



YORK CATHOLIC DISTRICT SCHOOL BOARD

Audit Committee Agenda

Public Session

Tuesday, April 30, 2024
4:00 p.m. – 5:00 p.m.
Boardroom

REVISED

Watch the Audit Committee Meeting STREAM
event on our YCDSB TV Channel:

<http://bit.ly/YCDSB-TV>

*We are gathered on the ancestral lands and waters of all Indigenous Peoples, who have left their footprints on Mother Earth before us.
We respectfully acknowledge those who have walked on it, those who walk on it now, and future generations who have yet to walk upon it.
We pray to the Creator for strength and wisdom that all may continue to serve as stewards of the Earth.*

Page(s)

Prayer for Gratitude in Every Day Living

Father in Heaven,
Thank You for all the
graces and blessings.
You have bestowed upon
us, spiritual and temporal,
our faith and religious
heritage.
Our food and shelter, our
health, the love we have
for one another.
Please grant us continued
graces and blessing as we
go upon our day.

Amen

- | | | | |
|--|---|--------------------|-------|
| 1. | Call to Order and Prayer/Land Acknowledgement | C. McNeil | |
| 2. | Roll Call | C. McNeil | |
| 3. | Election of Chair | C. McNeil | |
| 4. | Election of Vice Chair | C. McNeil | |
| 5. | Review of Terms of Reference for 2024 | Chair (TBD) | 2-5 |
| 6. | Approval of Agenda | Chair (TBD) | |
| 7. | Approval of the Minutes of the November 13, 2023 Meeting | Chair (TBD) | 6-8 |
| 8. | Declaration of Conflict of Interest | Chair (TBD) | |
| 9. | Business Arising from the Minutes of the Previous Meeting:
Nil | | |
| <u>Outside Presentation(s):</u> | | | |
| 10. | RIAT Business Continuity Planning (15 Minutes) | R. Patel, MNP | 9-12 |
| <u>Action Item(s):</u> | | | |
| 11. | Regional Internal Audit Team Update | P. Hatt | 13-14 |
| <u>Information Item(s):</u> | | | |
| 12. | School Day Update | J. Tsai/B. Hartung | 15-20 |
| 13. | School Finance Audit Summary Report and
Administration's Follow-Up Actions | C. McNeil /J. Tsai | 21-29 |
| <u>Future Items:</u> | | | |
| 14. | Next Meeting Date: September 2024 | | |
| <u>Adjournment</u> | | | |

YORK CATHOLIC DISTRICT SCHOOL BOARD

AUDIT COMMITTEE
(STATUTORY COMMITTEE OF THE BOARD)

TERMS OF REFERENCE

(April 30, 2024)

The Audit Committee will support the York Catholic District School Board's Mission, Vision, Core Values and Strategic Commitments and good Governance as outlined within these terms of reference.

1. Purpose/Mandate:

- 1.1 To follow and abide by the duties and powers of an Audit Committee as outlined in Ontario Regulation 361/10.
- 1.2 To assist the Board of Trustees in fulfilling its duties related to governance and oversight.
- 1.3 To review the financial reporting process, internal controls, internal auditing, external auditing, compliance matters, risk management and any other Board-proposed activity.

2. Expected Outcome of the Committee's Work:

- 2.1 To recommend the approval of annual financial statements to the Board of Trustees
- 2.2 To receive reports related to the Audit Committee's duties as outlined in Section 1.

3. Committee Membership:

- 3.1 The Audit Committee will be comprised of three Trustees and two persons who are not board members. Board members are appointed annually and external members serve a three-year term.
- 3.2 External Audit Committee members must meet the criteria as outlined in Ontario Regulation 361/10 and must be a resident of York Region, of Catholic faith and a Separate school tax supporter.

4. Resource Personnel:

- 4.1 Director of Education and Secretary of the Board, Ex-Officio
- 4.2 Associate Director
- 4.3 Chief Financial Officer and Treasurer of the Board
- 4.4 Regional Internal Audit Senior Manager
- 4.6 Other Staff (as required)

5. Meeting Schedule and Time:

- 5.1 The Audit Committee will meet at least three times/year with the first meeting of any fiscal year taking place prior to September 30.

