



YORK CATHOLIC DISTRICT SCHOOL BOARD

Audit Committee Agenda

Public Session

Tuesday, September 26, 2023

4:30 p.m. – 5:30 p.m.

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 | Trustee Cotton | |
| 2. | Land Acknowledgement | C. McNeil | |
| 3. | Roll Call | C. McNeil | |
| 4. | Approval of New Material | Trustee Cotton | |
| 5. | Approval of Agenda | Trustee Cotton | |
| 6. | Declaration of Conflict of Interest | Trustee Cotton | |
| 7. | Approval of the Minutes – May 29, 2023 | Trustee Cotton | 2-5 |
| 8. | Business Arising from the Minutes of the Previous Meeting:
Nil | | |
| | <u>Action Item(s):</u> | | |
| 9. | Nil | | |
| | <u>Presentations Items:</u> | | |
| 10. | Nil | | |
| | <u>Discussion/Information Item(s):</u> | | |
| 11. | YCDSB Regional Internal Audit Update | P. Hatt | 6-20 |
| | <u>Future Items:</u> | | |
| 12. | Next Meeting Date: November 14, 2023 | | |
| | <u>Adjournment</u> | | |

York Catholic District School Board

MINUTES AUDIT COMMITTEE (Regular Session)

A regular session of the Audit Committee was held at 320 Bloomington Road West and virtually via Google Meets, on Tuesday, May 29, 2023, commencing at 4:35 p.m.

PRESENT:

Committee Members:	C. Cotton, M. Iafrate
Other Trustees:	M. Barbieri, A. Saggese
External Committee Member:	A. Rocha*, M. Petrilli*
Administration:	D. Scuglia, J. Sarna, C. McNeil, J. Tsai, G. Monaco, K. Scanlon, T. Steenhoek, M. Gray, S. Morrow, T. Laliberte, L. Paonessa
RIAT Team:	P. Hatt, Regional Internal Audit Senior Manager
Absent with Notice:	J. DiMeo
Recording:	K. Errett
Presiding:	C. Cotton, Committee Chair

[denotes attendance via teleconference]*

1. CALL TO ORDER, PRAYER AND LAND ACKNOWLEDGEMENT

C. McNeil, CFO and Treasurer of the Board, called the meeting to order, led the opening prayer, read the York Catholic District School Board Land Acknowledgement and provided roll call.

2. ELECTION OF CHAIR

Trustee Cotton was acclaimed Audit Committee Chair for 2023 on nomination by Trustee Iafrate.

3. ELECTION OF VICE-CHAIR

Trustee Iafrate was acclaimed Audit Committee Vice-Chair for 2023 on nomination by Trustee Cotton.

REGULAR MEETING: Presiding, Trustee Cotton, Committee Chair.

4. APPROVAL OF THE TERMS OF REFERENCE FOR 2023

The Committee Terms of Reference for 2023 were reviewed and approved with an amendment to Item 3.1 to delete reference to the Regional Internal Auditor, identified incorrectly as a Committee member.

Motion: Iafrate/Rocha

THAT the 2023 Audit Committee Terms of Reference be approved as amended.

– MOTION CARRIED –

5. APPROVAL OF NEW MATERIAL: Nil

6. APPROVAL OF THE AGENDA

Motion: Iafrate/Rocha

THAT the Agenda be approved as presented.

– MOTION CARRIED –

7. APPROVAL OF THE MINUTES:**Motion: Iafrate /Petrilli**

THAT the Minutes of the November 8, 2022 Audit Committee meeting be approved as presented.

