

PEEL DISTRICT SCHOOL BOARD

Minutes of a meeting of the Audit Committee of the Peel District School Board, held in the Brampton Room, the H. J. A. Brown Education Centre, 5650 Hurontario Street, Mississauga, Ontario on Wednesday, November 15, 2017, at 15:05 hours.

Members present:

Sue Lawton, Chair
Harkirat Singh
Pradeep Sinha
Rick Williams

Member absent (apologies received):

Kim Ogryzek

Also present:

Pina Colavecchia, Senior Manager, Deloitte
David Johnston, Senior Manager, Regional Internal Audit Team
Steve Stewart, External Auditor, Deloitte

Administration:

Jaspal Gill, Associate Director, Operational Support Services (Executive Member)
Tania Alatishe-Charles, Controller, Finance Support Services (Executive Back-up Member)
Adam Hughes, Chief Information Officer
Peter Joshua, Director of Education
Renée Lucas, Senior Internal Auditor
Kushi Perera, Senior Finance Manager, Accounting

Lorelei Fernandes, Board Reporter

1. **Approval of Agenda**

The agenda was slightly reordered.

AC-23, moved by Pradeep Sinha, that the agenda, be approved.

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2. **Declaration of Conflict of Interest**

There were no declarations of conflict of interest.

3. Minutes of the Audit Committee Meeting, September 28, 2017

AC-24, moved by Pradeep Sinha, that the Minutes of the Audit Committee meeting, held September 28, 2017, be approved.

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4. Audit Committee Work Plan

Controller of Finance Support Services, Tania Alatishe-Charles, reviewed the multi-year work plan, which outlines the duties related to the Board's financial reporting process, internal controls, regional internal auditor, external auditor, compliance matters, and risk management. She noted that an Annual Report is brought to the Board by the Audit Committee and an Audit Committee Report is submitted to the Ministry of Education after approval by the Board.

AC-25, moved by Rick Williams, that the report re Audit Committee Work Plan, be received.

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5. Master Services Agreement for Professional Services – Deloitte

Steve Stewart, External Auditor, advised that in the past an Engagement Letter was signed by the external audit firm, for a multi-year commitment. This year a Master Services Agreement (MSA) between Deloitte and the Board has been prepared, which describes the scope of services and general business terms related to these services.

AC-26, moved by Harkirat Singh, that the report re Master Services Agreement for Professional Services – Deloitte, be received.

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6. Draft Consolidated Financial Statements

Controller Alatishe-Charles thanked Finance Support Services staff and the external auditors for their work on the financial statements. She stated that two key items impacting year-over-year comparisons as well as budget to actual comparisons are enrolment fluctuations and changes in staff costs due to labour contract provisions. Reviewing the draft consolidated statement of financial position, she provided information on financial assets and liabilities including: enrolment numbers; salary increase of 1.25%; balance sheet variances indicating an increase of approximately \$64 million over last year partly due to new Ontario Financing Authority Debenture and sale of Willow Glen Public School; additional capital funding of \$14.3 million which was deferred; temporary borrowing reduced on account of Educational Development Charge revenues of \$15.4 million received.

6. Draft Consolidated Financial Statements (Continued)

Tania Alatishe-Charles explained the statement of revenue and expenses, change in net debt, and statement of cash flows. She noted that, deferred revenue which is approximately \$20 million higher than last year relates mostly to unspent school renewal funding, and the decrease in net debenture debt is due to settlement of the sinking fund and principal payments made. School costs are higher over last year on account of staffing increase due to enrolment and labour contract provisions. Reviewing the notes to the financial statements, Controller Alatishe-Charles highlighted the increase in discount rate on accrued employee benefit obligations from 2.05% to 2.55%, repeal of Bill 115 which added \$2.5 million in expenditure for Early Retirement Incentive Plan, and full payment of the sinking fund liability amount this year.

Responding to a question of clarification regarding unspent facility renewal funds, Associate Director Gill advised that the Ministry of Education has committed significant investment in facilities renewal, as a result of which Peel DSB received \$132 million. The Board will be preparing a plan to achieve the best possible use of facility renewal funds by prioritizing projects according to Ministry deadlines, over the next two years. With regard to Chair Lawton's query on unspent Special Equipment Amount (SEA) funds, Superintendent of Special Education Support Services, Ted Byers, will be asked to provide a response. In reply to a trustee's query on overspent amount against Grants for Student Needs, Controller Alatishe-Charles explained that once final enrolment numbers are resubmitted, the accounts will be updated by the Ministry for the fiscal year and the funding will be adjusted. Regarding the reason for increase in fees and contract services, Tania Alatishe-Charles indicated that these costs relate to transportation and maintenance contracts.

AC-27, moved by Harkirat Singh, that the Audit Committee recommends to the Board:

That, the Consolidated Financial Statements for the Peel District School Board for the year ended August 31, 2017, be approved. (APPENDIX I)

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7. Compliance Report for Fiscal Year 2016-2017

Associate Director of Operational Support Services, Jaspal Gill drew attention to the letter signed by the Director of Education, Peter Joshua, with regard to Peel District School Board's compliance with current federal and provincial acts, regulations, and statutes.

AC-28, moved by Pradeep Sinha, that the Compliance Report for Fiscal Year 2016-2017, be received.

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8. Audit Committee Report for 2016-2017 to Ministry of Education

Associate Director Gill stated that in accordance with Ontario Regulation 361/10, school boards must report annually to the Ministry of Education on the Audit Committee's activities, and include a summary of internal audit work done by the Regional Internal Audit Team, as well as plans for an enrolment audit, if any. The report indicates that the IT Strategy Review has begun but is not yet completed and the Capital Planning Audit and Broader Public Sector Follow-up Audit has been completed but not yet presented.

AC-29, moved by Wayne Howard*, that the Audit Committee recommends to the Board:

That, the Audit Committee Report for 2016-2017, which has been approved by the Audit Committee, be submitted by the Board to the Ministry of Education.
(APPENDIX II)

..... carried

9. Regional Internal Audit Team (RIAT) Audit Plan Status Update

David Johnston, Senior Manager, Regional Internal Audit Team, reviewed the report and provided an update on the Audit Plan status of engagements, indicating that work is on schedule. On a query from Chair Lawton regarding bus operators, David Johnston indicated that overseeing bus operators and safety aspects are key elements of consideration for the Transportation audit.

AC-30, moved by Pradeep Sinha, that the status update report re Regional Internal Audit Team (RIAT) Audit Plan, be received.

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10. Question Period

There were no questions.

11. Adoption of the In Committee Report

AC-31, moved by Rick Williams, that the report of the In Committee Session re: Minutes of the Audit Committee (In Committee) Meeting, September 28, 2017; Year-End Communication (Deloitte), and Annual Report to the Board of Trustees for 2016-2017, be received, and that the recommendations contained therein, be approved.

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* Note: At the Audit Committee meeting, held on June 14, 2018, the mover of the Motion was corrected to read as Harkirat Singh.

November 15, 2017
Audit Committee:lf

12. Adjournment

AC-32, moved by Harkirat Singh, that the meeting adjourn (15:45 hours).

..... carried

..... Chair Secretary