

Erika Lougheed, Chair

Craig Myles, Director of Education

Audit Committee

Monday, November 27, 2023, 3:00PM
Zoom Meeting

Committee Members Present

Shane Hall, Committee Chair
Chantal Phillips, Trustee
Howard Wesley, Trustee
Judy Kleinhuis, External Member

Staff Present

Seija Van Haesendonck, Superintendent of Business
Saxon Yanta, Acting Executive Assistant
Wende Proulx, Manager of Finance
Craig Myles, Director of Education

External Participants

Sarah Lingenfelter, KPMG
Tiffany Cecchetto, KPMG

1. Call to Order

Chair Hall called the meeting to order at 3:04PM.

2. Declaration of Conflict of Interest

The floor was opened for declarations of conflict of interest with none rose.

3. Approval of Agenda

Moved by Judy Kleinhuis and seconded by Trustee Wesley, that the agenda for the November 27, 2023, Audit Committee be approved as presented. – CARRIED.

4. Approval of Minutes from Previous Meeting

Moved by Trustee Phillips and seconded by Trustee Wesley that the minutes of the Audit Committee meeting held on September 19, 2023, be approved. - CARRIED

5. Business Arising

5.1. Audit Committee External Member Recruitment

Superintendent Van Haesendonck provided an update with regards to the recruitment of an external audit committee member. Some information was received last week about a member of the community who is potentially interested in the role. Superintendent Van

Haesendonck is hopeful to speak to them this week about role, duties and time commitment. If they remain interested, they will be encouraged to submit an application for review by the selection committee. If the selection committee approves the application, the recommendation will proceed to the Board for approval. An update will be provided at the next Audit Committee meeting.

6. New Business

6.1. External Auditor's Report and Draft Audited Consolidated Financial Statements presentation for the year ended August 31, 2023 – KPMG – Tiffany Cecchetto

Committee members were referred to the attachment contained in the agenda package. Committee Chair Hall invited T. Cecchetto, Partner, KPMG, to speak to this item. T. Cecchetto presented a walk-through of the Audit Findings report. Some highlights of this presentation are noted below:

- The purpose of the Audit Findings report is to assist the members of the Audit Committee in their review of the results of the audit of the financial statements as at and for the period ended August 31, 2023.
- The report builds on the Audit Plan previously presented to the Audit Committee.
- It was a full year with the introduction of new asset retirement obligation standards, financial instrument standards, and Bill 124.
- The report is not finalized until December 12. If anything is updated or a subsequent event occurs, it would need to be considered for note disclosures.
- ARO findings were consistent with all school boards across Ontario.
- The outstanding union negotiations were not included in any school boards in the fiscal 2022/2023 year end. Any retroactive payments to be owed will be fully funded by the Ministry.
- T. Cecchetto thanked the Committee Chair and the Board Chair for meeting with the auditors.
- T. Cecchetto also thanked the Finance and Facilities teams, and the Superintendent of Business for their assistance in providing all the necessary documents in a timely manner to complete the audit.

Chair Hall thanked T. Cecchetto for the report presented and opened the floor for questions.

J. Kleinhuis asked a question about not inflating from March to August. T. Cecchetto responded that most school boards KPMG works with only did the update up to March. The actual costs associated with remediation were right in line and no further adjustment required.

J. Kleinhuis asked if the consistency of school boards not discounting was just with KPMG or across auditing firms. T. Cecchetto responded that it was consistent across all boards in the province, across all firms, in hospitals and colleges as well.

6.2. Review of Draft Audited Consolidated Financial Statements – Seija Van Haesendonck

Chair Hall invited SBO Van Haesendonck to speak to the Audited Consolidated Financial Statements. Highlights of her presentation are noted as follows:

Accumulated Surplus

- SBO Van Haesendonck began by thanking Manager W. Proulx and her team for the work they have done to complete the audit. She and her team spent all their time working with T. Cecchetto and S. Lingenfelter to complete the audit, while working through new complicated auditing standards.
- Cash and cash equivalents remained essentially the same; The Board continues to have a significant amount of cash on hand at year end;
- Accounts receivable is the most significant financial asset that the board holds, and is a combination of a number of things. Just under \$44M receivable from Ministry to turn around and pay off liability for long term debt. The Ministry funds the Board twice a year which is a large receivable and about half of that total balance.
- There are also some large capital projects (i.e. Mapleview PS). The Board reports 2 time a year only for capital funding, in the August 31 financial statements and the March 31 7 month-report. The Ministry usually reimburses funds within approximately 6 months of the end of the reporting cycle.
- There is also a large amount in delayed grant payment. To manage its own cash payment strategy, the Ministry does calculations on accumulated surplus. This reduced the amount of cash flowed to boards throughout the fiscal year. There is a large amount of funding (\$24M) that the Ministry owes the Board. The Board continues to have enough funding month to month to stay current on payroll and vendor payments. The actual delayed grant payment is \$18.9M.
- There are no assets held for sale as at August 31, 2023. The amount held in 2022 was for the Lavase road property which sold in November 2022. Now there are 2 properties which will be considered assets held for sale in March if not sold prior to that date. The Board motion approved in June declared them surplus as of September 1. If they are sold before August 31 of next year, the Board will not see them reflected in assets held for sale on the next financial statements.
- There was an increase in accounts payable resulting from capital projects over the summer. The Parry Sound build project was starting up and Maple View was finishing.
- There was very little change in deferred revenue.
- Deferred Capital Contributions experienced an increase as a result of supported capital projects/additions occurring during the year being more than the annual amortization for the year.
- Employee future benefits: in general, a large amount is the Board's retirement obligation. This amount did decrease. As those individuals retire, the Board removes their retirement amount from employee future benefits.
- Asset retirement obligation is a new line that is retroactively restated.