– MOTION CARRIED –

8. DECLARATION OF CONFLICT OF INTEREST: Nil**9. BUSINESS ARISING FROM THE MINUTES OF THE PREVIOUS MEETING: Nil****10. NEXT MEETING DATE: September, 2023****11. STAFF PRESENTATION ITEMS: Nil****12. ACTION ITEMS: Nil****13. INFORMATION ITEM(S):****a) Regional Internal Audit Team (RIAT) Update**

P. Hatt, Regional Internal Audit Senior Manager, reviewed the Regional Internal Audit Update to describe the engagements outstanding from 2020-21 to 2022-23 and to provide status updates, i.e. Workflow Assessment – Plant and Finance 2020-21, Cybersecurity 2020-21, Business Continuity Planning 2021-22, Special Education Financial and Operational Review 2022-23 and School Finance Data Analytics (School Generated Funds and General School Budgets (2022-23). Three follow-up engagements which have been completed i.e. School-Based Audits – Enrolment & School Finance, HR/Payroll and Construction Management are included on the current agenda for information. The Register of Findings and Recommendations will be recirculated to management during the summer to determine the status of the follow-up/action plans that remain active. The summary will be presented to at a future Audit Committee meeting.

The Regional Internal Audit Charter which defines the RIAT purpose, authority and responsibility as outlined in the Internal Auditing Standards was presented for review and approval. The Charter was approved and will be signed by the Audit Committee Chair, Director of Education and Senior Manager, Regional Internal Audit. The Charter will also be shared annually as a part of the September RIAT Report.

Motion: Iafrate/Petrilli

THAT the Audit Committee approves the updated Regional Internal Audit Charter as presented.

– MOTION CARRIED –

b) RIAT Follow-up: School-Based Audits – Enrolment and School Finance

P. Hatt, Regional Internal Audit Senior Manager, presented the *“Follow-up: School-Based Audits – Enrolment and School Finance”* which was originally issued in April 2020 and was conducted to assess the status of the management action plans developed to address the findings from the original report. Ten action plans were assessed and recorded as “complete” and action plan for Finding #2, Co-op Program (Secondary schools only) which was identified as “Management Assumed Risk”. As the ten findings were adequately and effectively addressed, the status of the audit, including the follow-up, is “closed” and no further update will be provided. The Committee requested a process/procedure be created for the annual process.

c) RIAT Follow-up: HR/Payroll Audit

P. Hatt, Regional Internal Audit Senior Manager, presented the “*Follow-up: HR/Payroll Audit*” which was originally issued in June 2016 and was conducted to assess the status of the management action plans developed from the original report. The action plans assessment resulted with “Changes to employee records within the payroll system” recorded as “Management Assumed Risk” and the second, “HRIS Change Management” was marked as “complete”. The status of the audit, including the follow-up, is “closed”.

d) RIAT Follow-up: Construction Management Audit

P. Hatt, Regional Internal Audit Senior Manager, presented the “Follow-up: Construction Management Audit”, originally issued in April 2015 and followed-up in August 2017. A second, current follow-up was conducted to assess the status of the management action plans developed from the original report that were not closed in April 2015. The outstanding action plans were assessed and recorded as “complete”, The status of the audit, including the follow-up, is “closed”.

e) School Finance Management Status Update

J. Tsai, Manager – Accounting and Financial Services reviewed the “*School Finance Management Status Update*”, providing an update of the 2022-23 implementation schedule and the training strategy for new and continued support in the areas of school finances, School-Day cashless platform implementation and training, policies and procedures support and training and for ongoing school audits.

It was noted that the Finance Department is scheduling ten school audits for the end of the school year.

A focus of the 2023-24 school year will be the onboarding of the remaining 49 schools onto School-Day. Once all schools are using School-Day, Policy 803 will be updated to ensure that all schools are able to access a standardized policy and procedures. As well, the finance training methodologies and content will be refreshed to align with the new cashless system and finance updates. A new initiative will be the use of training modules and self-directed training/refreshers for principals as well as vice-principals on the short-list.

f) YCDSB: Cashless School System Implementation Update

J. Tsai, Manager – Accounting and Financial Services, and G. Monaco, Compliance Analyst, presented the “*School Finance Management Status Update*”. The three-phases of implementations resulted in an overall adoption rate of 74% and a total of \$3.7M in transactions being processed (elementary 51% of deposits are via on line sales with 81% adoption rate and secondary 27% of deposits are via online sales with 58% adoption rate). Finance staff is working with elementary Catholic School Councils and third-party lunch providers to roll-out, however, schools will be addressed individually to determine the best approach, i.e. School-Day vs. current providers.

