



YORK CATHOLIC DISTRICT SCHOOL BOARD

Audit Committee Agenda

Public Session

Wednesday, September 18, 2024

6:30 p.m. – 7:30 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 lafrate | |
| 2. | Land Acknowledgement | C. McNeil | |
| 3. | Roll Call | C. McNeil | |
| 4. | Approval of New Material | Trustee lafrate | |
| 5. | Approval of Agenda | Trustee lafrate | |
| 6. | Declaration of Conflict of Interest | Trustee lafrate | |
| 7. | Approval of the Minutes – April 30, 2024 | Trustee lafrate | 2-5 |
| 8. | Business Arising from the Minutes of the Previous Meeting
(April 30, 2024): | | |
| | a. Business Continuity Planning | S. Morrow | verbal |
| | b. YCDSB Regional Internal Audit Team (RIAT) Update | P. Hatt | verbal |
| | c. School-Day – Cashless School System
Implementation Update | J. Tsai | verbal |
| | <u>Action Item(s):</u> | | |
| 9. | 2024-25 Audit Plan – Approval of Initial Engagement | P. Hatt | 6 |
| | <u>Presentations Items:</u> | | |
| 10. | Nil | | |
| | <u>Discussion/Information Item(s):</u> | | |
| 11. | YCDSB Regional Internal Audit Update & Annual Report | P. Hatt | 7-21 |
| | <u>Future Items:</u> | | |
| 12. | Next Meeting Date: November 12, 2024 | | |

Adjournment

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, April 30, 2024, commencing at 4:02 p.m.

PRESENT:

Committee Members:	C. Cotton, M. Iafrate
Other Trustees:	F. Alexander, E. Crowe, A. Saggese, J. Wigston
External Committee Member:	D. Murack*, M. Petrilli*
Administration:	J. De Faveri, J. Sarna, C. McNeil, J. Tsai, B. Hartung, K. Elgharbawy, T. Laliberte, J. Chiutsi, S. Wright, S. Morrow, J. Kotch, T. Pechkovsky
RIAT Team:	P. Hatt, Regional Internal Audit Senior Manager
Other Guests	R. Patel, MNP LLP
Approved Absence:	T. McNicol
Absent with Notice:	J. DiMeo
Recording:	K. Errett
Presiding:	M. Iafrate, 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 Iafrate was acclaimed Audit Committee Chair for 2024 on nomination by Trustee Cotton.

3. ELECTION OF VICE-CHAIR

Trustee Cotton was acclaimed Audit Committee Vice-Chair for 2024 on nomination by Trustee Iafrate.

REGULAR MEETING: Presiding, Trustee Iafrate, Committee Chair.

4. APPROVAL OF THE TERMS OF REFERENCE FOR 2024

The Committee Terms of Reference for 2024 were reviewed and approved as presented.

Motion: Cotton/Petrilli

THAT the 2024 Audit Committee Terms of Reference be approved as presented.

– MOTION CARRIED –

5. APPROVAL OF NEW MATERIAL: Nil

6. APPROVAL OF THE AGENDA**Motion: Cotton/Petrilli**

THAT the Agenda be approved as presented.

– MOTION CARRIED –

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

THAT the Minutes of the November 13, 2023 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, 2024****11. OUTSIDE PRESENTATIONS:****a) Business Continuity Planning**

R. Patel, Manager, Enterprise Risk Services, MNP LLP, provided an overview on the recently concluded YCDSB Business Continuity Plan (BCP). The engagement, part of the RIAT 2021-22 Regional Internal Audit Plan, included involvement from key YCDSB stakeholders across several departments to develop a Business Impact Analysis, Business Continuity Plan (departmental) and the Crisis Management Plan (Senior Team). These plans highlight critical processes, strategies and actions to take during a business disruption as well as a plan for any business continuity for any larger scale events/hazards requiring a coordinated approach. The Security and Business Continuity Specialist is responsible to oversee the management and annual update of the plans going forward.

It was requested that Chief Financial Officer and Treasurer of the Board, C. McNeil, plan to include a report to Corporate Services Committee on the annual review of the Business Continuity Plan and the Crisis Management Plan.

