

Ashley St. Pierre, Chair

Craig Myles, Director of Education

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**Audit Committee**

Monday, December 2, 2024, 9:30 am  
Zoom Meeting

**Committee Members Present**

Chantal Phillips, Committee Chair and Trustee  
Caren Gagne, Trustee  
Shane Hall, Trustee  
Theresa Graham, External Member  
Judy Kleinhuis, External Member

**Staff Present**

Craig Myles, Director of Education  
Seija Van Haesendonck, Superintendent of Business  
Wende Proulx, Manager of Finance  
Lesley Marshall, Executive Assistant

**External Participants**

Tiffany Cecchetto, KPMG

**1. Call to Order**

The meeting was called to order at 9:31 am.

Following the roll call, it was noted that the meeting had quorum.

Chair Phillips requested that participants introduce themselves, as it was noted that as part of the annual committee assignments, Trustee Gagne replaced Trustee Wesley on the audit committee, and this was her first meeting.

**2. Declaration of Conflict of Interest**

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

### **3. Approval of Agenda**

*Moved by Trustee Gagne, and seconded by Judy Kleinhuis, that the agenda for the December 2, 2024, Audit Committee be approved as presented. – CARRIED.*

### **4. Approval of Minutes from Previous Meeting**

*Moved by Theresa Graham, and seconded by Judy Kleinhuis that the minutes of the Audit Committee meeting held on September 30, 2024, be approved. - CARRIED*

### **5. Business Arising**

None.

### **6. New Business**

#### **6.1. External Auditor's Report and Draft Audited Consolidated Financial Statements presentation for the year ended August 31, 2024 – KPMG – Tiffany Cecchetto**

Committee members were referred to the attachment contained in the agenda package. Superintendent Van Haesendonck invited T. Cecchetto, Audit 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, 2024.
- The report builds on the Audit Planning report previously presented to the Audit Committee, and no significant changes are noted. Certain procedures remain outstanding, and will be completed prior to the December 10 board meeting.
- The report is not finalized until December 10<sup>th</sup>, when it is presented to the Board of Trustees. Though unlikely, if anything is updated or a subsequent event occurs, it would be provided to the committee.
- There are no noted control deficiencies of which the Audit Committee needs to be made aware.
- ARO findings were consistent with all school boards across Ontario.
- Future changes to accounting standards are mentioned within the financial statement notes to expand on their potential future impacts.
- T. Cecchetto also thanked the Finance team, and the Superintendent of Business for their assistance in providing all the necessary documents in a timely manner to complete the audit.

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

No questions were brought forward from committee members.

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

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

SBO Van Haesendonck began by thanking Manager W. Proulx and her team for the work they did to complete the audit. She and her team spent a significant amount of time working with the KPMG audit team to support completion of the audit. Of note, this year required additional work addressing the Bill 124 remedy and retroactive salary payments.

SBO Van Haesendonck reviewed the statement of financial position first, with the following comments:

- Cash and cash equivalents were down approx. \$1.7 million from 2023; Construction projects and larger bi-weekly pays would have had an impact on the year end balance, especially as monthly grant advances were still based on original Revised Estimates. The Board continues to have a significant amount of cash on hand at year end.
- The investments amount is due to consolidation of related Board Entities as per Public Sector Accounting Standards. The full investment amount of approximately \$635,000 belongs to the Board's Charity.
- Accounts Receivable has two components, the non-government of Ontario balance, which includes HST rebates, municipal tax payments and tuition fees; and, the Government of Ontario receivable, which increased approximately \$13.7 million due to the large payments to the board for Bill 124 payments and labour settlements which are offset in large part by payables for these items.
- There are also some large capital projects (i.e. Parry Sound K-12 build). 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, resulting in a receivable at year-end.
- The Government of Ontario receivable balance also includes the Delayed Grant Payment.
- The Accounts Payable balance increased approx. \$11.1 million; in large part due to an increase in the payable to province by \$9.2 million to repay the estimated advances for Bill 124 and labour increases (with offsetting receivables noted above).
- Net long-term liabilities decreased approx. \$3.0 million, as a result of a reduction in principal owed due to annual payments funded by the Ministry.

- Deferred revenue increased by approx. \$3.6 million, due to the an increase mid-year in funds for both Special Education and Indigenous Education, which were not fully spent, and deferred for spending in 2024-25. Additionally, there was a large increase in proceeds of disposition of nearly \$1.5 million dollars, less fees and costs associated with the sale of E.W. Norman, and E.T. Carmicheal. These proceeds of disposition have been committed to funding the Parry Sound K-12 build.
- Deferred Capital Contributions experienced an increase as a result of supported capital projects/additions occurring during the year in excess of the annual amortization for the year.
- Employee future benefits, and retirement liabilities decrease slowly as they are paid out.
- As a result of the new build, and other capital projects occurring during the year, tangible capital assets increased in value.
- Overall, the committee will see a small increase in accumulated surplus. These funds are not all available to the Board.