As communicated to Principals in March 2023, a target date of June 30, 2023 has been set for schools to no longer accept e-transfers. Parents will be reminded in a message included with June report cards.

The next phase will be initiated by a survey to principals of the remaining 49 elementary schools to determine their timing preference for implementing School-Day in one of the next

phases taking place in October 2023, January 2024 and April 2024 to bring the remaining schools on-line.

g) External Audit Committee Member Update

C. McNeil, Chief Financial Officer & Treasurer of the Board, advised the Committee of the expiry of the second term of office for one External Audit Committee Member, Ms. Annabelle Rocha, which expires on August 31, 2023. The recruitment process is currently underway and a new member will be appointed by September 1, 2023.

Sincere thanks and gratitude were expressed for the two terms that Ms. Rocha has served. Ms. Rocha also thanked the Committee for the positive experience and guidance received.

FUTURE ITEM(S): Nil

Adjournment: 5:30 P.M.

On Motion: Iafrate/Petrilli and CARRIED

YCDSB Regional Internal Audit Update

The following is the status of engagements that are still outstanding from the York Catholic District School Board's Regional Internal Audit Plans from 2020-21 to 2022-23.

Workflow Assessment – Plant and Finance (2020-21)

- **Status: Proposed Cancellation** (see analysis in the RIAT annual report and recommendation below)
- **Objective:** To assess workflows of specific areas of Plant and Finance (Procurement) with the goal of optimizing processes. Areas of focus may include, but are not limited to, the process flow from the approval process through to procurement for construction projects (including change orders) and repairs and maintenance.

Cybersecurity (2020-21)

- **Status: Planning**
- **Objective:** To assess the current cybersecurity environment considering areas such as penetration testing to determine overall vulnerability levels, an overall network health check, exposure of information assets to breaches, and a maturity and threat analysis to determine the state of the Board's information security environment and practices.
- RIAT is working with IT to confirm the details of this outsourced engagement, which will be used to develop a Request for Services document that will be used to procure a firm to complete the engagement.

Business Continuity Planning (2021-22)

- **Status: Fieldwork**
- **Objective:** Development of a Business Continuity Plan (BCP) for YCDSB that will cover the Board's corporate functions (such as Finance, Human Resources, Information Systems, etc.).
- RIAT has engaged MNP to undertake this engagement. Meetings are currently underway with departments to complete a Business Impact Analysis. This will be followed by the development of a Business Continuity Plan for each department.

Financial Risk Review (2022-23) – Through discussions with management, multiple areas of focus were identified for the financial risk review. As a result, this review will be divided into multiple consulting engagements and deliverables.

1) Special Education Financial and Operational Review, Phase 1 (2022-23)

- **Status: Complete**
- This engagement is complete, with the report issued in September 2023.

- 2) Special Education Financial and Operational Review, Phase 2 (2023-24)
 - **Status: Not Started**
 - Objective: To further assist management with some of the analysis recommended in the first phase.
 - This engagement will begin later this year.
- 3) Benchmarking – Staffing (2023-24)
 - **Status: Fieldwork**
 - Objective: To benchmark the staffing levels of the Administration and Governance departments with those of four similar-sized school boards, in order to determine whether staffing levels are aligned (accounting for variations in structure).
 - RIAT is in the process of gathering headcount data from the participating boards.

School Finance Data Analytics (2022-23)

- **Status: Planning**
- Objective: RIAT will design a set of analytical procedures to assist the Board with auditing/monitoring school finances (including a search for outliers and other unusual information warranting further review in school audits, fraud red flags, overall monitoring, etc.).
- An initial planning meeting took place on September 12th. RIAT will engage in additional planning, including discussions with other internal audit teams, with fieldwork expected to begin in November or December 2023.

Other RIAT Work

Follow-up Activities: RIAT has identified the Transportation and Payroll Workflow Assessment engagements for follow-up. This work will take place later this year.