R. Patel acknowledged the excellent work of the stakeholders involved as well as the high level of commitment and interest throughout the engagement to ensure that the Plans were well thought through.

12. ACTION ITEMS:**a) YCDSB Regional Internal Audit Team (RIAT) Update**

P. Hatt, Regional Internal Audit Senior Manager, reviewed the Regional Internal Audit Update, providing an overview of the status of engagements from 2020-21 to 2023-24. The Cyber Security 2020-21, Business Continuity Planning 2021-22 and Peer Staffing Comparison 2023-24 are now complete and are included on the current agenda. One outstanding engagement from 2022-23 (School Finance Data Analytics) has been reactivated and fieldwork will begin shortly. Two outstanding engagements from 2023-24 are not started (Special Education Financial and Operational Review Phase 2 and School-Based Operational Review).

School-Based Operational Review was deemed by management as having insufficient value to warrant an engagement, therefore, the Committee was invited to provide input/comments

regarding amendments to the 2023-24 Audit Plan. The Committee requested to keep the School-Based Operational Review in the plan, as a student-focused engagement was considered a priority. As a result of the increased risk in key positions across the sector, a Succession Planning engagement was brought forward for approval.

Motion: Cotton/Petrilli

THAT the Regional Internal Audit Team 2023-24 Audit Plan be amended to include Succession Planning for Senior Team/Managers (Non-Academic).

– MOTION CARRIED –

P. Hatt also reported on the status of the follow-up engagements and noted that the Risk Assessment process is commencing again in preparation for a new two-year Audit Plan (2024-25 to 2025-26).

13. INFORMATION ITEM(S):

a) School-day – Cashless School System Implementation Update

C. McNeil, Chief Financial Officer and Treasurer of the Board, introduced B. Hartung, School Finance Specialist, who provided an overview of the 2023-24 School-Day implementation Phases 6-9 accomplishments as at April 19, 2024 and next steps for 2024-25.

B. Hartung highlighted that all schools have now implemented School Day and, taking into consideration the schools that came on-line prior to September 2023 and mid-year 2024, the adoption rate is within the target range with an overall rate of 79% participation with approximately 40,000 students enrolled (adoption ranges for “established” schools include three schools at 100%, 44 schools in the 90-99% range and 15 schools in the 80-89% range). The School Day collections are in excess of \$7.2 million.

The next steps include a continued focus on increasing the adoption rate, increasing usage and ongoing training and information/form sharing. Staff will be promoting further use of the forms for other fees and classroom use. Lastly, Policy 803 – School Generated Funds will be updated to reflect these recent updates.

It was noted that schools continue to use Canada Helps for programs and fundraisers that qualify for the Board’s Registered Charity Program. The Canada Helps issuance of tax receipts at the time of donation assists with the administration of the program, which, at approximately \$450,000 received, is a significant consideration.

Staff continues to work with school administration using third-party vendors for hot lunches which are not currently on-line with School Day in order to maximize fundraising for schools.

C. McNeil thanked the finance team for a very successful implementation and recognized B. Hartung for her leadership, experience and knowledge.

b) School Finance Audits and Administration’s Follow Up Action

J. Tsai, Manager, Financial Reporting and School Finance, and B. Hartung, School Finance Specialist, included in the agenda, a summary of the findings of the School Finance Audits of ten schools selected for review in 2022-23. The audit results reflected the effectiveness of compliance with Board policies and procedures relating to the management of school finances. It was reminded that many issues may arise as the many new administrators and school secretaries do not have bookkeeping skills; initial training provided to new staff is augmented with periodic refresher training.

The School Finance Team will continue to provide training to new administrators and school secretaries.

FUTURE ITEM(S): Nil

Adjournment: 5:02 P.M.

On Motion: Cotton/Petrilli and **CARRIED**

DRAFT

Report

REPORT TO: Audit Committee

FROM: Paula Hatt, Senior Manager, Regional Internal Audit

DATE: September 18, 2024

SUBJECT: Addition of Engagement to 2024-25 Regional Internal Audit Plan

EXECUTIVE SUMMARY

The purpose of this report is to present for action a motion to approve the inclusion of an Audit of Expense Reimbursements for Trustees and Senior Administration in the 2024-25 Regional Internal Audit Plan.

