

## York Catholic District School Board

**Memo to:** Audit Committee Members  
cc: Other Trustees

**From:** Anna Chan, CFO & Treasurer of the Board

**Date:** June 8, 2017

**Re:** **Audit Committee Meeting June 8, 2017**

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The Audit Committee meeting is scheduled as follows:

Thursday, June 8, 2017  
Room 102  
Catholic Education Centre  
3:30 p.m. – 5:30 p.m.  
*(light refreshments will be served)*

The meeting will commence with the Regular session to be followed by an In Camera session; the Regular agenda includes the Election of Chair and Vice-Chair of the Committee and a number of Discussion/Information Items.

The In Camera Session agenda consists of Presentation and Discussion/Information Items as well as Supplementary Discussion Items with the Regional Internal Auditor (excluding Administration and then with Administration (excluding the Regional Internal Auditor).

Should time not permit review/processing all of items on the agenda, these items will be deferred to a future meeting. Should you have any questions, please contact Anna Chan or the staff member identified on the agenda.

Please inform Karen Errett (ext. 12301) should you be unable to attend.  
Also, please confirm attendance to ensure quorum.



## Audit Committee Agenda

(Regular Session)  
Thursday, June 8, 2017  
3:30 – 4:30 p.m.

Room 102, Catholic Education Centre

Page(s)

1. Call to Order	A. Chan	
2. Roll Call	A. Chan	
3. Election of Chair	A. Chan	
4. Election of Vice-Chair	A. Chan	
5. Review of the Committee Terms of Reference – 2017		1
6. Approval of Agenda		
7. Approval of the Minutes of the Previous Meeting		4
8. Declaration of Conflict of Interest		
9. Business Arising from the Minutes of the Previous Meeting: Nil		
10. Next Meeting Date: September 26, 2017 ( <i>tentative</i> )		

### **Presentation Item(s):**

Nil

### **Action Item(s):**

Nil

### **Discussion/Information Item(s):**

11. Introduction of External Audit Committee Members	A. Chan	7
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13. Ministry Memo 2016: SB05 – Trustee Training Module on Internal Audit and the Role of the Audit Committee	A. Chan	14
14. Toronto Area Regional Internal Audit Coordinating & Steering Committee (TA-RIA-CSC) Update	J. Porter	17
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18. Annual Audit Committee Report to the Ministry of Education	J. Porter	52

### **Future Items:**

- Whistleblowing Update

### **Adjournment**

*Prayer for a Meeting Gathering*

*Lord, bless us as we gather today in your name. Send us the guidance of your Spirit to bring us wisdom and understanding.*

*Help us to open our minds and our hearts so that we may listen respectfully to the viewpoints of others and make decisions in accordance with your wishes.*

*Help us to grow in faith so that we may serve you and others in all that we do.*

*We ask this grace through Christ our Lord.*

*Amen*



## **Audit Committee**

### **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.
- (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.

- (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.
- (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.
  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.
- (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.

- (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.
- (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.
- (8) An audit committee shall make all reasonable efforts to ensure that a copy of this Regulation is posted on the board's website.

**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.

**Committee Membership:**

In accordance with Section 3 (1) 2. of O. Reg. 361/10, Composition of an Audit Committee, the Audit Committee will consist of five members as follows:

- three Trustee Board members *(C. Cotton, M. Mogado, M. Marchese)*
- two persons who are not board members *(A. Rocha, B. Chu)*
- Regional Internal Auditor *(D. Johnston)*

**External Audit Committee Membership:**

In accordance with Board direction, external member Audit Committee applicants meeting the following requirements will be given priority consideration:

- is a resident of York Region
- is Catholic
- is a Separate School tax supporter

**Term of Membership:**

In accordance with Section 7 of O. Reg. 361/10, Establishment of an Audit Committee, the Term of Membership Audit Committee will be as follows:

- annual appointment of board members
- three-year term for external members

**Meetings:**

In accordance with Section 11 of O. Reg. 361/10, Meetings, the Audit Committee will meet at least three times per year, with the first meeting of any fiscal year taking place prior to September 30.

Note: O. Reg. 361/10 provides exception to the frequency of meetings for 2010-2011, whereby only two meetings are required.

**Reporting:**

The Audit Committee will report to the Board, in accordance with Section 15 of O. Reg. 361/10, "Reporting".

**Resource Personnel:**

Chief Financial Officer and Treasurer of the Board  
 Coordinating Manager Budget and Audit Services  
 Other Staff (as required)

**Ex-Officio:**

Director of Education

## York Catholic District School Board

### MINUTES AUDIT COMMITTEE` (Regular Session)

A Regular session meeting of the Audit Committee was held at the Catholic Education Centre, 320 Bloomington Road West, Aurora, Ontario, on Tuesday, November 8, 2016, commencing at 3:50 p.m.

**PRESENT:**

Committee Members:	C. Cotton, M. Mogado, M. Marchese
Other Trustees:	A. Stong
External Committee Members:	P. Laframboise
Administration:	A. Chan, P. Preston, F. Bagley L. Giambattista, J. Porter, C. Recine, B. Kennedy, J. Selvadurai, D. Clapham
RIAT Team:	D. Johnston, Regional Internal Audit Manager
Other Guests:	H. Manassis, OECTA Representative
Absent with Notice:	M. Tedesco
Recording:	K. Errett
Presiding:	C. Cotton, Committee Chair

**1. CALL TO ORDER**

C. Cotton, Committee Chair, called the meeting to order at 3:50 p.m..

**2. APPROVAL OF THE AGENDA**

**Motion: Laframboise/Marchese**

**THAT** the Agenda be approved as presented.

– MOTION CARRIED –

**3. APPROVAL OF THE MINUTES**

**Motion: Laframboise/Marchese**

**THAT** the Minutes of the September 28, 2016 Audit Committee meeting be approved as presented.

– MOTION CARRIED –

**4. DECLARATION OF CONFLICT OF INTEREST**

Nil

**5. BUSINESS ARISING FROM THE MINUTES OF THE PREVIOUS MEETING**

Nil

**6. NEXT MEETING DATE: TBD, 2017**

**7. REPORT FROM IN CAMERA SESSION OF AUDIT COMMITTEE**

The Audit Committee was updated that there were no action items coming from the In Camera session.