RIAT Annual Report: To better conform to internal audit standards and the regional internal audit charter, the RIAT has prepared an Annual Report that will be shared with the Audit Committee of each board served by the Toronto and Area RIAT. This report, included in Appendix 1, covers the 2022-23 fiscal year and provides information that the RIAT is required to communicate. In developing this report, RIAT conducted an analysis of planned engagements and has identified proposed changes to the RIAT plan. Accordingly, RIAT proposes the following recommendation to amend the RIAT 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:

- **Removal of the Workflow Assessment – Plant and Finance (2020-21 RIAT plan)**
- **Removal of the Attendance Support Audit (2023-24 RIAT plan)**

Appendix 1 - Regional Internal Audit Team Annual Report – 2022-23

Introduction

The Toronto & Area Regional Internal Audit Team (RIAT) provides independent and objective assurance and advisory services to six school boards: (1) Dufferin-Peel Catholic District School Board, (2) Peel District School Board, (3) Toronto Catholic District School Board, (4) Toronto District School Board, (5) York Catholic District School Board and (6) York Region District School Board.

The RIAT's work is guided by two main sources:

- The Regional Internal Audit Charter (Charter)
- Mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), including the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics and the *International Standards for the Professional Practice of Internal Auditing* (Standards)¹

To conform with this guidance, the Toronto & Area RIAT has prepared an Annual Report to the Audit Committee for 2022-23. This report communicates information required by the Charter and/or IPPF (along with other relevant information), including:

- A description of the RIAT's mandate and function;
- Annual confirmation of the RIAT's independence;
- Professional development undertaken; and
- Quality assurance activities undertaken and results of these.

Further, it supports the Audit Committee's duties related to internal audit, as outlined in subsection 9(3) of Ontario Regulation 361/10 (Audit Committees)².

Mandate and Purpose

The RIAT's purpose, authority and responsibility are defined in the charter adopted by all RIATs across the province. The charter was presented to the Audit Committee in May 2023 and the RIAT has a signed copy in its records (see Appendix 1-A). Subsequent approval will be required where there is a change in one or more of the charter's signatories (Audit Committee Chair, Director of Education and/or Senior Manager, Regional Internal Audit).

¹ Further details on the IPPF and its mandatory elements can be found on the [IIA website](#).

² [Ontario Regulation 361/10: Audit Committees](#)

As noted in the charter, “the purpose of the regional internal audit team is to provide independent, objective assurance and consulting services designed to add value and improve the district school boards’ operations in the Toronto and Area Region.” This is consistent with the mission of internal audit as per the IIA: “to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.”

RIAT Structure & Staffing

The RIAT consists of:

- Senior Manager, Regional Internal Audit – Paula Hatt, CPA, CA, CIA
- Manager, Regional Internal Audit – Viraj Trivedi, CPA, CA
- Manager, Regional Internal Audit – Judy Selvadurai, CPA, CMA, CIA
- Regional Internal Audit Specialist – Shelley Ramessar, CPA, CMA
- Regional Internal Audit Specialist – Rupam Shah, CPA, CA

All staff are appropriately qualified, with no staffing changes made in 2022-23. The managers and specialists report directly to the senior manager.

In addition to the staff noted above, the RIAT co-sources when a specialist or additional capacity is required.

The annual funding provided by the Ministry of Education was sufficient to support the RIAT’s resource requirements.

Annual Independence Confirmation

In accordance with IIA Standard 1110 (Organizational Independence) and the RIAT’s charter, we confirm that the RIAT is organizationally independent and free from interference in determining the scope of internal audits, performing work, and communicating results.

To ensure organizational independence, RIAT reports:

- Functionally to each Audit Committee of the six boards in the Toronto and Area Region; and
- Administratively to the Chief Financial Officer of the York Catholic District School Board (the host board).