BACKGROUND

As noted in the Regional Internal Audit Update and Annual Report, planning for the risk assessment, which will be used to develop the two-year audit plan (2024-25 & 2025-26), is underway. This is expected to be presented at the November 12, 2024 Audit Committee meeting. In the interim, management has requested that the Regional Internal Audit Team (RIAT) begin an Audit of Expense Reimbursements covering Trustees and Senior Administration.

While the engagement is currently being scoped, the proposed objective is to review expense reimbursements paid to Trustees and Senior Administration for multiple years, to confirm if these expenses were in compliance with Board policies and procedures in place at the time of the expense.

The Audit Committee is required to approve the annual Regional Internal Audit Plan and any proposed major changes to the plan. Having approval for this proposed engagement, which would represent one of York Catholic District School Board's two engagements for 2024-25, would allow for planning activities to start before the full RIAT plan is approved.

RECOMMENDATION

THAT the Regional Internal Audit Team's Plan for the 2024-25 fiscal year (currently in development) include an Audit of Expense Reimbursements for Trustees and Senior Administration.

YCDSB Regional Internal Audit Update & Annual Report

The following is the status of engagements from York Catholic District School Board's 2022-23 and 2023-24 Regional Internal Audit Plans¹.

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

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, reviews of purchasing card transactions, etc.).
- **Status: Complete**
- RIAT was requested to analyze purchasing card data and provide results to the School Finance Specialist for further investigation. Analysis included identification of potential split purchases, as well as unusual items and potential personal purchases (using key words/partial key words). Data reviewed included the full population of purchasing card transactions from 2022-23 and from September 1, 2023 to May 21, 2024. Although this engagement is indicated as completed, assistance will be ongoing upon request.
- *Note: As the purpose of this engagement is to provide assistance to School Finance, no separate report will be issued by RIAT.*

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.

Student Achievement Engagement - Analysis of EQAO Trends (2023-24)

- Objective: To analyze EQAO Trends for both Elementary and Secondary, by school, together with other metrics to determine whether there is any correlation between the EQAO trends/results and other data.
- **Status: Planning**

¹ Engagements previously completed have been excluded from this list.

- The Terms of Reference has been finalized for this advisory engagement, specifying engagement objective, scope, approach, timing and RIAT staff assignment. Fieldwork is expected to begin in October 2024.

Succession Planning for Senior Administration (2023-24)

- **Objective:** To develop a consistent approach to succession planning, that will assist in managing key person risk for the Senior Administration positions. The engagement will include the update of a toolkit that RIAT previously developed for other boards. YCDSB management will use the toolkit to assess the vacancy risk, prepare a succession plan and select appropriate action plans to further mitigate risk, such as retention strategies and mechanisms for knowledge sharing.
- **Status: Planning**
- The Terms of Reference has been finalized for this advisory engagement, specifying engagement objective, scope, approach, timing and RIAT staff assignment. Fieldwork is expected to begin in September 2024.

Other RIAT Work

Follow-up Activities:

- As outlined in Appendix 1-B (RIAT Quality Assurance & Improvement Program - Action Plans Resulting from Self-Assessment, action plan #4), RIAT intends to update the findings register for YCDSB and will share a summary of the register with the Audit Committee once the update is complete. Based on the results of this update, RIAT will determine resources required and will target to complete at least two follow-up engagements during the fiscal year.

Risk Assessment & Two-Year Audit Plan:

- Planning for the risk assessment, which will be used to develop the two-year audit plan (2024-25 & 2025-26), is underway. As part of the 2024-25 plan, management has requested that RIAT complete an Audit of Expense Reimbursements for Trustees and Senior Administration. As the Audit Committee must approve the addition of this engagement to the RIAT plan before planning begins on the audit, a separate action item has been created.

RIAT Annual Report

- To better align with internal audit standards and the regional internal audit charter, RIAT has prepared an Annual Report that will be shared with the Audit Committee of each board served by the Toronto & Area RIAT (see Appendix 1). This report covers the 2023-24 fiscal year and provides information RIAT is required to communicate.

Appendix 1 - Regional Internal Audit Team (RIAT) Annual Report – 2023-24

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.