SBO Van Haesendonck then reviewed the consolidated statement of operations:

- Accumulated surplus notes a minimal increase.
- In comparing the actual revenues and expenditures for 2023-2024 to budget, there was an increase from a budgeted deficit of approx. \$1.24 million to a small surplus of \$74,000.
- There was a small increase in enrolment, but the majority of the additional revenues were related to funding changes for the Bill 124 and labour settlements, as well as a funding received for math and literacy strategies that was not included in the budget as not all parameters for spending had been released at that time.
- In the expenditures, the majority of the increase of expenses from budget was a result of the retroactive payments paid to most employee groups, which affected all areas of the budget. There was also additional staffing added after Estimates were completed for math and literacy programs, as well as destreamed classroom supports (equivalent revenues were recognized for these costs).
- The transportation expenditures increased as a result of estimated contract increases and higher ridership, resulting in an overall deficit of approximately \$2.5 million.

SBO Van Haesendonck also walked through some of the Notes to Consolidated Financial Statements, including Note 12, expenses by object, where she noted that salaries/benefits were originally budgeted to be approximately 70.8% of the overall budget, but increased to 72.9% of the total expenditures, due almost entirely to the retroactive payments and some additional staffing.

Following SBO Van Haesendonck's presentation, Chair Phillips opened the floor for questions.

Theresa Graham asked whether the provincial funding for the Bill 124 payments and retroactive salary increases covered the full cost of the retroactive payments. SBO Van Haesendonck advised that funding benchmarks were used to determine the funding provided by the Ministry for the retroactive salary payments, and as a result, not all salary costs were fully covered. For example, where the board has a higher percentage of employees at the top end of their salary grid, the funding intended to account for that may not have fully covered the additional cost. Provincially, boards are also underfunded for benefit costs, and that would have resulted in a small amount of underfunding on the benefits related to the retroactive payments.

Trustee Gagne asked how boards are able to use surplus funds.

SBO Van Haesendonck advised that of the total accumulated surplus, \$21.8 million is considered operating accumulated surplus, which is not restricted for other uses. The only way to access surplus funds is through ministry application, specifically boards may draw on these funds by budgeting a deficit, but she noted that is not necessarily a financially sustainable strategy. Deficits under 1% of operating funding require the board to provide a deficit recovery plan to identify to the Ministry how they will balance the budget within 3 years. If the budgeted deficit exceeds 1% of operating funding, explicit ministry approval is required, without which the finance committee can't recommend the budget move forward for approval at the board meeting. It can be very challenging for boards to receive approval for a budget deficit in excess of 1% of operating funds. Alternatively, a board can make a request to direct accumulated surplus to fund a portion of an approved capital project, or as part of a capital priorities request, which did occur with the Parry Sound JK-12 build, but these requests are carefully reviewed by the Ministry, and cannot be used to fund additional instructional or administrative space or specialized spaces within new or renovated capital builds.

Judy Kleinhuis requested further details regarding note 14 – school generated funds, and the historical balance, and how the board manages the risk of carrying this amount forward.

SBO Van Haesendonck advised that Wende Proulx has worked over a lengthy period of time to prepare a revised school generated funds AG, the public feedback process was completed, and the revised AG will come forward at the January board meeting as an information item, to be partially implemented effective February 1, 2025, with full implementation by the start of the 2025-2026 school year. The revised AG will explicitly require that schools disperse funds in a timely manner, and limit carried forward surpluses,

unless a large project has been designated that requires a longer period of accumulated fundraising.

With no further questions, Chair Phillips moved to the motion to recommend approval of the draft audited consolidated financial statements.

*Motion: Moved by Judy Kleinhuis and seconded by Theresa Graham, that the draft audited consolidated financial statements for the year ended August 31, 2024 be recommended to the Board of Trustees for approval. CARRIED.*

Following the approval of the financial statements, Director Myles left the meeting.

### **6.3 Review draft Annual Report to the Board of Trustees for the year ended August 31, 2024 – 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 Caren Gagne and seconded by Judy Kleinhuis, that the Annual Report to the Board of Trustees for the year ended August 31, 2024 be approved. CARRIED.*

### **6.4 Review draft Annual Report (Summary) to the Board of Trustees for the year ended August 31, 2024 – 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 be recommended to the Board for approval for submission to the Ministry.

*Motion: Moved by Theresa Graham and seconded by Judy Kleinhuis, that the Annual Report (summary) to the Board of Trustees for the year ended August 31, 2024 be recommended to the Board of Trustees for approval and submission to the Ministry of Education. CARRIED.*

### **6.5 External Auditor Assessment – Seija Van Haesendonck**

SBO Van Haesendonck extended thanks to T. Cecchetto, and her team.

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. L. Marshall will share a link to the Forms survey following this meeting.

**7. Next Meeting Date**

The next meeting will be called on Tuesday, March 19, 2025, at 3:00 PM via Zoom. Chair Phillips noted that the timeslot will revert to 3:00 pm and thanked everyone for making themselves available for the modified meeting time.

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

**8. Adjournment**

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

*Motion: Moved by Judy Kleinhuis, and seconded by Theresa Graham that the Audit Committee meeting adjourn at 10:52 am. CARRIED.*