Chairperson

Jackie Young, Director of Education

To: Trustees
From: James Beatty, Chair of Audit Committee
Date: December 20, 2016
Topic: Annual Report to the Board of Trustees for the Year Ended August 31, 2016

Background:

As per Ontario Regulation 361/10 for Audit Committees, every year, the Audit Committee is to present an Annual Report to discharge it of its responsibilities.

Discussion:

This report summarizes the audit committee's actions for the year ending August 31, 2016.

Audit Committee Members

The audit committee consisted of five (5) members as listed below:

James Beatty - Chair
Michelina Beam and David Thompson - Trustee Representatives
Gary Jodouin - External Member
Judy Kleinhuis - External Member

In addition, regular attendees at the Committee meetings were:

Liz Therrien -Superintendent of Business
Wende Proulx - Manager of Finance
Lianne Bettiol - Executive Assistant
Jackie Young - Director of Education
Melissa Dodge - Regional Internal Audit Manager

Meetings

As per Ontario Regulation 361/10, a minimum of three (3) meetings must occur per year, with a fourth meeting between December and May if required. All meetings have been held as planned.

The members in attendance at each meeting are as follows:

<i>Member's Name</i>	<i>October 1, 2015</i>	<i>October 28, 2015</i>	<i>November 19, 2015</i>	<i>March 21, 2016</i>	<i>June 13, 2016</i>
James Beatty	<i>Absent</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>
Michelina Beam	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>
David Thompson	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>
Gary Jodouin	<i>X</i>	<i>Absent</i>	<i>X</i>	<i>X</i>	<i>X</i>
Judy Kleinhuis	<i>Absent</i>	<i>Absent</i>	<i>X</i>	<i>X</i>	<i>Absent</i>

Governance

All audit committee members satisfied the eligibility requirements set forth within Ontario Regulation 361/10, with the committee operating throughout the fiscal year ending August 31, 2016.

External Auditors

Per Ontario Regulation 361/10, the audit committee has the duty to review at least once in each fiscal year the performance and effectiveness of the external auditor. The relationship with the external auditors has been satisfactory and meetings have been held during the year. In regard to the year ended August 31, 2015, the external auditors, *BDO Canada LLP*, presented the scope and extent of their work to the committee for approval and the committee has reviewed them on the meeting held on October 1, 2015. The external auditors have confirmed their independence in the letter dated October 1, 2015. The Audit Committee recommended the approval of the annual audited financial statements for the year ended August 31, 2015 on November 19, 2015. In regard to the year ended August 31, 2016, the external auditors presented their audit service plan for the audit of the financial statements for the year ended August 31, 2016 and confirmed their independence in the letter dated October 19, 2016. The draft audited financial statements were presented to the audit committee December 5, 2016 with the audit committee recommending to the Board approval of the draft audited financial statements as presented on December 5, 2016.

At the June 13, 2016 meeting of the audit committee, the committee reviewed and analyzed the results of the Request for Proposal for External Audit Services given the current five (5) year audit term had ended. The committee recommended to the Board of Trustees that the incumbent external auditor, *BDO Dunwoody*, be the successful firm to receive the appointment for a term of three (3) years commencing with the August 31, 2016 Financial Statements, with the option to renew the term for an additional two (2) years.

Internal Auditors and Annual and Multi-Year Audit Plans

The relationship with the internal auditors has been satisfactory with the opportunity for private meetings made available during the year. The Committee reviewed the multi-year internal audit

plan for the five years commencing September 1, 2011 and the annual audit plan for the 2015/2016 fiscal year.

The 2015/2016 audit plan was presented to the audit committee on October 28, 2015 as well as June 13, 2016 with the following changes recommended by the Audit Committee:

2015 Audits – Remaining from Original Plan	Audit Committee Recommendations:
Procurement, Payables and Expense Reporting	Postpone due to a change in financial software and the lack of capacity to simultaneously undertake both actions.
Health and Safety Audit	Undertake Health and Safety Audit which will be scheduled to commence in the fall of 2016.
Facility Requirement Forecasting and Capital Planning	Postpone until the Board’s Capital Plan is completed.
Manage Labour Relations	In light of changes occurring with regard to labour relations, recent implementation of the labour framework and senior administration portfolio changes, this audit was deferred until a later time.
2016 Audits – Remaining from Original Plan	
Plan and Develop Programs – Instruction and Schools	This was removed from the 2014/2015 multi-year plan and reassigned to the 2016 year due to the vast and encompassing resources required.
Plan and Provide Support Services – Instruction and Schools	

The Committee further recommended that given the postponement of many of the 2015 audits, this would allow time for follow-up on the prior 23 outstanding recommendations and completion of prior year audits. For example, the committee was afforded the time to give considerable attention and follow-up to management responses on the 2014/2015 audits covering Human Resources-Attendance Support and Information Technology-Data Management and Back-Up. In addition the Internal Audit Team could continue on with the School Generated Funds – Review Process.

Audit Committee Training

No formal training sessions were held during the 2015-2016 year. However, the audit committee was kept apprised of changes and updates affecting internal audit committees through the following:

- 2015:SB19 Ministry Memo - “Audit Committees and Regional Internal Audit Update” at the October 1, 2015 meeting;
- Report completed by the audit firm Deloitte for the Ontario Association of School Business Officials regarding “Open vs. Closed Sessions of Audit Committee Meetings” during the March 21, 2016 meeting;
- 2016:SB14 Ministry Memo - “Update on the Internal Audit Leading Practice Repository” and 2015:SB10 Ministry Memo - “Increasing Consistency Amongst Regional Internal Audit Teams” were presented at the June 13, 2016 meeting.

Summary of Work Performed

The following is a summary of work performed by the audit committee for the last 12 months:

- Recommended approval of annual internal audit plan for the 2015 / 2016 fiscal year;
- Reviewed the annual internal audit report for the previous 2014/2015 year including internal audit budget;
- Received and reviewed School Generated Funds Process Review Report as issued June 13, 2016;
- Reviewed the follow up reports for management implementation plans of all recommendations made to date in internal audit reports;
- Received and reviewed the 2014/2015 year-end financial statements and management letter from external auditor;
- Received assurance of the external auditor’s independence;
- Received and reviewed the Near North District School Board Charity Works Audited Financial Statements for the year ended August 31, 2015;
- Confirmed that the internal and external auditors received timely reporting and the cooperation of staff in the conduct of their audits, and that they did not encounter any difficulties; and
- Monitored the 2015/2016 budget and actual results throughout the 2015/2016 school year.

By the signature noted below, we attest that we have discharged our duties and responsibilities respecting Ontario Regulation 361/10.

On behalf of the Audit Committee

James Beatty, Audit Committee Chair

Recommendation:

That the Near North District School Board receives the Annual Report to the Board of Trustees for the year ended August 31, 2016 from the audit committee as presented December 20, 2016.