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)². Note that the IIA has issued new, refreshed Global Internal Audit Standards that will come into effect January 9, 2025. RIATs across the province are working to implement these new standards.

In following this guidance, the Toronto & Area RIAT has prepared an Annual Report to the Audit Committee for 2023-24. This report communicates information required by the Charter and/or IPPF (along with other relevant information), including:

- A description of RIAT's mandate and function
- Annual confirmation of RIAT's independence
- Professional development undertaken
- 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)³.

Mandate and Purpose

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 RIAT has a signed copy in its records (see Appendix 1-A). RIAT is currently revising the charter, as part

² Further details on the IPPF and its mandatory elements can be found on the [IIA website](#).

³ [Ontario Regulation 361/10: Audit Committees](#)

of the implementation of the new Global Internal Audit Standards. This will be shared with the Audit Committee when available in early 2025.

Subsequent approval of the new charter 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).

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

RIAT consists of the:

- 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 – Rupam Shah, CPA, CA

There is currently a vacant Regional Internal Audit Specialist position, which will be filled during 2024-25. All staff are appropriately qualified. The managers and specialist report directly to the senior manager.

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

The annual funding provided by the Ministry of Education was sufficient to support the Toronto & Area RIAT's resource requirements.

Annual Independence Confirmation

In accordance with IIA Standard 1110 (Organizational Independence) and RIAT's charter, we confirm that 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 their 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 2023. Training opportunities undertaken by various RIAT staff in 2023-24 covered a variety of relevant topics, including:

- Artificial Intelligence, including implications for school boards and internal auditors
- AuditBoard internal audit software
- Cyber resilience
- Data analytics
- Environmental, social and corporate governance
- Ethics
- Fraud
- New Global Internal Audit Standards
- Privacy
- Sick leave
- Soft skills

In addition, P. Hatt participated in a panel discussion organized by the IIA Toronto Chapter “Panel Discussion: Strategic Insights into Audit Planning, Risk Assessments and Best Practices in the Public Sector” and provided supplemental training to YRDSB Audit Committee members.

Staff continue to be members of the OASBO Internal Audit Committee, the Municipal Internal Auditors Association and the IIA. In addition, some team members held volunteer positions on sector and professional boards and committees as follows:

- P. Hatt was Co-chair of the OASBO Internal Audit Committee (2020 to 2024) and leads the Subcommittee on Implementing Global Internal Audit Standards (2024).
- V. Trivedi was as a Director on the OASBO Board (2020 to 2024) and will be the Vice President for 2024-25. He also sits on the IIA Toronto Public Sector Committee.

Quality Assurance and Improvement Program

Both the charter and IIA Standards require 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, RIAT has completed the annual self-assessment on its conformance with IIA Standards and the Code of Ethics. For the Code of Ethics and the 52 standards, RIAT self-assessed conformance as follows:
 - RIAT generally conforms⁴ to the Code of Ethics and 37 standards
 - Partially conforms to 7 standards
 - Does not conform to 1 standard
 - 7 standards are currently not applicable to RIAT

The one standard to which RIAT does not conform is Standard 1312 (External Assessments), as an external assessment has not been completed to date (this is expected to occur in late 2024). However, based on the results of the internal assessment activities, this does not appear to have a significant negative impact on RIAT's effectiveness. Action plans to address areas of partial/non-conformance are shared in Appendix 1-B. Note that the self-assessment for 2025 will be on the new Global Internal Audit Standards.

⁴ Definitions:

Generally Conforms - The relevant structures, policies, and procedures of the RIAT, as well as the processes by which they are applied, comply with the requirements of the individual standard or elements of the Code of Ethics in all material respects. There may be significant opportunities for improvement, but these should not represent situations where RIAT has not implemented the *Standards* or the Code of Ethics and has not applied them effectively or has not achieved their stated objectives. General conformance does not require complete or perfect conformance, the ideal situation, or successful practice, etc.

Partially Conforms - RIAT is making good-faith efforts to comply with the requirements of the individual standard or elements of the Code of Ethics, but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the *Standards* or the Code of Ethics and/or achieving their objectives. Some deficiencies may be beyond RIAT's control and may result in recommendations to senior management or the Audit Committee.