Professional Development and Memberships

IIA Standard 1230 (Continuing Professional Development) requires internal auditors to enhance knowledge, skills, and other competencies through continuing professional development. In

addition, as a requirement of the professional designations, auditors must complete a minimum number of continuing professional development hours annually (including an ethics training requirement). All RIAT staff have confirmed that they met the continuing education requirements of their respective designations for 2022. Training opportunities undertaken by various RIAT staff in 2022-23 covered a variety of relevant topics, including:

- Ethics
- Report writing
- Root cause analysis
- Cyber risk management / cyber insurance
- Talent management
- Data analytics
- Change management
- Environmental, social and corporate governance
- Sick leave
- Pay equity
- Soft skills

In addition, staff are members of some sector and professional boards and committees:

- P. Hatt is Co-chair of the OASBO Internal Audit Committee (from 2020 to 2024, all RIAT staff are members) and was also a member of the advisory committee for the sector's Enterprise Risk Management project.
- V. Trivedi is on the OASBO Board (2020 to 2024) and also sits on the IIA Toronto Public Sector Committee.
- S. Ramessar is Co-chair of the OASBO Internal Audit Committee (from 2023 to 2025) and is a member of the Municipal Internal Auditors Association Executive (Workshop Coordinator, all RIAT staff are members).

Quality Assurance and Improvement Program

Both the charter and IIA Standards require the RIAT to report on the quality assurance and improvement program (QAIP), which includes ongoing internal assessments and a periodic external assessment to assess conformance with IIA Standards and the Code of Ethics. The following is an update on RIAT's progress in these areas:

- Internal Assessments – Quality is assessed internally through ongoing monitoring and review activities, both at the engagement level and overall. In addition, the RIAT has completed a self-assessment on its conformance with IIA Standards and the Code of Ethics (to be updated annually going forward). For the 52 standards, the RIAT assessed conformance as follows:
 - RIAT generally conforms to 36 standards

- Partially conforms to 8
- Does not conform to 1
- 7 standards are currently not applicable to the RIAT

Action plans to address gaps (i.e., where RIAT only partially conforms or does not conform) are included in Appendix 1-B.

- External Assessment – An external assessment is planned for 2023-24 (to be conducted every five years thereafter). The RIAT will engage a third party to complete an independent validation of the self assessment. The results, recommendations and action plans will be shared with the Audit Committee when available.

RIAT Plan & Activities

The Ministry of Education issued guidance in May 2016, noting that each school board should receive a minimum of two engagements a year from the RIAT, in addition to follow-up activities on findings and recommendations from previously issued audit reports. For each board in the region, the RIAT prepares a two-year audit plan based on a risk assessment that also considers feedback from management and the Audit Committee. The plan is presented to the Audit Committee for recommendation to the Board of Trustees for approval.

An update is provided at each Audit Committee meeting to communicate the progress toward completing planned engagements, as well as an update on any follow-up activities.

The approved plan for 2023-24 includes the following engagements:

- Attendance Support - Audit engagement designed to assess the adequacy and effectiveness of the key internal controls over employee absenteeism.
- School-Based Operational Review - An overall review of school-based and student data in order to identify and address issues related to student achievement, equity and access.

As the regional internal audit plan is in its second year, the RIAT has reviewed with management both the 2023-24 engagements and engagements from earlier years not yet started to determine which of these remain relevant from both a risk perspective and the ability to add value, and which should be brought forward for potential cancellation (i.e., less likely to add value at this time). Through this process, RIAT identified the following two engagements for proposed cancellation:

- Workflow Assessment – Plant and Finance (2020-21) – Given the following, RIAT proposes that this engagement be removed from the plan:

- Other, higher value consulting engagements have been identified as part of the Financial Risk Review (staffing benchmarking and second phase of the special education financial and operational review), which would replace this engagement.
- No specific issues were identified in the risk assessment completed in 2022 related to plant and finance workflows.
- Attendance Support (2023-24) – Although absenteeism remains a high risk and is a budget pressure, RIAT proposes that this engagement be removed from the plan:
 - This risk is largely due to provincial policy and boards have limited opportunity to manage it.
 - YCDSB has an attendance support program in place, as well as an Absenteeism Task Force that is identifying and implementing measures to address the risk. There is limited opportunity for RIAT to add additional value while work is ongoing and the results of these measures are pending.
 - Other consulting engagements have been identified as part of the Financial Risk Review, which would replace this engagement, that have a higher potential to deliver value at this time.