**8. PRESENTATION ITEMS:****a) 2015-2016 Year-End Financial Statements Review****i) 2015-2016 Year-End Financial Report****ii) Draft Financial Statements****iii) PowerPoint “2015-16 Year-End Financial Report – November 8, 2016 – Audited Financial Statements for the Year Ended August 31, 2016”**

A. Chan, Chief Financial Officer and Treasurer of the Board began the presentation of the 2015-2016 Year-End Financial Statements by identifying materials for review by the Committee and complimented the staff for the work done to compile the information and acknowledged the effort required to do so. The material for the review of the Financial Statements was similar to previous years and included a nine-page cover report, a 47-page report from Administration with extracts from the Ministry submission, the draft 2015-2016 Financial Statements (for approval and submission at the November 8 2016 Special Board meeting) and the Auditor’s Report.

L. Giambattista, Senior Manager of Accounting, Payroll and Benefits, highlighted two changes to the *Retirement and employee future benefits*, Note 6b for a) early pay-out of retirement gratuities which was offered to OECTA and CUPE bargaining groups and equated to \$292,481 among 20 employees which resulted in a net gain of \$17,505 in and b) the *Benefit Plan Future Changes* regarding Employee Life and Health Trusts (ELHTs). It was noted that the transition to ELHTs will take place in waves with YCDSB being included in Wave 2 for OECTA and Wave 5 for all other staff.

Note 3 also highlighted the *Subsequent event* pertaining to the disclosure of assets with the Offer to Purchase for the sale of surplus land which will result in a gross proceed of \$19,690,000.

Trustee Stong requested that the Minutes reflect the a material amount of \$250,000 received for the Uniform Rebate has been included in the publicly-available audited budget (and previously in the Notes). In addition, Trustee Stong requested that future years statements include detailed accounting with regard to donations used for operations “charitable” and “lunch programs” to reflect the “in and out” nature of these transactions and as such, the funds do not contribute to the overall profits of the Board.

A. Chan provided highlights of the “2015-16 Year-End Financial Report at November 8, 2016 – Audited Financial Statements for Year Endd August 31, 2016” PowerPoint. The focal point of the 2015-16 Financial Results was on the financial compliance results. It was highlighted that there is an in-year deficit of \$5,547,681.

Trustee Cotton thanked A. Chan and the team for providing a thorough and understandable review of the Draft Financial Statements.

**9. ACTION ITEMS:****a) APPROVAL OF THE 2015-2016 AUDITED CONSOLIDATED FINANCIAL STATEMENTS**

Having received the material and presentation for the 2015-2016 Audited Financial Statements, the Committee was presented with the following recommendation:



**Recommendation:****Motion: Laframboise/Marchese**

1. **THAT the Board approve the 2015-16 Consolidated Financial Statements of the York Catholic District School Board as audited by Grant Thornton LLP, Chartered Accountants.**
2. **THAT the Board publish a notice in local newspapers that the 2015-2016 Audited Consolidated Financial Statements of the York Catholic School Board, together with the Auditors' Report, will be made available, as part of the Board's regular publications and posted on the Board's website.**

— MOTION CARRIED —

**b) APPROVAL OF YCDSB & YRDSB EDC FINANCIAL STATEMENTS**

A. Chan, Chief Financial Officer and Treasurer of the Board, presented the YCDSB & YRDSB EDC Financial Statements.

**Recommendation:****Motion: Stong/Laframboise**

**THAT the Board approve the Education Development Charge Financial Statements of the York Catholic District School Board for the period ended August 31, 2016 as audited by Grant Thornton LLP, Chartered Accountants.**

— MOTION CARRIED —

**10. DISCUSSION/ INFORMATION ITEM(S):****a) ANNUAL AUDIT COMMITTEE REPORT TO THE MINISTRY OF EDUCATION**

J. Porter, Coordinating Manager of Budget and Audit Services, provided a report to inform the Committee that the Annual Audit Committee report to the Ministry of Education, as required by Regulation 361/10, will be presented to the Board of Trustees by November 30 and submitted to the Ministry of Education by January 15, 2017.

Included with the report was a copy of the submission and the Ministry of Education Memo 2015: SB30 "2014-15 Audit Committee Annual Report to the Ministry".

**b) MINISTRY MEMO 2016 SB31 – UPDATE ON REGIONAL INTERNAL AUDIT CONSISTENCY MEASURES**

J. Porter, Coordinating Manager of Budget and Audit Services, provided a report to inform the Committee of the Ministry of Education's measures being taken to promote more consistency among the six Regional Internal Audit Teams (RIAT) and, as in previous years, the evaluation process being continued in order to ensure that all RIATs operate under similar standards, following the leading practices of the Institute of Internal Audit.

**FUTURE ITEM(S):**

Nil

**Adjournment: 5:06 P.M.**

**On Motion: Mogado/Laframboise and CARRIED**

## York Catholic District School Board

# Report

**Report to:** Audit Committee  
**From:** Administration  
**Date:** June 8, 2017  
**Re:** External Audit Committee Volunteer Members Update

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This report will introduce Trustees to the recently appointed Audit Committee external volunteer community members:

- Annabelle Rocha, MBA CPA CMA
- Ben Chu, CPA CA

At the April 25, 2017 Committee of the Whole meeting, the Board of Trustees approved two community members with financial expertise and business knowledge to serve on the Board's Audit Committee for a three-year term effective April 1, 2017.

### Annabelle Rocha, MBA CPA CMA

Annabelle Rocha holds the MBA CPA CMA designations. Her past financial background and current role as Vice President, Corporate Services & Chief Financial Officer of a Not-for-Profit organization provides the relevant professional experience, especially in the area of audit, risk and financial operations.

### Ben Chu, CPA, CA

Ben Chu is a Chartered Professional Accountant with relevant professional experience in finance, particularly in the area of business planning, financial reporting, internal controls and risk management. Mr. Chu is currently employed as a Director of Finance/Corporate Controller for an investment firm in Toronto.

The Audit Committee welcomes Annabelle Rocha and Ben Chu as the external volunteer community Audit Committee members for the current three-year term 2017-2020.

**Prepared by:** K. Errett, Administrative Assistant to the CFO and Treasurer  
**Submitted and Endorsed by:** A. Chan, CFO & Treasurer

**York Catholic District School Board**

***Report***

**Report to:** Audit Committee  
**From:** Administration  
**Date:** June 8, 2017  
**Report:** **Regional Internal Audit Mandate**

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The attached report has been provided to Trustees to provide information in regard to *the “Regional Internal Audit (RIA) Mandate – York Catholic District School Board”*. The Mandate delineates the RIA purpose, role and authority, and also highlights the level of professionalism and quality of the staff/program and outlines the reporting structure. The second section on page 4 provides a “Definition of Selected Terms” associated with the Regional Internal Audit initiative.