Trustee and External Membership:

Carol Cotton
Joseph DiMeo
Maria Iafrate
Mike Petrilli
Dan Murack

Last Revision/Approval Date:
April 30, 2024



YORK CATHOLIC DISTRICT SCHOOL BOARD

EXTRACT FROM EDUCATION ACT O. REG. 361/10

Mandate:

The Mandate of the Audit Committee shall be in accordance with the duties and powers of an Audit Committee as outlined in O. Reg. 361/10 as follows:

Duties of an Audit Committee:

9. (1) An audit committee of a board has the following duties related to the board's financial reporting process:
 1. To review with the director of education, a senior business official and the external auditor the board's financial statements, with regard to the following:
 - i. Relevant accounting and reporting practices and issues.
 - ii. Complex or unusual financial and commercial transactions of the board.
 - iii. Material judgments and accounting estimates of the board.
 - iv. Any departures from the accounting principles published from time to time by the Canadian Institute of Chartered Accountants that are applicable to the board.
 2. To review with the director of education, a senior business official and the external auditor, before the results of an annual external audit are submitted to the board,
 - i. the results of the annual external audit,
 - ii. any difficulties encountered in the course of the external auditor's work, including any restrictions or limitations on the scope of the external auditor's work or on the external auditor's access to required information,
 - iii. any significant changes the external auditor made to the audit plan in response to issues that were identified during the audit, and
 - iv. any significant disagreements between the external auditor and the director of education or a senior business official and how those disagreements were resolved.
 3. To review the board's annual financial statements and consider whether they are complete, are consistent with any information known to the audit committee members and reflect accounting principles applicable to the board.
 4. To recommend, if the audit committee considers it appropriate to do so, that the board approve the annual audited financial statements.
 5. To review with the director of education, a senior business official and the external auditor all matters that the external auditor is required to communicate to the audit committee under generally accepted auditing standards.
 6. To review with the external auditor material written communications between the external auditor and the director of education or a senior business official.
 7. To ask the external auditor about whether the financial statements of the board's reporting entities, if any, have been consolidated with the board's financial statements.
 8. To ask the external auditor about any other relevant issues. O. Reg. 361/10, s. 9 (1).
- (2) An audit committee of a board has the following duties related to the board's internal controls:
 1. To review the overall effectiveness of the board's internal controls.
 2. To review the scope of the internal and external auditor's reviews of the board's internal controls, any significant findings and recommendations by the internal and external auditors and the responses of the board's staff to those findings and recommendations.
 3. To discuss with the board's officials the board's significant financial risks and the measures the officials have taken to monitor and manage these risks. O. Reg. 361/10, s. 9 (2).
- (3) An audit committee of a board has the following duties related to the board's internal auditor:

1. To review the internal auditor's mandate, activities, staffing and organizational structure with the director of education, a senior business official and the internal auditor.
 2. To make recommendations to the board on the content of annual or multi-year internal audit plans and on all proposed major changes to plans.
 3. To ensure there are no unjustified restrictions or limitations on the scope of the annual internal audit.
 4. To review at least once in each fiscal year the performance of the internal auditor and provide the board with comments regarding his or her performance.
 5. To review the effectiveness of the internal auditor, including the internal auditor's compliance with the document *International Standards for the Professional Practice of Internal Auditing*, as amended from time to time, published by The Institute of Internal Auditors and available on its website.
 6. To meet on a regular basis with the internal auditor to discuss any matters that the audit committee or internal auditor believes should be discussed.
 7. To review with the director of education, a senior business official and the internal auditor,
 - i. significant findings and recommendations by the internal auditor during the fiscal year and the responses of the board's staff to those findings and recommendations,
 - ii. any difficulties encountered in the course of the internal auditor's work, including any restrictions or limitations on the scope of the internal auditor's work or on the internal auditor's access to required information, and
 - iii. any significant changes the internal auditor made to the audit plan in response to issues that were identified during the audit. O. Reg. 361/10, s. 9 (3).
- (4) An audit committee of a board has the following duties related to the board's external auditor:
1. To review at least once in each fiscal year the performance of the external auditor and make recommendations to the board on the appointment, replacement or dismissal of the external auditor and on the fee and fee adjustment for the external auditor.
 2. To review the external auditor's audit plan, including,
 - i. the external auditor's engagement letter,
 - ii. how work will be co-ordinated with the internal auditor to ensure complete coverage, the reduction of redundant efforts and the effective use of auditing resources, and
 - iii. the use of independent public accountants other than the external auditor of the board.
 - 2.1 To make recommendations to the board on the content of the external auditor's audit plan and on all proposed major changes to the plan.
 3. To review and confirm the independence of the external auditor.
 4. To meet on a regular basis with the external auditor to discuss any matters that the audit committee or the external auditor believes should be discussed.
 5. To resolve any disagreements between the director of education, a senior business official and the external auditor about financial reporting.
 6. To recommend to the board a policy designating services that the external auditor may perform for the board and, if the board adopts the policy, to oversee its implementation. O. Reg. 361/10, s. 9 (4); O. Reg. 204/15, s. 2.
- (5) An audit committee of a board has the following duties related to the board's compliance matters:
1. To review the effectiveness of the board's system for monitoring compliance with legislative requirements and with the board's policies and procedures, and where there have been instances of non-compliance, to review any investigation or action taken by the board's director of education, supervisory officers or other persons employed in management positions to address the non-compliance.
 2. To review any significant findings of regulatory entities, and any observations of the internal or external auditor related to those findings.
 3. To review the board's process for communicating any codes of conduct that apply to board members or staff of the board to those individuals and the board's process for administering those codes of conduct.