Refer to the RIAT update to for a recommendation to amend the plan.

Appendix 1-A

Regional Internal Audit Charter

PURPOSE AND DEFINITION

The purpose of the regional internal audit team is to provide independent, objective assurance and consulting services designed to add value and improve the district school boards' operations in the Toronto and Area Region. It helps the district school boards accomplish their objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

ROLE

The regional internal audit activity is established by the Ministry of Education through the annual Grants for Student Needs funding. The oversight role of the Audit Committee of the Board of Trustees (Audit Committee) over the regional internal audit activity is established by Regulation 361/10.

PROFESSIONALISM

The regional internal audit activity will adhere to the Institute of Internal Auditors' mandatory guidance including the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing (Standards)*. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the regional internal audit activity's performance.

AUTHORITY

The regional internal audit activity, with strict accountability for confidentiality and the safeguarding of records and information is authorized full, free and unrestricted access to any and all of the district school boards' records, physical properties, and personnel pertinent to carrying out any engagement. All school board employees are requested to assist the regional internal audit team in fulfilling its responsibilities. The regional internal audit team will also have free and unrestricted access to school board leaders and to the Audit Committee.

ORGANIZATION

The internal audit function follows a regional model. The function consists of a Senior Manager, Regional Internal Audit responsible to district school boards in one of the eight regions in the province of Ontario as identified by the Ministry of Education. The Senior Manager, Regional Internal Audit will report functionally to their regional audit committees and administratively are supported by a host school board Senior Business Official. The function is further supported by a regional Coordinating & Steering Committee, consisting of a Senior Business Official from each district school board in the region, that assists in the coordination and implementation of the function and facilitates discussions and action where required. Every effort is made to adequately staff the internal audit function, within available financial resources, in order to perform its audit activities.

The reporting relationship between the Senior Manager, Regional Internal Audit and each Audit Committee will be further demonstrated by each Audit Committee for their Board performing the following functions:

- Approve the regional internal audit charter;
- Recommend for approval the risk based internal audit plan;
- Receive information from the Senior Manager, Regional Internal Audit about the internal audit activity performance to plan and other relevant matters;
- Inquire of the Senior Manager, Regional Internal Audit whether there are resource or scoping limitations; and
- Review annually the performance of the regional internal audit activity and provide the Board of Trustees with their comments regarding the performance of Senior Manager, Regional Internal Audit.

The Senior Manager, Regional Internal Audit will interact directly with the Audit Committee, including in-camera sessions and between Audit Committee meetings as appropriate.

INDEPENDENCE AND OBJECTIVITY

The regional internal audit activity will remain free from interference by any element in the district school board including matters of audit selection, scope, procedures, frequency, timing or report content to permit maintenance of a necessary independent and objective mental attitude.

Regional internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records or engage in any other activity that may impair judgment.

Regional internal auditors will exhibit the highest standards of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Senior Manager, Regional Internal Audit will confirm to the Audit Committee, at least annually, the organizational independence of the internal audit activity.

RESPONSIBILITY

The scope of work of the regional internal audit team encompasses but is not limited to:

- Evaluating risk exposure relating to the achievement of the district school board's strategic objectives;
- Evaluating the reliability and integrity of information and the means used to identify measure, classify and report information;
- Evaluating the systems which ensure compliance with policies, procedures, applicable laws and regulations which impact the district school board;

- Evaluating whether resources are acquired economically, used efficiently, and are adequately protected;
- Evaluating operations and processes to ascertain whether results are consistent with established objectives and whether processes are functioning as planned;
- Performing consulting and advisory services or assessments of specific operations as requested by the Audit Committee or district school board management as appropriate;
- Evaluating the effectiveness of the district school board's risk management and governance processes;
- Reporting periodically on the regional internal audit performance against plans; and
- Reporting significant risk exposures and control issues, including fraud risks, governance issues and other matters requested by the Audit Committee.

INTERNAL AUDIT PLAN

Annually, the Senior Manager, Regional Internal Audit will submit to district school board management and to the Audit Committee an internal audit plan for recommendation to their Board of Trustees for approval. If there are any resource limitations or interim changes, these will be communicated.