Administration believes that the information contained in the Mandate is an important learning tool in aiding Audit Committees to understand the objective for the implementation of a Regional Internal Audit Team.

Prepared and Submitted by: K. Errett, Administrative Assistant - Corporate Services  
Submitted and Endorsed by: A. Chan, Chief Financial Officer and Treasurer of the Board

## **Regional Internal Audit Mandate – York Catholic District School Board**

### **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 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 of the Board of Trustees.

### **ORGANIZATION**

The internal audit function follows a regional model. The function consists of a Regional Internal Audit Senior Manager responsible to district school boards in one of the eight regions in the province of Ontario as identified by the Ministry of Education. The Regional Internal Audit Senior Manager will report functionally to their regional audit committees of the Boards of Trustees and administratively are supported by a host school board Senior Business Official. Every effort is made to adequately staff the internal audit function, within available financial resources, in order to perform its audit activities.

Each Audit Committee of the Board of Trustees will for their Board:

- Approve the regional internal audit mandate;
- Recommend for approval the risk based internal audit plan;
- Receive information from the Regional Internal Audit Senior Manager about the internal audit activity performance to plan and other relevant matters;
- Inquire of the Regional Internal Audit Senior Manager and the Senior Business Official 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 Regional Internal Audit Senior Manager.

The Regional Internal Audit Senior Manager will interact directly with the Audit Committee of the Board of Trustees, 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 Regional Internal Audit Senior Manager will confirm to the Audit Committee of the Board of Trustees, 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 of the Board of Trustees 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 of the Board of Trustees.

## **INTERNAL AUDIT PLAN**

On a three-year basis, the Regional Internal Audit Senior Manager will submit to district school board management and to the Audit Committee of the Board of Trustees 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 Regional Internal Audit Senior Manager 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 Regional Internal Audit Senior Manager 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 Regional Internal Audit Senior Manager 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.

## **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 Regional Internal Audit Senior Manager will communicate to district school board management and the Audit Committee of the Board of Trustees 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.

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Regional Internal Audit Senior Manager

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York Catholic District School Board Audit Committee Chair

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York Catholic District School Board Director of Education

## DEFINITION OF SELECTED TERMS

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	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.
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 that has overall responsibility and accountability for the district school board. For purposes of this Mandate, 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	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: <ul style="list-style-type: none"> <li><input type="checkbox"/> Integrity and ethical values.</li> <li><input type="checkbox"/> Management's philosophy and operating style.</li> <li><input type="checkbox"/> Organizational structure.</li> <li><input type="checkbox"/> Assignment of authority and responsibility.</li> <li><input type="checkbox"/> Human resource policies and practices.</li> <li><input type="checkbox"/> Competence of personnel.</li> </ul>
Control/Internal Controls	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.  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) 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 Regional Internal Audit Senior Manager 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.



## York Catholic District School Board

# Report

**Report to:** Audit Committee  
**From:** Administration  
**Date:** June 8, 2017  
**Report:** **Ministry Memo 2016: SB05 – Trustee Training Module on Internal Audit and the Role of Audit Committee**

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### **Executive Summary**

The intent of this report is to provide information for Trustees and External Audit Committee members on the Ministry of Education’s on-line training module on “*Internal Audit and the Role of Audit Committees*”. The training is part of the Good Governance for School Boards: Trustee Professional Development Program.

### **Background Information**

On March 1, 2016, the Ministry of “Education released its on-line training module on “*Internal Audit and the Role of Audit Committees*” to provide an additional resource for audit committee members and school board management working with audit committees.

The module (#19), in the format of slides and video testimonials, can be accessed via the Ontario Education Services Corporation (OESC) website (<http://modules.ontarioschooltrustees.org/en/internal-audit-and-the-role-of-audit-committees.html>).

Audit Committee members are encouraged to review the Audit Committee Training Module as a refresher for those who have previously accessed the module and as information for the new External Audit Committee members.

Ministry of Education

School Business Support Branch  
900 Bay Street  
19<sup>th</sup> Floor, Mowat Block  
Toronto, ON M7A 1L2

Ministère de l'Éducation

Direction du soutien aux activités  
scolaires  
900 rue Bay  
19<sup>e</sup> étage, édifice Mowat  
Toronto ON M7A 1L2



**2016: SB05**

**MEMORANDUM TO:** Directors of Education  
Senior Business Officials

**FROM:** Cheri Hayward  
Director  
School Business Support Branch

**DATE:** March 1, 2016

**SUBJECT:** Trustee Training Module on Internal Audit and The  
Role of Audit Committees

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The purpose of the memorandum is to announce the release of an online training module on "Internal Audit and The Role of Audit Committees" as part of the Good Governance for School Boards: Trustee Professional Development Program.

This module, available in both English and French, captures the key messages from the training on audit committees and internal audit that took place across the province in early 2015. It was developed by Ontario Education Services Corporation (OESC) and can be found on the OESC's [website](#) as module #19.

The module is comprised of informational slides, as well as testimonials from the presidents of the four trustee associations and two superintendents of business highlighting personal experience with their own board's audit committee and regional internal auditors.

The material is provided in three parts:

- Part A: Introduction
- Part B: The Internal Audit Function
- Part C: Audit Committees

**This information provides audit committee members and school board management who work with their audit committee with an additional resource. It offers an introduction for those who are new to their role and a refresher on roles and responsibilities for those who have received previous training. As the website is public-facing, external audit committee members will also have access.**

**We encourage you to share this training opportunity with your audit committee members.**

**For any questions relating to the training module, please contact Paula Hatt, Senior Analyst, Audit at [paula.hatt@ontario.ca](mailto:paula.hatt@ontario.ca) or 416-326-1170.**

*Original signed by*

**Cheri Hayward  
Director  
School Business Support Branch**

**cc: Regional Internal Audit Managers  
Dan Duszczyzyn, Regional Internal Audit Coordinator**

# Report

**Memo to:** Audit Committee  
**From:** Administration  
**Date:** June 8, 2017  
**Subject:** Toronto and Area, Regional Internal Audit Coordinating & Steering Committee (TA RIA CSC)

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## **Executive Summary:**

This report gives an update to the Audit Committee on the Host Board role and on-going activity. The Board has been working closely with the other Toronto and Area Boards, the Senior Manager, Regional Internal Auditor and the rest of the Regional Internal Audit Team.