4. To obtain regular updates from the director of education, supervisory officers and legal counsel regarding compliance matters.
5. To obtain confirmation by the board's director of education and supervisory officers that all statutory requirements have been met. O. Reg. 361/10, s. 9 (5).
- (6) An audit committee of a board has the following duties related to the board's risk management:
 1. To ask the board's director of education, a senior business official, the internal auditor and the external auditor about significant risks, to review the board's policies for risk assessment and risk management and to assess the steps the director of education and a senior business official have taken to manage such risks, including the adequacy of insurance for those risks.
 2. To perform other activities related to the oversight of the board's risk management issues or financial matters, as requested by the board.
 3. To initiate and oversee investigations into auditing matters, internal financial controls and allegations of inappropriate or illegal financial dealing. O. Reg. 361/10, s. 9 (6).
- (7) An audit committee of a board shall report to the board annually, and at any other time that the board may require, on the committee's performance of its duties. O. Reg. 361/10, s. 9 (7).
- (8) An audit committee shall make all reasonable efforts to ensure that a copy of this Regulation is posted on the board's website. O. Reg. 361/10, s. 9 (8).

Powers of an audit committee

10. In carrying out its functions and duties, an audit committee of a board has the power to,
 - (a) with the prior approval of the board, retain counsel, accountants or other professionals to advise or assist the committee;
 - (b) meet with or require the attendance of board members, the board's staff, internal or external auditor or legal counsel or representatives from a reporting entity of the board at meetings of the committee, and require such persons or entities to provide any information and explanation that may be requested;
 - (c) where the committee determines it is appropriate, meet with the board's external or internal auditor, or with any staff of the board, without the presence of other board staff or board members, other than board members who are members of the committee;
 - (d) require the board's internal or external auditor to provide reports to the committee; and
 - (e) have access to all records of the board that were examined by the internal or external auditor.
- O. Reg. 361/10, s. 10.

York Catholic District School Board

MINUTES AUDIT COMMITTEE (Regular Session)

A regular session of the Audit Committee was held in the Boardroom at 320 Bloomington Road West and virtually via Google Meets, on Monday, November 13, 2023, commencing at 5:30 p.m.

PRESENT:

Committee Members:	C. Cotton, J. Di Meo, M. Iafrate
Other Trustees:	F. Alexander, M. Barbieri, E. Crowe, A. Grella*, A. Saggese, J. Wigston*
External Committee Member:	M. Petrilli*, D. Murack*
Administration:	D. Scuglia, J. Sarna, C. McNeil, J. Tsai, K. Scanlon, T. Steenhoek, S. Morrow, B. Pageau, T. Laliberte
RIAT Team:	P. Hatt, Regional Internal Audit Senior Manager, J. Selvadurai, Regional Internal Audit Manager
Absent with Notice:	
Recording:	K. Errett
Presiding:	C. Cotton, Committee Chair

[denotes attendance via teleconference]*

1. CALL TO ORDER, PRAYER AND LAND ACKNOWLEDGEMENT

Trustee C. Cotton, Committee Chair, called the meeting to order and led the opening prayer. Director Scuglia, provided the York Catholic District School Board Land Acknowledgement and C. McNeil, CFO and Treasurer of the Board provided roll call.

2. APPROVAL OF NEW MATERIAL: Nil

3. APPROVAL OF THE AGENDA

Motion: Iafrate/Di Meo

THAT the Agenda be approved as presented.

– MOTION CARRIED –

4. APPROVAL OF THE MINUTES:

Motion: Iafrate/Di Meo

THAT the Minutes of the September 26, 2023 Audit Committee meeting be approved as presented.

– MOTION CARRIED –

5. DECLARATION OF CONFLICT OF INTEREST: Nil

6. BUSINESS ARISING FROM THE MINUTES OF THE PREVIOUS MEETING: Nil

7. **NEXT MEETING DATE:** April 30, 2024

8.

9. **STAFF PRESENTATION ITEMS:**

a) **2022-2023 Year-End Financial Statements Review**

i) **PowerPoint “*Consolidated Financial Statements 2022-23 Year-End – Audit Committee – November 13, 2023*”**

C. McNeil, CFO and Treasurer of the Board, presented the PowerPoint “*Consolidated Financial Statements 2022-23 Year-End – Audit Committee – November 13, 2023*” providing highlights of the Audited 2022-23 Consolidated Financial Statements which was focused on the compliance position with the necessary adjustments noted in the report appendices.

The Board’s in-year deficit reported at \$8.9 million per the Financial Statements. It was noted that the larger revenue increases were attributed to the labour provision, the unratified CUPE Agreement and COVID funding. The largest change in expenses is for Pay Equity. The accumulated surplus is \$264.9 million.