The internal audit plan will be developed based on a prioritization of the internal audit universe using a risk based methodology which includes input of district school board management. The Senior Manager, Regional Internal Audit will review and adjust the plan as required in response to changes in the risk profile. Any significant deviation from the approved internal audit plan will be communicated through periodic status reports. The Senior Manager, Regional Internal Audit or any of his or her team may initiate and conduct any other audit or review deemed necessary for potential illegal acts, fraud, abuse, or misuse of funds. Reasonable notice shall be given to appropriate personnel of intent to audit in their areas except when conditions warrant an unannounced audit.

REPORTING AND MONITORING

Opportunities for improving internal control may be identified during audits. A written report will be issued by the Senior Manager, Regional Internal Audit at the conclusion of each audit and will be distributed according to the school board's requirements. (This could include the head of the audited activity or department, the director of education, the Audit Committee and the external auditor of the district school board.)

Each report will describe opportunities to strengthen district school board risk, internal control and governance processes and conclude on the adequacy and effectiveness of the processes. The district school board management will provide action plans and timelines to address each opportunity (observation). The regional internal audit team is responsible to perform appropriate follow-up procedures to attest to the completion of action plans. Significant observations will remain in an open issue status until cleared.

If management decides to accept a certain level of risk after considering compensating controls, the remaining risk will be disclosed to the Audit Committee.

QUALITY ASSURANCE

The regional internal audit team will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity and conformance with the International Standards for the Professional Practice of Internal Auditing.

The Senior Manager, Regional Internal Audit will communicate to district school board management and the Audit Committee on the internal audit activity's quality assurance and improvement program, including the results of ongoing internal assessments and external assessments conducted as appropriate, usually on a five-year cycle.

Paul Rast - June 1, 2023

Senior Manager, Regional Internal Audit

Carol Cotton

Audit Committee Chair

[Signature] 8/6/23

Director of Education or designate

Dated

DEFINITION OF SELECTED TERMS

Term	Definition
Add Value	Value is provided by improving opportunities to achieve organizational objectives, identifying operational improvement, and/or reducing risk exposure through both assurance and consulting services.
Advisory/Consulting Services/Review	Advisory and related client service activities, the nature and scope of which are agreed to with the client and which are intended to add value and improve a school board's governance, risk management and control processes without the regional internal auditor assuming management responsibility. Examples include counsel, advice, facilitation and training. These activities can also be described as "review", interchangeably with "consulting".
Assurance	An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization. Results can be relied upon for supporting informed decision making.
Board of Trustees	A legislative body that has overall responsibility and accountability for the district school board. For purposes of this Charter, this also includes committees that support the Board of Trustees including the Audit Committee.
Compliance	Conformity and adherence to policies, plans, procedures, laws, regulations, contracts or other requirements.
Control Environment	<p>The attitude and actions of the Board of Trustees and district board management regarding the significance of control within the organization. The control environment provides the discipline and structure for the achievement of the primary objectives of the system of internal control. The control environment includes the following elements:</p> <ul style="list-style-type: none"> • Integrity and ethical values. • Management's philosophy and operating style. • Organizational structure. • Assignment of authority and responsibility. • Human resource policies and practices. • Competence of personnel.
Control/Internal Controls	<p>Any action taken by district board management and other parties to enhance risk management and increase the likelihood that established objectives and goals will be achieved. Management plans, organizes and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.</p> <p>The system of management controls (business plans, capturing and analyzing data, performance reporting, code of conduct, etc.) that are implemented within a school board to ensure that assets (human, physical and information)</p>