## **Overview:**

The TA RIA CSC meets bi-monthly. As Host Board the responsibility of agenda preparation, meeting follow up and minute preparation fall under tasks that are completed in a timely manner for the meetings. Meeting topics include:

- Annual review of the Term of Reference (Attached as Appendix A) and the Attendance Report
- RIAT Professional Development activities
- RIA Leading Practice Repository Committee and implementation of the initiative
- Discussion of leading practices in the industry
- Communication strategies for reporting to Audit Committee
- RIAT budget allocation
- RIAT Regional Meeting updates
- Audit Activity Overview – RIAT and External performed audits overseen by RIAM
- Discussion involving Risk Assessment and the Risk Universe Update
- Monthly Updates on the activities of other RIATs
- Audit Committee Meetings – topics discussed at each board’s Audit Committees
- Ministry B & SB memos regarding Audit Committees and relevant RIA topics
- Future Audit Committee training
- Efficiency and Effectiveness funding for Enterprise Risk Management project

## **Host Board Funding:**

From the Grant for Student Needs – Regional Internal Audit Funding, the Host Board is allocated 10% for Administration expenses attributed to but not directly incurred by the Regional Internal Audit Team. The allocation offsets costs associated with being the Host Board. Administrative costs include Human Resource time, Information Systems support, Management’s time for overseeing the initiative, Purchasing involvement, and secretarial time.

## **Summary:**

York Catholic District School Board has taken on the role of Host Board for the Toronto and Area Boards. The establishment of the monthly meetings keeps communication open and everyone informed. It is felt that under the leadership of the Regional Internal Audit Manager and with a full team the audit scheduled goals will be achieved.

Prepared by: & Submitted by: Jackie Porter, Coordinating Manager of Budget and Audit Services  
Endorsed by: Anna Chan, CFO and Treasurer of the Board

## TERMS OF REFERENCE

## RE:

**TORONTO AND AREA (TA) REGIONAL INTERNAL AUDIT (RIA)  
COORDINATING & STEERING COMMITTEE (CSC)  
(Effective November 17, 2016)**

**Mandate:**

The Mandate of the Toronto and Area (TA) Regional Internal Audit (RIA) Coordinating & Steering Committee (CSC) shall be to assist in the coordination/implementation of the RIA initiative of the TA Boards and to facilitate discussions and action where required. Member boards include the following:

- Toronto Catholic District School Board (TCDSB)
- Toronto District School Board (TDSB)
- Peel District School Board (PDSB)
- Dufferin-Peel Catholic District School Board (DPCDSB)
- York Region District School Board (YRDSB)
- York Catholic District School Board (YCDSB)

**Committee Membership:**

The membership of the TA-RIA-CSC will include one senior business official from each of the above-mentioned boards who will serve as the primary committee member. *Note: Each board will appoint a designate in order to ensure board representation at the CSC meetings.*

The composition of the TA-RIA-CSC for 2016-17 will be as follows:

Board	Primary	Designate
Toronto CDSB	Paul De Cock <a href="mailto:paul.decock@tcdsb.org">paul.decock@tcdsb.org</a> (416)222-8282 x 2337 Comptroller of Business Services & Finance	Carlene Jackson <a href="mailto:Carlene.jackson@tcdsb.org">Carlene.jackson@tcdsb.org</a> (416) 222-8282 x Executive Superintendent for Business Services & Chief Financial Officer
Toronto DSB	Marisa Chiu <a href="mailto:marisa.chiu@tdsb.on.ca">marisa.chiu@tdsb.on.ca</a> (416) 395- 3563 Assistant Comptroller of Finance	Craig Snider <a href="mailto:craig.snider@tdsb.on.ca">craig.snider@tdsb.on.ca</a> (416) 395- 9582 Comptroller Budget, Revenue and Financial Planning
Peel DSB	Tania Alatishe-Charles <a href="mailto:tania.alatishecharles@peelsb.com">tania.alatishecharles@peelsb.com</a> (905)890-1010 x 2100/(800)668-1146 Controller, Financial Support Services	TBD  ( )
Dufferin-Peel CDSB	Julie Cherepacha <a href="mailto:julie.cherepacha@dpcdsb.org">julie.cherepacha@dpcdsb.org</a> (905)890-0709 x 24262/(800)387-9501 Superintendent of Financial Services	Brian Hester <a href="mailto:brian.hester@dpcdsb.org">brian.hester@dpcdsb.org</a> (905)890-0709 x 24571/(800)387-9501 General Manager of Financial Services
York RDSB	Wanda Muirhead <a href="mailto:wanda.muirhead@yrdsb.ca">wanda.muirhead@yrdsb.ca</a> (905) 727-3141 x2425/(800) 268-1660 Superintendent of Business	Tim Ellis <a href="mailto:tim.ellis@yrdsb.ca">tim.ellis@yrdsb.ca</a> (905) 727-3141 x 2406 /(800) 268-1660 Manager of Finance
York CDSB	Jackie Porter <a href="mailto:jackie.porter@ycdsb.ca">jackie.porter@ycdsb.ca</a> (905) 713-1211 x 12430 Coordinating Manager, Budget and Audit Services	Anna Chan <a href="mailto:anna.chan@ycdsb.ca">anna.chan@ycdsb.ca</a> (905) 713-1211 x 12430 Chief Financial Officer and Treasurer of the Board
RIAT Representative(s)	David Johnston <a href="mailto:dave.johnston@ycdsb.ca">dave.johnston@ycdsb.ca</a> (905) 851-4595 x 221 C: 905-518-8022 TA RIAT Manager	
Recorder	Karen Errett <a href="mailto:karen.errett@ycdsb.ca">karen.errett@ycdsb.ca</a> (905) 713-1211 X 12301 Administrative Assistant to Associate CFO/Treasurer	

**Meetings:**

The TA-RIA-CSC meetings will establish a set of regularly scheduled meetings targeted for the third Thursday or Friday on a bi-monthly basis (in person or via teleconference). A list of approved dates will be sent out at the beginning of each year. Additional meeting may be added as required. Where a meeting is not required a cancellation notification will be sent.

Boards will be encouraged to include both their primary and designate member at every meeting. An agenda will be provided electronically in advance of the meeting.

Meetings will be structured in two sessions; the first part will enable the Regional Internal Audit Manager to be in attendance and participate. The second part of the meeting will be held with Committee members (Primary & Designate) only, excluding external staff.

Regular TA-RIA-CSC meetings will initially be scheduled the 3<sup>rd</sup> Thursday of every month commencing at 3:00 pm. Special TA-RIA-CSC meetings will be called as necessary and in accordance with agreed upon protocols.