C. McNeil noted that the submission of the Board’s Audited Consolidated Financial Statements would be filed with the Ministry through the Education Financial Information System (EFIS) before November 15, 2023, as required by the Ministry of Education. The 2022-2023 Financial Statements will be posted on the Board website.

ii) **2022-23 Draft Financial Statements**

C. McNeil, CFO and Treasurer of the Board, highlighted the *York Catholic District School Board Consolidated Financial Statements for the Year-Ended August 31, 2023* provided in the agenda.

10. **ACTION ITEMS:**

a) **Approval of YCDSB 2022-23 Audited Financial Statements**

C. McNeil, CFO and Treasurer of the Board, highlighted that the report included in the agenda included staff recommendation to the Audit Committee for Board-approval of the 2022-2023 Consolidated Financial Statements audited by Grant Thornton (Staff Presentation Item 8a). Upon approval by the Board the Financial Statements will be posted on the Board website as required by the Education Act.

Motion: Iafrate/Petrilli

a) **THAT the Board approve the 2022-23 Consolidated Financial Statements of the York Catholic District School Board, for the period ended August 31, 2023, as audited by Grant Thornton LLP, and**

b) **THAT the 2022-23 Audited Consolidated Financial Statements of the York Catholic District School Board, together with the Auditor’s Report, will be made available and posted on the Board’s website.**

– MOTION CARRIED –

Committee Chair, Trustee Cotton noted the clean audit received by Grant Thornton this year and congratulated the staff involved for the accomplishment.

b) Approval of YCDSB 2022-23 Educational Development Charges (EDC) Summary Schedules

C. McNeil, Chief Financial Officer and Treasurer of the Board, presented the Educational Development Charges (EDC) Summary Schedules for York Catholic District School Board which have been audited by Grant Thornton and provided in the agenda package for review as per the EDC Bylaws.

Motion: Di Meo/Murack

THAT the Board approve the Summary Schedules of Education Development Charges of the York Catholic District School Board for the year ended August 31, 2023 as audited by Grant Thornton LLP.

– MOTION CARRIED –

11. DISCUSSION/INFORMATION ITEM(S):

a) Annual Audit Committee Report to the Ministry of Education

C. McNeil, CFO and Treasurer of the Board, provided the *Annual Audit Committee Report to the Ministry of Education* in the agenda which, per Regulation 361/10, advises the Ministry of Education of the audits completed by the Regional Internal Audit Team and advises whether the Board has any enrolment audits planned. The Board's submission will be made electronically, prior to the deadline of November 15, 2023, and the Committee Chair will sign the original hard copy.

b) Regional Internal Audit Team (RIAT) Update

P. Hatt, Regional Internal Audit Senior Manager, presented the Regional Internal Audit Team Update and commented that the May 28, 2024 agenda would include reports for engagements currently in the field work stage as well as reports on follow-up engagements, which have been identified in the follow-up register in the agenda.

c) RIAT Findings and Recommendations from Completed Engagements

P. Hatt, Regional Internal Audit Senior Manager, provided the *Findings and Recommendations from Completed Engagements: November 2023*.

Committee Chair, Trustee Cotton, expressed appreciation for the update and for the inclusion of the Follow-Up Register which has been found to be helpful in keeping track of the engagements that have been done.

FUTURE ITEM(S): Nil

Adjournment: 5:58 P.M.