Overall, the committee will see an increase in accumulated surplus. These funds are not all available to the Board.

Consolidated statement of operations

- \$2.9M surplus, which was significantly lower than the last two years. There was an increase in enrolment from what was budgeted, which contributed to the surplus.
- School generated funds increased again as a result of returning more to normal school activities. This results in more fees collected. \$2.7M collected offsetting school funded activities at \$2.6M.
- Transportation: budgeted for \$13.9M of expenditures. Just under \$15M of actual expenditures. In large part this is due to transporting more students. Enrolment increases results in more bussing needs. The consortium is also trying to be more strategic with planning for routes: fewer routes with B runs, assessing geographic spread of students and accounting for increased transportation costs. NNDSB is the largest percentage of the consortium's costs as NNDSB accounts for approximately 60% of their ridership.

SBO Van Haesendonck also walked through many of the Notes to Consolidated Financial Statements.

Chair Hall opened the floor to questions. Trustee Phillips asked if printed copies of the Financial Statements could be made available to Board members. SBO Van Haesendonck noted that the Executive Assistants that support each committee/board are responsible for managing their committee/board requests. K. Messenger can be contacted about printing these Financial Statements in advance of the Board meeting.

Motion: Moved by Trustee Wesley and seconded by Judy Kleinhuis, that the draft audited consolidated financial statements for the year ended August 31, 2023 be recommended to the Board of Trustees for approval.

6.3. Review draft Annual Report to the Board of Trustees for the year ended August 31, 2023 – Seija Van Haesendonck

This is a Ministry mandated document which provides a summary of all the work that occurred by the Audit Committee throughout the year. SBO Van Haesendonck extended her thanks and appreciation for everyone's commitment to the Audit Committee. This report will be presented to the board for information.

Motion: Moved by Judy Kleinhuis and seconded by Trustee Wesley, that the Annual Report to the Board of Trustees for the year ended August 31, 2023 be approved.

6.4. Review draft Annual Report (Summary) to the Board of Trustees for the year ended August 31, 2023 – Seija Van Haesendonck

SBO Van Haesendonck noted that this report is also mandated by the regulation. A subset of the information included in the Annual Report is included in this report, as well as information regarding any enrolment audits planned for the upcoming year. This report will also be shared with the Board for information and submitted to the Ministry.

Motion: Moved by Judy Kleinhuis and seconded by Trustee Wesley, that the Annual Report to the Board of Trustees for the year ended August 31, 2023 be recommended to the Board of Trustees for approval and submission to the Ministry of Education.

6.5. External Auditor Assessment – Seija Van Haesendonck

SBO Van Haesendonck extended thanks to T. Cecchetto and S. Lingenfelter for their time today.

Audit Committee members were asked to complete the External Auditor Assessment now that the audit has been completed. This is the same process as last year using a Forms survey. The results of the survey will be shared at the next Audit Committee Meeting. S. Yanta will share a link to the Forms survey following this meeting.

Chair Hall thanked SBO Van Haesendonck for sharing this information immediately following the auditor's presentation, as information will be fresh in the committee members' minds.

7. Next Meeting Date

The next meeting will be called on Tuesday, March 19, 2024, at 3:00PM via Zoom. There may be a need to adjust the meeting and if necessary, a doodle poll will be distributed to check availability of audit committee members to participate in a meeting.

The Chair extended his thanks to SBO Van Haesendonck and Manager Proulx and the entire finance team for all their hard work.

Director Myles also expressed his thanks to the entire finance team. It is recognized that the audit is a tedious process, particularly as the landscape always changes. He extended his appreciation to the team as well as the Trustees as it is an important part of the work of the Board.

8. Adjournment

With no further business to note, Committee Chair Hall tabled the following motion:

Moved by Trustee Wesley and seconded by Judy Kleinhuis that the Audit Committee meeting adjourn at 4:19PM. -CARRIED.

Minutes: SH/SVH/sy.