**Committee Decisions:**

Decisions of the TA-RIA-CSC will be based on consensus wherever possible and practical; however, where votes are required by those in attendance at regularly scheduled meetings, a majority of members in attendance (in person or via teleconference) will be used as a basis for decision making.

NOTE: Member boards will be assigned one vote per board.

**Communications & Reporting:**

All communications related to TA-RIA activities will be sent to both the Primary and Designate committee members unless otherwise directed.

The TA-RIA-CSC members will report to their respective Audit Committee and or Board based on established or agreed upon protocols of the TA-RIA-CSC.

**Host Board Resource Personnel:**

The lead administrative resource assigned to the TA-RIA-CSC will be:

- Primary: YCDSB Coordinating Manager of Budget and Audit Services
- Alternate: YCDSB Chief Financial Officer and Treasurer of the Board
- Other: YCDSB Administrative Assistant

Host Board resource personnel will be responsible for coordinating and facilitating meetings of the TA-RIA-CSC and for managing the annual TA-RIA operating budget and for the provision of periodic financial and operating reports to the TA-RIA-CSC.

**RIA Team Resource Personnel:**

RIA Team resource personnel assigned to the TA-RIA-CSC will be as follows:

- Primary: TA-RIA Team Regional Audit Manager
- Other Resource: Other TA-RIA Team members, as required

RIA Team Resource Personnel will be responsible for providing periodic reports in the form and frequency as required and requested by the TA-RIA-CSC.

## York Catholic District School Board

# Report

**Report To:** Audit Committee  
**From:** Administration  
**Date:** June 8, 2017  
**Report:** YCDSB Financial Status Update

---

### **EXECUTIVE SUMMARY:**

The purpose of this report is to provide the Audit Committee with an update of the Board's financial position. For 2016-17, the Board is faced with a non-compliant deficit situation. However, the Board is currently working to approve significant reduction opportunities for incorporation into the final 2017-18 Estimates Budget and the Ministry-required Multi-Year Financial Recovery Plan (MYFRP).

### **BACKGROUND INFORMATION**

In June of 2016, the Board filed a compliant deficit in its 2016-17 Estimates Budget. Since then, there have been a series of fiscal developments:

- In November of 2016, the Board approved the 2015-16 Financial Statements which were filed with an in-year compliant deficit of \$5.5 million.
- On December 20, 2016 the 2016-17 Revised Estimates was filed with a non-compliant deficit of \$7.5 million.
- A March 7 2017 financial update to Board showed an increase deficit position of \$9.5 million which did not include increased WSIB costs estimated to impact the deficit by another \$2 million.
- Since January 2017, the Board has been working with a Ministry sponsored consultant (Deloitte) to develop reduction opportunities for incorporation into a Multi-Year Financial Recovery Plan (MYFRP) to be filed with the Ministry by June 30, 2017.
- Currently, the development of the 2017-18 Estimates Budget is the focus of Board meetings which will cumulated into both the 2017-18 Estimates Budget and the Ministry required MYFRP (due June 30, 2017).

#### *Ministry Compliance Definition:*

The Board's financial health is not the typical indicators of other industries, but one that is defined per the Ministry directive regarding in-year deficit compliance requirements. Boards must seek Ministry approval if actual or projected in-year deficit exceeds the lesser of:

- Accumulated Surplus from the preceding year (For YCDSB: \$4.1 million per above), or
- 1% of the Boards operating allocation (For YCDSB: \$5.7 million)

For 2016-17 Revised Estimates, the Board's project deficit > \$5.7 million and therefore, non-compliant.

#### *The Board's financial cycles:*

1. Board's official budget called the Estimates is due at the end of June annually for year beginning September 1st;
2. Board's updated budget called the Revised Estimates is due in mid-December annually;
3. Board's "March" 7-month year end cycle, due in mid-May each year, is required for consolidation with provincial books;
4. Board's final year-end financial statement for year ended August 31<sup>st</sup> is due mid-November each year.

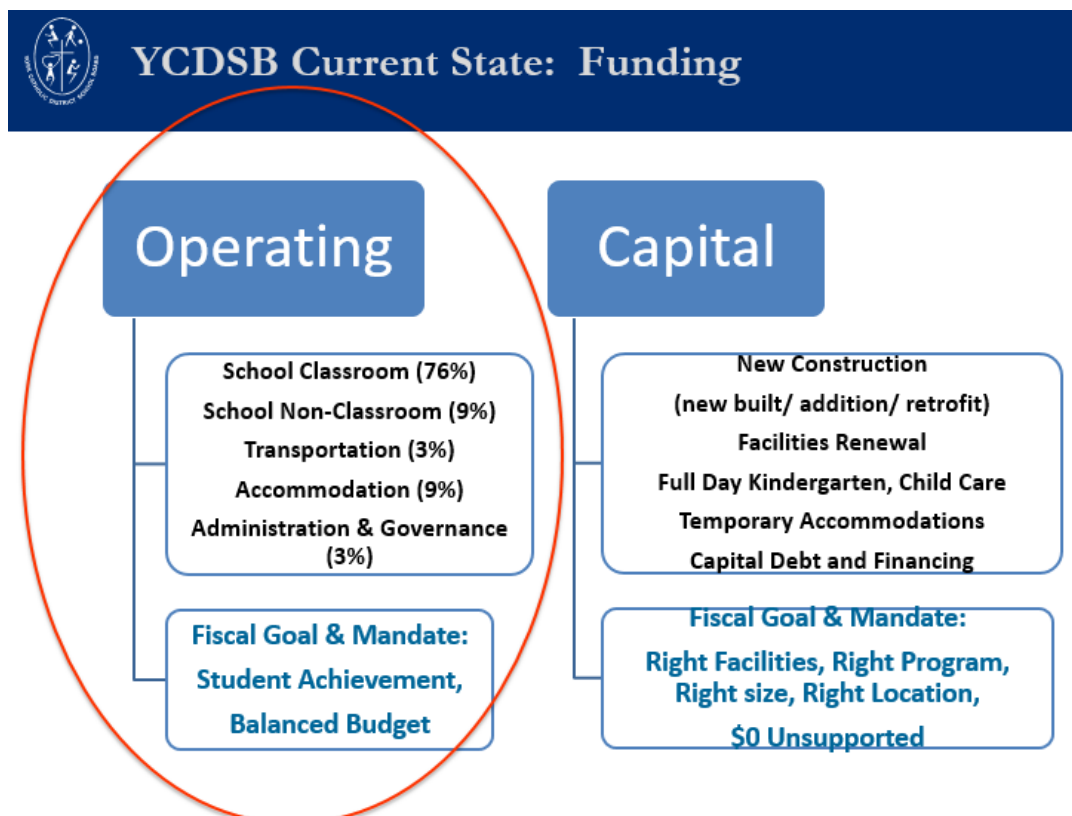
## **FINANCIAL UPDATE**

The prior year deficits and current year projected deficit changed budgeting at the Board to focus on cost reduction opportunities over a multi-year timeframe. In particular for 2017-18, the board must file a MYFRP since the submission of a non-compliant 2016-17 Revised Estimates in December 2016.