On Motion: Iafrate/DiMeo and CARRIED



Business Continuity Planning

Prepared by MNP LLP for the York Catholic District School Board

April 30, 2024

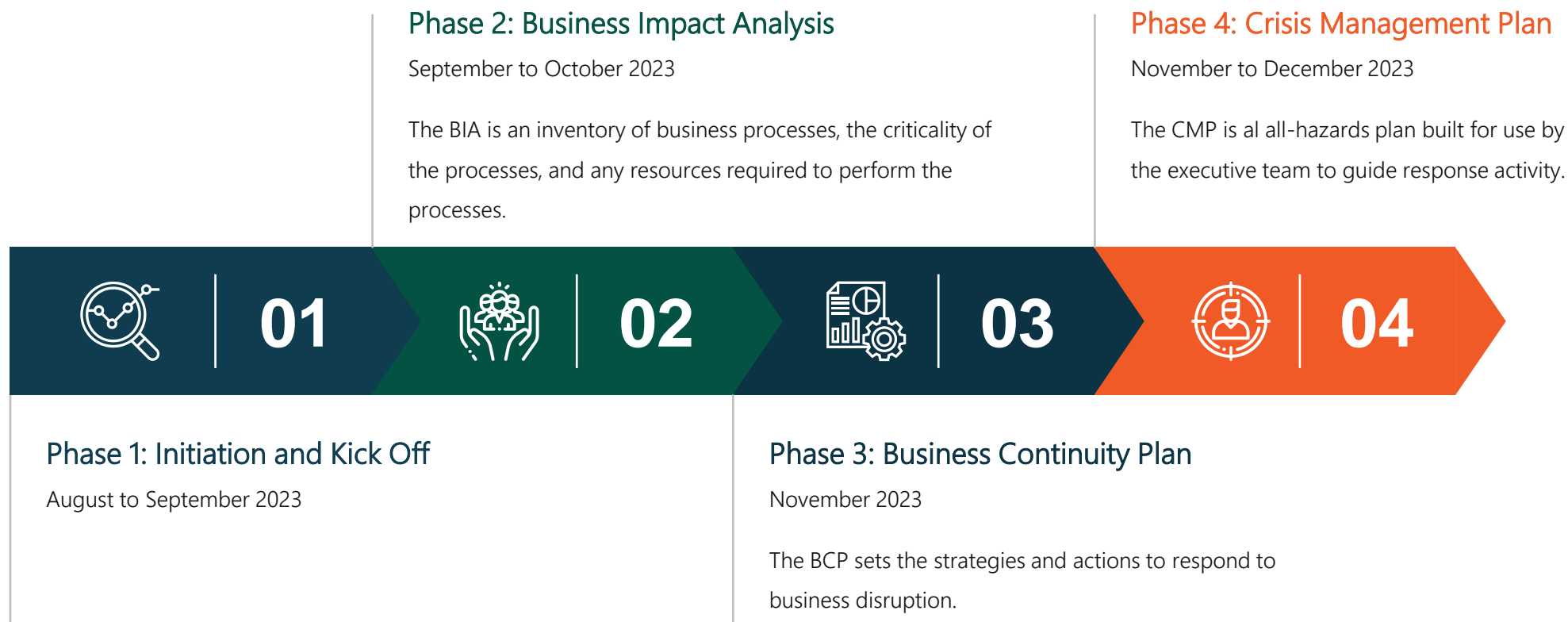


Wherever business takes you

MNP.ca



Project Plan



Stakeholder Involvement

Business Impact Analysis & Business Continuity Plan

- Information Technology
- Finance
- Communications
- Human Resources
- Planning
- Transportation
- Plant & Accommodation

Crisis Management Plan

- Director of Education
- Associate Director
- Chief Financial Officer and Treasurer of the Board
- Chief Information Officer
- Security and Business Continuity Specialist
- Senior Manager, Brand, Marketing & Communications
- Manager, Employee Health and Safety Services
- Superintendent of Facilities Services and Plant
- Coordinating Manager of Planning and Operations
- Superintendent of Curriculum and Assessment
- Superintendent of Education: Exceptional Learners

Sustainment

- Ongoing management of the plans is the responsibility of the Security and Business Continuity Specialist
- They have management and oversight for the:
 - Business Impact Analysis
 - Business Continuity Plan
 - Crisis Management Plan
- They will oversee any activity related to the maintenance of the documentation (e.g., annual updates) and tests or exercises (e.g., tabletop exercises).

YCDSB Regional Internal Audit Update

The following is the status of engagements from York Catholic District School Board's Regional Internal Audit Plans from 2020-21 to 2023-24¹.

Year	Audits / Consulting	Audit Stage				
		Not Started	Planning	Fieldwork	Reporting	Complete
2020-21	1					1
2021-22	1					1
2022-23	1		1			
2023-24	3	2				1

Cyber Security (2020-21)

- **Status: Complete**
- This engagement was completed by Richter, with the report issued in April 2024.

Business Continuity Planning (2021-22)

- **Status: Complete**
- This engagement was completed by MNP in December 2023.

School Finance Data Analytics (2022-23)

- Objective: RIAT will design a set of analytical procedures to assist the Board with auditing/monitoring school finances (including identification of outliers and other unusual information warranting further review in school audits, fraud red flags, etc.).
- **Status: Planning**
- This engagement was put on hold due to competing priorities. Planning has resumed, with fieldwork expected to begin shortly.

Special Education Financial and Operational Review, Phase 2 (2023-24)

- Objective: To further assist management with some of the analysis recommended in the first phase, as needed. Management will inform RIAT if/when a second phase is required (this has not occurred to date).
- **Status: Not Started**
- RIAT will revisit this engagement with management in the upcoming risk assessment.

Peer Staffing Comparison (2023-24)

- **Status: Complete**
- This engagement is complete, with the report issued in April 2024.

¹ Engagements previously completed have been excluded from this list.