Term	Definition
	are protected and to provide reasonable assurance that its objectives can be achieved.
Control Processes	The policies, procedures and activities that are part of a control framework, designed to ensure that risks are contained within the risk tolerances established by the risk management process.
Fraud	Any illegal acts characterized by deceit, concealment or violation of trust. These acts are not dependent upon the application of threat of violence or of physical force. Frauds are perpetrated by parties and organizations to obtain money, property or services; to avoid payment or loss of services; or to secure personal or business advantage.
Governance	The combination of processes and structures implemented by the Board of Trustees in order to inform, direct, manage and monitor the activities of the organization toward the achievement of its objectives.
In-camera	A separate discussion between members of the Audit Committee and the Senior Manager, Regional Internal Audit promoting open communication and discussion of any sensitive issues or problems.
Independence	The freedom from conditions that threaten objectivity or the appearance of objectivity. Such threats to objectivity must be managed at the individual auditor, engagement, functional and organizational levels.
Objectivity	An unbiased mental attitude that allows regional internal auditors to perform engagements in such a manner that they have an honest belief in their work product and that no significant quality compromises are made. Objectivity requires regional internal auditors to not subordinate their judgment on audit matters to that of others.
Risk	Effect of uncertainty on objectives or outcomes.
Risk Management	A structured and disciplined approach aligning strategy, processes, people, technology and knowledge with the purpose of evaluating and managing the risks an organization faces. Overall, it is about choices made under conditions of uncertainty, balanced by acceptable levels of risk.

Appendix 1-B - RIAT Quality Assurance & Improvement Program - Action Plans Resulting from Self-Assessment
As required to bring RIAT into conformance with standards (where RIAT has partial conformance or does not conform)
September 1, 2023

#	Standard	Conformance Level	Action Plan	Target Implementation Date
1	1000 – Purpose, Authority, and Responsibility	Partially conforms	Charter was updated in 2022 and presented to 5 of 6 Audit Committees. Presentation of YRDSB charter will occur in September 2023 now that new Director is in place. Two charters have been signed (YCDSB and DPCDSB). RIAT to ensure remaining charters are signed and submitted back to the RIAT. Going forward, the charter will be included in the annual report each September as a refresher.	December 31, 2023 to receive all signed charters.
2	1300 – Quality Assurance and Improvement Program (QAIP) 1310 – Requirements of the QAIP 1312 – External Assessments 1320 – Reporting on the QAIP	Partially conforms Partially conforms Does not conform Partially conforms	Engagement of a third party to complete an external assessment, following the completion of 2023 self-assessment (after allowing sufficient time to implement most action plans). Results from the external assessment will be reported to management and the Audit Committee of each board in the region.	External assessment process to begin by June 30, 2024.
3	2010 – Planning	Partially conforms	1. At the outset of the second year of the two-year RIAT plan, RIAT will reconfirm the engagements selected with management and the Audit Committees. This will help to demonstrate the consideration of new/emerging risks and that input from management and the Audit Committee was considered. 2. Going forward, RIAT will ensure that audit plans are clear on how each consulting engagement has the ability to improve operations/risk management and add value.	September 2023 December 2024
4	2110 – Governance	Partially conforms	RIAT will specifically evaluate the ethics-related objectives, programs, and activities at each board through adding procedures for each audit to determine how appropriate ethics and values are promoted. In addition, RIAT will create audit tests to assess IT governance at each board at the engagement level, adding procedures to determine whether the area under audit is adequately supported by IT.	Add these audit steps to the templates in the new audit software by December 31, 2023
5	2330 – Documenting Information	Partially conforms	Senior Manager will develop and implement records retention requirements for RIAT. This will include disposal of records no longer within the retention period. The host board has recently undergone a records management consulting engagement. In developing the requirements, RIAT will consult the recommendations from that engagement, as well as discuss with other RIATs.	To determine a records retention strategy by December 31, 2023. This will be implemented by June 30, 2024 (including disposal of any old records, as required).

#	Standard	Conformance Level	Action Plan	Target Implementation Date
6	2500 – Monitoring Progress	Partially conforms	<p>1. RIAT will continue to implement findings registers for each board (TDSB still in progress). Further updates to take place annually.</p> <p>2. Follow-up engagements to be scheduled in 2023-24 for all boards, based on management updates received on the findings registers. To complete at least two follow-up engagements per board throughout the year.</p>	<p>1. December 31, 2023: All findings registers to be completed, with updates required where not obtained within the past year.</p> <p>2. June 30, 2024</p>