Does not Conform – RIAT is not aware of, is not making good-faith efforts to comply with, or is failing to achieve many or all of the objectives of the individual standard or element of the Code of Ethics. These deficiencies will usually have a significantly negative impact on RIAT's effectiveness and its potential to add value to the organization. These may also represent significant opportunities for improvement, including actions by senior management or the board.

- External Assessment – RIAT is currently working on engaging a third party to conduct an external assessment, which will take the form of an independent validation of the self assessment and a readiness assessment for the new Global Internal Audit Standards. The results, recommendations and action plans will be shared with the Audit Committee when available. An external assessment will be conducted every five years thereafter.

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 RIAT, in addition to follow-up activities on findings and recommendations from previously issued audit reports. For each board in the region, 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.

Engagements Completed Across the Region in 2023-24

Twelve engagements were completed by the Toronto & Area Region in 2023-24:

- Audit of Device Distribution to Students during the COVID-19 Pandemic (one board)
- Business Continuity Planning (two boards, outsourced to MNP)
- Benchmarking – Board Administration & Governance Staffing (one board)
- Cyber Security Audit (one board, outsourced to Richter)
- Legislative Compliance Tool (three boards)
- Peer Staffing Comparison: Non-Academic (one board)
- PowerSchool Student Information System Post-Implementation Review (one board, outsourced to KPMG)
- Special Education Financial and Operational Review (one board)
- Succession Planning for Critical Positions (one board)

In addition to the engagements listed above, RIAT has completed several follow-up engagements.

Given the Ministry's annual requirement for two engagements per board, it is expected that at least 12 audit or advisory engagements will be completed across the region in 2024-25. RIAT is also aiming to complete two or more follow-up engagements for each board (depending on how many are ready to be followed-up).

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, 2024

#	Standard	Conformance Level	Action Plan	Target Implementation Date
To Bring RIAT into Conformance				
1	1000 – Purpose, Authority, and Responsibility	Partially conforms	Action plan from prior year is in progress, with target implementation date revised. At each board, the charter must be signed by the Audit Committee Chair and the Director of Education (or designate). Three of the six charters have been signed (DPCDSB, YCDSB, YRDSB). RIAT to obtain signed charters from the remaining three boards (PDSB, TCDSB, TDSB). Note: Charter will be updated to reflect new IIA standards and presented to Audit Committees in early 2025.	December 31, 2024 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	Action plan from prior year is in progress, with target implementation date revised. Completion of a detailed self-assessment, as per the IIA's Quality Assessment Manual (i.e. collecting documentation to support the annual self-assessment), and external validation of this self-assessment by an independent third party. Results from the external assessment will be communicated to each Audit Committee and senior management at the meeting following completion.	Initial external assessment to be completed by December 31, 2024 (and every five years thereafter). Results to be communicated to each Audit Committee by June 30, 2025.
3	2330 – Documenting Information	Partially conforms	Action plan from prior year is in progress, with target implementation date revised. Senior Manager is in the process of developing records retention requirements for RIAT (including disposal of records no longer within the retention period), which will be implemented once developed. Requirements will align with any procedures developed by York Catholic DSB and other RIATs will be consulted for their approach.	Strategy to be formalized and implemented by December 31, 2024 (including disposal of any old records, as required).
4	2500 – Monitoring Progress	Partially conforms	Action plan from prior year is in progress. Updated for current year, including revised target implementation date. The Senior Manager will direct Managers to ensure findings registers have been implemented for each board and updated to the current year. In addition, for 2024-25, the Senior Manager will direct Managers to ensure that at least two follow-up engagements are completed for each board in the region.	All findings registers to be updated by December 31, 2024. A summary of the register to be shared with each Audit Committee and at least two follow-up engagements per board to be completed by June 30, 2025.

#	Standard	Conformance Level	Action Plan	Target Implementation Date
Completed Plans from Prior Year				
	2010 – Planning	Partially conforms	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.	Completed through presentation of the RIAT annual reports for 2022-23, in September and November 2024.
	2110 – Governance	Generally conforms	<p>RIAT will create audit tests to 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.</p> <p>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.</p>	Relevant steps have been created and are required to be included in the program for all audits.