School-Based Operational Review (2023-24)

- Objective: An overall review of school-based and student data in order to identify and address issues related to student achievement, equity and access.
- **Status: Not Started - Proposed Replacement**
- In discussion with management, it was indicated that a RIAT engagement would provide limited value in this area. Through further discussion, it was determined that a Succession Planning engagement for the Senior Team and Manager positions (non-academic) would be more beneficial, as it addresses vacancy risk, which has been assessed as high, both at YCDSB and throughout the sector. The objective of this advisory engagement is as follows:
 - To develop a consistent approach to succession planning, that will assist the Board in managing leadership positions. This will include creation of a toolkit that will allow management to assess the vacancy risk for each identified position and prepare a succession plan (i.e., to identify and develop internal candidates, where possible, to fill vacancies). The toolkit will also help management to select appropriate action plans to further mitigate the vacancy risk for these positions (due to resignations, retirement and leaves of absence), such as mechanisms for knowledge sharing and retention strategies.
- As a result, RIAT is recommending the following amendment to the audit plan:

Recommendation: That the York Catholic District School Board's Audit Committee recommend the following amendment to the Regional Internal Audit Plan to the Board of Trustees for approval:

- **2023-24 - Removal of the School-Based Operational Review and replacement with Succession Planning for Senior Team/Managers (Non-Academic)**

Other RIAT Work

Follow-up Activities:

- Follow-up engagements will take place as time permits. RIAT is planning to complete a minimum of two follow-up engagements in 2023-24.

Risk Assessment & Two-Year Audit Plan:

- Planning for the risk assessment and two-year audit plan (2024-25 & 2025-26) is expected to begin shortly.



School-day – Cashless School System Implementation Update Audit Committee

April 30, 2024

Prepared by:	Jesua Tsai, Manager – Financial Reporting & School Finance Beth Hartung, School Finance Specialist
Submitted by:	Calum McNeil, Chief Financial Officer and Treasurer of the Board
Endorsed by:	John De Faveri, Interim Director of Education





Implementation Update – Summary

- 2023-24 Implementation Overview
- Current Adoption Rate and Usage
- 2024-25 Next Steps



2023-24 Implementation Overview

Phase 6 -
Sept 2023

- 2 Elementary Schools and St. Katharine Drexel CHS

Phase 7 –
Oct 2023

- 14 Elementary Schools

Phase 8 -
Jan 2024

- 16 Elementary Schools

Phase 9 –
Apr 2024

- Final 19 Elementary schools



Adoption Rate and Usage – April 19, 2024

Phase	Start Date	Number of Schools	Average Adoption %	Online \$ (000's)	Online %
1-5	Prior to Sept 2023	50	87	6,367	55
6	Sept 2023	3	98	192	77
7	Oct 2023	14	75	445	31
8	Jan 2024	16	78	144	8
9	Apr 2024	19	37	5	-
Total		102	79	7,152	42

Close to 40,000 students have parents enrolled;
Total of \$7.2M transactions processed (Sep 2023 – April 19, 2024)



Top adoptions

Top adoption rate:

Number of Schools	Percentage
3	100%
44	90 - 99%
15	80 - 89%
Average	79%

Top Usage:

- 14 schools are collecting over 80% of deposits online
- 12 schools are collecting 70-80% of deposits online



2024 - 25 Next Steps

- Increase Adoption
 - Best practice sessions
 - School specific training
- Increase Usage
 - Elementary – develop and improve templates for hot lunches
 - Secondary – promote athletic fee and form use
 - Training on report generation
- Update Policy 803 School Generated Funds
 - Deposit process and bank reconciliations

REPORT

York Catholic District School Board

Report To: Audit Committee

From: Administration

Date: April 30, 2024

Report: School Finance Audits and Administration's Follow Up Actions

PURPOSE

To provide the Audit Committee with a summary of the School Finance Audits for the fiscal year 2022-23 and the ongoing work that will be performed to address the audit findings.

BACKGROUND

The last formal school audits were conducted in the summer of 2021 for 38 schools that covered both the 2018-19 and 2019-20 periods. School audits were halted for the 2020-21 and 2021-22 periods due to significantly reduced school generated fund activities under the COVID restrictions.

Since the pandemic, there have been high turnovers at the Principal level as well as for the Head Secretaries and Secondary Bursars. A key focus for the 2022-23 and 2023-24 is to ensure all staff with new roles in the School Finance area are trained appropriately and to ensure they are familiar with Board's policies and procedures.

In spring of 2023, ten schools were selected for review for the 2022-23 transactions to assess the school's adherence to Board policies and procedures relating to management of school finances.

FINDINGS

The attached report outlines the general findings of the 2022-23 audit. Most of the issues relate to retention of proper documentation, appropriate approvals, and policy and procedural processes not being followed. Some of those issues may arise because the board has many new administrators and it is important to remember that administrators and secretaries do not have bookkeeping skills, particularly with respect to bank reconciliations and banking procedures.

Training is provided when they are first assigned to the schools and refresher training is provided periodically.

SUMMARY

The School Finance Team will continue to work with school administration to address the issues identified from the 2023 audits. Targeted training will continue to be provided to all new school administrators and new secretaries. The transition to cashless schools will help mitigate some of the issues identified in the report.

We plan to continue to conduct audits each school year. Sample schools will be determined through consultation with the Superintendents of Education and the School Finance team.