Key drivers of a Board’s financial position:

1. Revenue:
  - > 95% of school board operating funding comes from provincial Grants for Student Needs (GSN)
  - Attached for Committee information is the 2017-18 Education Funding “A Guide to the Grants for student Needs”
  - Enrolment is the key determinate for revenues for school boards since most grants are directly or indirectly related to enrolment.
2. Expenses:
  - Labour expenses (Salaries and benefits) make up 89.1% of total operating expenses
  - Of the Non-labour expenses of 10.9%, Transportation and Accommodation account for approximately 6.7%, leaving only 4.2% of the budget for the remaining expenditures.

School board finances are typically divided into two streams which are accounted for and monitored separately:





The Ministry assesses the board’s financial health based on these two streams by performing both operating risk assessments and capital risk assessments. The purpose of these risk assessments are to:

- To introduce corrective measures to assist school boards in addressing financial health concerns as early as possible, e.g. interim financial reporting and financial recovery plans;
- To ensure boards are respecting the balance budget requirements set out in the Education Act

The combined/overall risk rating of a school board is determined by the following chart:

		Operating Assessment			
		Low	Medium	Medium-High	High
Capital Assessment	Low	Low	Medium	Medium-High	High
	Medium	Low	Medium	Medium-High	High
	Medium-High	Medium	Medium-High	Medium-High	High
	High	Medium	Medium-High	High	High

At this time, the board is assessed as a high risk board due to the identified operating structural deficit.

The primary contributors to the Board’s operating deficit are:

1. Grant reductions
2. Declining enrolment
3. Past benefit costs
4. Funding not keeping up with or matching costs trends
5. Labour agreement impacts

As noted, the Board has been working with a Ministry-assigned consultant, Deloitte, to identify cost reduction opportunities to reduce the financial risk of the Board. To that end, several motions have been passed to-date that will help bring the Board back towards a compliant state. With the help of our education partners (unions, associations), the Board is looking to develop a MYFRP that will restore the Board’s financial health.

Prior to May 23 budget meeting for 2017-18, the Board's projected financial picture was as follows:

	Past (\$M)			Projected (\$M)	
	2015-2016 Actuals	2016-2017 Projected	2017-2018 Projections	2018-2019 Projections	2019-2020 Projections
<b>Opening Accumulated Surplus/(Deficit)</b>	<b>\$9.0</b>	<b>\$15.6</b>	<b>\$4.1</b>	<b>(\$8.5)</b>	<b>(\$22.2)</b>
<b>Total Revenue</b>	<b>\$577.0</b>	<b>\$578.3</b>	<b>\$591.6</b>	<b>\$591.6</b>	<b>\$587.1</b>
(Declining Enrolment GSN Reductions)	\$0.0	\$0.0	\$0.0	(\$3.3)	(\$3.3)
(Declining Enrolment Adjustments)	\$0.0	\$0.0	\$0.0	(\$0.6)	(\$0.1)
(Other Adjustments) <sup>1</sup>	\$0.0	\$0.0	\$0.0	(\$0.6)	(\$0.6)
<b>Total Revenue Adjustments</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>(\$4.5)</b>	<b>(\$4.0)</b>
<b>Total Operating Revenue</b>	<b>\$577.0</b>	<b>\$578.3</b>	<b>\$591.6</b>	<b>\$587.1</b>	<b>\$583.1</b>
Operating Expenditures	\$582.4	\$589.8	\$604.2	\$604.2	\$600.8
<b>Total Operating Expenditures</b>	<b>\$582.4</b>	<b>\$589.8</b>	<b>\$604.2</b>	<b>\$604.2</b>	<b>\$600.8</b>
(Expenditures Reductions Associated with Declining Enrolment)	\$0.0	\$0.0	\$0.0	(\$2.3)	(\$2.3)
(ELHT Transition Impact)	\$0.0	\$0.0	\$0.0	(\$0.5)	\$0.0
(School Closures Impact)	\$0.0	\$0.0	\$0.0	(\$0.6)	(\$0.4)
<b>Total Expenditure Adjustments</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>(\$3.4)</b>	<b>(\$2.7)</b>
<b>Total Operating Expenditures</b>	<b>\$582.4</b>	<b>\$589.8</b>	<b>\$604.2</b>	<b>\$600.8</b>	<b>\$598.1</b>
<b>In Year Surplus/(Deficit) Before Current Year Adjustments</b>	<b>(\$5.4)</b>	<b>(\$11.5)</b>	<b>(\$12.6)</b>	<b>(\$13.7)</b>	<b>(\$15.0)</b>

Motions passed at the May 23, 2017 Board meeting for 2017-18 resulted in the following:

	Past (\$M)			Projected (\$M)	
	2015-2016 Actuals	2016-2017 Projected	2017-2018 Projections	2018-2019 Projections	2019-2020 Projections
<b>Opening Accumulated Surplus/(Deficit)</b>	<b>\$9.0</b>	<b>\$15.6</b>	<b>\$4.1</b>	<b>(\$2.5)</b>	<b>(\$10.2)</b>
<b>Total Revenue</b>	<b>\$577.0</b>	<b>\$578.3</b>	<b>\$591.6</b>	<b>\$591.6</b>	<b>\$587.1</b>
(Declining Enrolment GSN Reductions)	\$0.0	\$0.0	\$0.0	(\$3.3)	(\$3.3)
(Declining Enrolment Adjustments)	\$0.0	\$0.0	\$0.0	(\$0.6)	(\$0.1)
(Other Adjustments) <sup>1</sup>	\$0.0	\$0.0	\$0.0	(\$0.6)	(\$0.6)
<b>Total Revenue Adjustments</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>(\$4.5)</b>	<b>(\$4.0)</b>
<b>Total Operating Revenue</b>	<b>\$577.0</b>	<b>\$578.3</b>	<b>\$591.6</b>	<b>\$587.1</b>	<b>\$583.1</b>
Operating Expenditures	\$582.4	\$589.8	\$598.2	\$598.2	\$594.8
<b>Total Operating Expenditures</b>	<b>\$582.4</b>	<b>\$589.8</b>	<b>\$598.2</b>	<b>\$598.2</b>	<b>\$594.8</b>
(Expenditures Reductions Associated with Declining Enrolment)	\$0.0	\$0.0	\$0.0	(\$2.3)	(\$2.3)
(ELHT Transition Impact)	\$0.0	\$0.0	\$0.0	(\$0.5)	\$0.0
(School Closures Impact)	\$0.0	\$0.0	\$0.0	(\$0.6)	(\$0.4)
<b>Total Expenditure Adjustments</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>(\$3.4)</b>	<b>(\$2.7)</b>
<b>Total Operating Expenditures</b>	<b>\$582.4</b>	<b>\$589.8</b>	<b>\$598.2</b>	<b>\$594.8</b>	<b>\$592.1</b>
<b>In Year Surplus/(Deficit) Before Current Year Adjustments</b>	<b>(\$5.4)</b>	<b>(\$11.5)</b>	<b>(\$6.6)</b>	<b>(\$7.7)</b>	<b>(\$9.0)</b>
<b>Ending Accumulated Surplus/(Deficit)</b>	<b>\$15.6</b>	<b>\$4.1</b>	<b>(\$2.5)</b>	<b>(\$10.2)</b>	<b>(\$19.2)</b>

The next board meetings will hopefully bring about additional sufficient measures (\$2.5 million) to reduce the 2017-18 projected deficit to a compliant position of \$4.1 million Deficit.

**SUMMARY**

This report was intended to provide an update of the Board's financial status to the Audit Committee and to provide an introduction to the new external members of the Committee. Although it is expected that the 2016-17 year-end financial results will carry a non-compliant deficit, the Board is working towards a perhaps compliant 2017-18 budget and a MYFRP that will bring the Board back to financial health.

2017-18 Education Funding

# A GUIDE TO THE GRANTS FOR STUDENT NEEDS



support every child  
reach every student

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# Introduction

Ontario is widely recognized as having one of the world’s best elementary and secondary school systems, and is continuously working to improve it. This guide is intended to support the important conversations among partners in the education sector by providing a clear explanation of how education is funded in Ontario through the Grants for Student Needs, or GSN. It also sets out the accountabilities of school boards and the Ministry of Education for the use of education dollars and discusses efforts to continuously improve the formulas used to fund education in Ontario.

The GSN supports funding for the classroom, school leadership and operations, specific student-related priorities and local management by school boards. The GSN’s purpose is to help the system achieve key goals, especially those of *Achieving Excellence*, Ontario’s renewed vision for education.

*Achieving Excellence* consolidates the many gains made by the education system to date and sets out a commitment to take it to the next level. It was developed by the ministry through extensive consultations with its partners in the education system.

The renewed vision emphasizes the focus on classroom education, which is the foundation of the system. At the same time, it broadens the system’s aims to look at more than academic achievement, particularly by supporting student well-being in a range of areas. It also recognizes the system’s need to close the gaps, so that all students benefit from a strong educational system attuned to individual needs.

The Ministry of Education, school boards and other stakeholders in publicly funded education are working together to align funding for school boards with the aims of *Achieving Excellence*.

## What GSN funding supports

- **Classrooms** (\$13.2B)
- **Schools** (\$3.9B)
- **Specific priorities** (\$4.4B)
- **Local management** (\$2.2B)

## The goals GSN funding helps achieve

- **Achieving Excellence**
- **Ensuring Equity**
- **Promoting Well-being**
- **Enhancing Public Confidence**

## How funding is structured

The Ministry of Education provides the bulk of operating funding to Ontario's 72 district school boards<sup>1</sup> through the annual GSN, also known as "the funding formula." The GSN is actually a collection of grants described in detail in a regulation under the *Education Act* each year.

Many grants are made up of two or more components, which are called "allocations." This guide sets out the funding provided by each grant and gives an explanation, including a high-level description of the calculation, of the major allocations within it.

Because the ministry and its partners focus on aligning resources with the key goals of the education system, this guide has been structured to reflect those goals by grouping grants under the following headings:

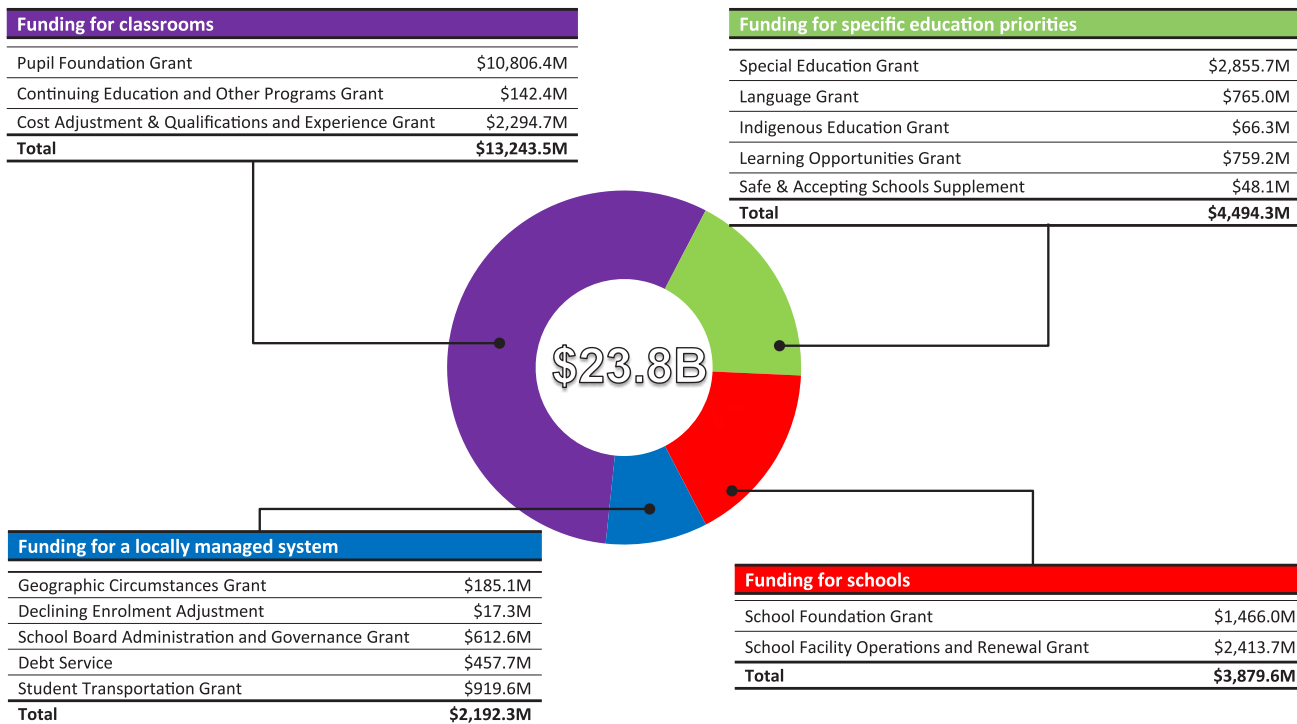
- **Funding for classrooms** focuses on providing classroom resources.
- **Funding for schools** provides the resources to ensure schools have the leadership they need and are clean and well-maintained facilities for learning. Funding is also positioned to encourage the most efficient use of space possible.
- **Funding a locally managed system** aims to ensure board leadership carries out focused activities to support alignment of resources which help schools and students strive to achieve excellence.
- **Funding for specific priorities** speaks mainly to the *Achieving Excellence* goal of closing gaps by, for example, meeting special education needs and improving language proficiency.