Prepared by:	Jesua Tsai, Manager – Financial Reporting & School Finance
Submitted by:	Calum McNeil, Chief Financial Officer & Treasurer of the Board
Endorsed by:	John De Faveri, Interim Director of Education

York Catholic District School Board

School Finance Audit – Summary Report April 2024

Prepared by:

Beth Hartung – School Finance Specialist

Issued by:

Jesua Tsai – Manager, Financial Reporting and School Finance

Distribution:

Audit Committee

Jennifer Sarna – Associate Director

Calum McNeil – Chief Financial Officer and Treasurer of the Board

Superintendents of Education: School Leadership



Introduction

In spring of 2023, ten schools (2 Secondary and 8 Elementary schools) were selected for review for the fiscal year 2022-23 transactions. The audit work was undertaken by the YCDSB School Finance team in the fall of 2023.

The last formal school audits were conducted in the summer of 2021 for 38 schools that covered both the 2018-19 and 2019-20 periods. School audits were halted for the 2020-21 and 2021-22 periods due to significantly reduced school generated funds activities under the COVID restrictions.

The 10 schools audited are listed below:

- Father John Kelly CES
- Holy Name CES
- St. Agnes of Assisi CES
- St. Andrew CES
- St. Anne CES
- St. Edward CES
- St. Michael the Archangel CES
- St. Patrick CES (Schomberg)
- Holy Cross Catholic Academy
- St. Maximillian Kolbe CHS

The purpose of this report is to provide a summary of the common observations and recommendations included in the individual school reports.

Audit Objective and Scope

The objective of the School Finance audit was to assess the school's adherence to Board policies and procedures relating to management of school finances (specifically school generated funds (SGF) and purchasing card transactions). The audit scope covered the 2022-23 fiscal period.

The specific areas in scope, which were tested on a sample basis, are noted under Common Audit Observations. The audit scope of the school audits excluded Board-level processes and controls.

Limitations on use of Internal Audit Report

This report is intended primarily for the information and use of the YCDSB Audit Committee and should not be provided to any other party without the consent of the YCDSB School Finance team.

Summary of Audit Observations

We have assessed the schools' effectiveness in compliance with Board policies and procedures relating to management of school finances (specifically school generated funds (SGF) and purchasing card transactions).

Below is a summary of the overall ratings for the 10 schools for the 2022-23 period.

Overall rating	Number of Schools
Effective	6
Partially Effective	3
Ineffective	1
Total	10

Please see Appendix A for detailed definitions of the terminology used as part of our work.

Common Audit Observations

This section provides a summary of audit observations that were found at multiple schools. Audit observations that are unique to one school are not included in this report with the exception of items ranked as high in significance.

Category Reviewed	Observations and Recommendations
1. Bank Reconciliations	<ul style="list-style-type: none">Reconciling items such as outstanding deposits, stale dated cheques, and other adjusting entries on bank reconciliations were not cleared on a timely basis. (Observed at 4 schools.)<ul style="list-style-type: none">Recommendation: With the exception of outstanding cheques, all other reconciling items appearing on the bank reconciliation should be reviewed and adjustments made on a timely (monthly) basis to ensure all subledger accounts reflect accurate balances.Bank reconciliations were not signed by the preparer, reviewer (principal) nor dated. (Observed at 2 schools.)<ul style="list-style-type: none">Recommendation: Bank reconciliations should be dated and signed by the preparer and principal to ensure that the review documentation is complete.
2. Safeguarding of assets	<ul style="list-style-type: none">During the review of cheques, two pre-signed cheques were identified which does not comply with School Generated Fund Procedure 3.1.2.

Category Reviewed	Observations and Recommendations
	<p><i>(Observed at 1 school)</i></p> <ul style="list-style-type: none"> ○ Recommendation: Cheques should only be signed after they are prepared to prevent unauthorized payments from occurring.
3. Collections and Deposits	<ul style="list-style-type: none"> • Deposit documentation (Admin 40 School Fund – Collector Deposit Form, Admin 11 Bank Deposit Slip – Catholic School Council) was not completed or was missing information. Missing information included collector name, signature, department, deposit account/reason and submission date as required by School Generated Fund Procedure 3.3 <i>(Observed at 3 schools.)</i> <ul style="list-style-type: none"> ○ Recommendation: All deposit forms should be fully completed to provide evidence of who has verified the deposit amount, account and submission date. • Bank deposits were not deposited on a timely basis (greater than 14 days from collection date to deposit being recorded at bank). <i>(Observed at 3 schools.)</i> <ul style="list-style-type: none"> ○ Recommendation: Bank deposits should occur on a timely basis to ensure the accuracy of the school's financial records.
4. Non-sufficient funds (NSF) Cheques	None of the schools had findings in this area.
5. Support for Deposit adjustments/ corrections	None of the schools had findings in this area.
6. Spending of SGF funds (Cheques and Invoices)	<ul style="list-style-type: none"> • Expense payments did not have evidence of Principal approval for payment. <i>(Observed at 7 schools.)</i> <ul style="list-style-type: none"> ○ Recommendation: The Principal should initial each invoice as “approved for payment” and confirm subledger coding prior to cheque preparation or sign a completed Cheque Requisition Form as evidence of payment approval and correct subledger coding. • Procurement was not completed for two purchases greater than \$10,000 as required by School Generated Funds Procedure 2.5. <i>(Observed at 2 schools.)</i>

Category Reviewed	Observations and Recommendations
	<ul style="list-style-type: none"> ○ Recommendation: Three quotes should be obtained of purchases greater than \$10,000 to ensure the lowest cost is obtained for comparable items. • Expense payments were not coded to the correct subledger account. (Observed at 2 schools.) <ul style="list-style-type: none"> ○ Recommendation: Expense payments should be paid from appropriate subledgers to ensure accurate record keeping and reports. • Gift card purchases did not include recipient information as required by School Generated Fund Procedure 3.4.4. (Observed at 3 schools.) <ul style="list-style-type: none"> ○ Recommendation: Gift card recipients should be documented for accountability and transparency. • Cleared cheques are not provided with the monthly bank statement. (Observed at 3 schools.) <ul style="list-style-type: none"> ○ Recommendation: Cleared cheques should be obtained with each bank statement.
7. Missing cheques numbers and Void Cheques	None of the schools had findings in this area.
8. Purchasing Card transactions	<ul style="list-style-type: none"> • Monthly Admin. 17 forms (<i>Purchasing Card Monthly Transaction Log</i>) were not signed off by the Principal/(Superintendent for Principal cards) to evidence that the purchases were reviewed. (Observed at 6 schools. (2 staff, 4 principal cards)) <ul style="list-style-type: none"> ○ Recommendation: The Principal/Superintendent must sign the monthly Admin. 17 forms for all purchasing cards (other than their own) to evidence review of the purchases. • Some purchases had no supporting documentation, such as a detailed receipt or an Admin. 19A (<i>Missing Original Detailed Receipt Approval Form- Schools Only</i>). (Observed at 4 schools.)

Category Reviewed	Observations and Recommendations
	<ul style="list-style-type: none"> ○ Recommendation: Documentation should be retained in order to comply with retention requirements. • Supporting documentation for a gift card purchase did not specify what the gift cards would be used for and/or the names of the recipients as required by section 3.4.4 of the SGF procedure (Observed at 2 schools.) ○ Recommendation: All gift card purchases must include a detailed description of the purpose and a complete listing of recipients. • Supporting documentation for meals/refreshments did not identify recipients. (Observed at 2 schools.) ○ Recommendation: Details on the name of recipients, purpose/reason for refreshment purchases should be documented according to purchasing card procedures to ensure accountability and transparency.

Conclusion

Overall, there was adequate documentation available to conduct the audits. To mitigate financial, legal and reputational risk, schools must ensure that:

- Policies and procedures are followed (including Purchasing Card; School Generated Funds; Travel, Meals & Expense Reimbursement; and Use of Board and School Funds for Recognition or Acknowledgement Purposes);
- Utilization of the School Day platform to minimize cash at the schools;
- Accountability/accuracy is increased around cash handling/deposits;
- Controls over cheque issuance and purchasing card transactions are strengthened; and
- Appropriate approval is received.

The School Finance team would like to thank the school administrators at each school for their support and assistance during this audit.

Appendix A – Definitions of our ratings and overall audit assessment

Observation/ Recommendation ratings

Our observations and recommendations have been rated on a three-point scale (high, medium and low), as shown below, based on an analysis of the likelihood of a control or process failure and the overall impact.

High – Issues arising referring to high priority issue, if not addressed, could lead to significant levels of noncompliance with Board policies and procedures relating to management of school finances. Issues should be addressed as a matter of urgency to ensure schools are in compliance with financial requirements.

Medium – Issues arising referring mainly to issues that have an important effect on the level of compliance but are not significant nor require immediate action. Nevertheless, issues should be addressed to ensure compliance with Board policies and procedures relating to management of school finances.

Low – Issues arising that would, if corrected, improve the school's internal processes, but are not vital in achieving overall compliance with Board policies and procedures relating to management of school finances. These recommendations are of leading practices as opposed to weaknesses that prevent compliance from being met.

Overall report ratings

The overall rating for this report has been measured on a three-point scale (Effective, Partially Effective and Ineffective), as shown below

Effective – Operation of existing controls is effective. Management's control environment is adequate to manage risks associated with compliance with Board policies and procedures regarding management of school finances. All high-level risks are adequately controlled.

Partially Effective – Operation of existing controls is partly effective. Management's control environment is adequate but some control weaknesses and/or opportunities for improvement observed. Existing controls are partially enforced to manage risks associated with compliance with Board policies and procedures regarding management of school finances.

Ineffective - Operation of existing controls is ineffective. Management's control environment is not adequate and below standard. Existing controls are not being effectively enforced to manage risks associated with compliance with Board policies and procedures regarding to management of school finances. School administrators should address high risks issues immediately.