The ministry recognizes that conditions vary widely across Ontario and the funding formulas cannot take every situation into account. This is why local school boards have flexibility in how they use funding, within the over-all accountability framework discussed in the next section.

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<sup>1</sup> There are also 10 School Authorities, consisting of four geographically isolated boards and six hospital-based school authorities.

## WHAT DOES THE GSN SUPPORT?



*Note: School authorities funding (\$34.3 million) are included in the total, but not in the pie chart. Figures may not add due to rounding.*

For the school board sector as a whole, GSN funding represents the overwhelming majority of revenues, more than 90%.



School boards also receive funding from the ministry for special, often time-limited programs, and from other ministries for specific purposes related to their mandates.

School boards may also raise funds on their own. Examples include renting out excess school space or charging fees for enhanced programming. These funds, however, should not be used to replace public funding for education or to support items funded through provincial grants. A [Guideline for School Fundraising](#) and a [Guideline for Fees for Learning Materials and Activities](#) may be found on the Ministry of Education [website](http://www.edu.gov.on.ca) (www.edu.gov.on.ca).

## Accountability for education funding

A central aim of *Achieving Excellence* – and one that extends beyond the classroom or even the school – is enhancing public confidence in our education system.

The province invests about \$24 billion a year in education. A major part of enhancing confidence is ensuring accountability for the use of these resources.

The province, through the Ministry of Education, is accountable for the public education system as a whole and the policy decisions that determine funding for school boards. Given their key role in providing services at the local level, school boards have important accountabilities to students, parents and others with a stake in outcomes, as well as to the ministry.

A cornerstone of Ontario's education system is the principle that school boards have a responsibility to ensure the effective stewardship of resources. Thoughtful, transparent budgeting, aligned with a focused strategy, is vital and integral to this goal.

With respect to the GSN, a robust financial accountability framework has been developed between school boards and the Province. This framework recognizes that accountability to the ministry must be balanced against the need for school board flexibility to address local conditions. It includes:

- Legislative requirements, such as the provision that school boards balance their budgets;
- Requirements around budgeting and financial reporting, as well as monitoring, audit, review and, in some cases, supervisory activities by the Province;

- Enveloping, which means requiring that certain grants be used only for the purpose intended; and
- Program/grant specific reporting requirements overseen by various branches of the ministry.

Another important activity that supports accountability is collaboration. Ontario has a proud tradition of open and frank conversations about education funding. Through these conversations, the funding formula benefits from a stronger understanding of the perspectives of others in the system.

The ministry engages with many partners, including:

- School board representatives,
- Trustee associations,
- Principals and vice-principals,
- Teachers' federations and education worker unions,
- Parent groups and
- Student groups.

The annual engagement and other collaborations are invaluable in holding all parties, including the government, accountable for the ways education is funded.

This guide describes how several grants are in transition, with some changes being phased in over more than one year. These changes have been informed by the ministry's ongoing contact with the sector, including the annual GSN funding discussions and collaborative working groups that make technical recommendations on how to improve the GSN.

# Funding for classrooms

## Pupil Foundation Grant

This grant, which accounts for about half of the GSN, supports the elements of a classroom education that are generally common to all students. The largest single element of the GSN, it provides funding for the salaries of classroom teachers, early childhood educators for full-day kindergarten, educational assistants, and other teaching staff such as teacher librarians and guidance counsellors. It also funds textbooks, classroom supplies and classroom computers.

The grant is calculated on a per-pupil basis. There are three different per-pupil amounts at the elementary level, depending on the grade in which a student is enrolled – kindergarten, primary (grades 1 to 3), junior/intermediate (grades 4 to 8) – and one per-pupil amount for secondary students. For classroom teachers, the per-pupil amounts reflect benchmark salaries and benefits, class size requirements and the need for preparation time. (A separate allocation, discussed below, recognizes teachers' relative qualifications and experience.) For other staff, the per-pupil amount is based on salaries and benefits and staffing levels.

For 2017-18, funding through the Pupil Foundation Grant is projected to be \$10.81 billion.

## Qualifications and Experience Grant

This grant provides additional support for classroom staff who have qualifications and experience above those provided for through the Pupil Foundation Grant. It is projected to total \$2.09 billion in 2017-18:

Allocation	2017-18 Amount
Teacher qualifications and experience	\$1.8 billion
Early childhood educator qualifications and experience	\$143.3 million
Benefits trusts allocation	\$202.9 million
Other allocations	\$145.8 million
<b>Total</b>	<b>\$2.29 billion</b>

- The **teacher qualifications and experience** allocation provides funding to boards with teachers who, because of their qualifications and experience, have average salaries different from the benchmark level used in the Pupil Foundation Grant.

- The early childhood educators qualifications and experience allocation is provided for boards with **early childhood educators** who, because of their qualifications and experience have average salaries different from the benchmark.
- The Benefits Trusts Allocation provides the incremental funding required to support the transition of benefit plans for staff to the Employee Life and Health Trusts.
- The other allocations under this grant include historical adjustments to the funding of non-teaching salary costs and funding for programs to mentor and train new teachers, as well as additional support for professional development for teachers and education workers. Additional details can be found in the technical paper available on the ministry [website](#).

## Continuing education and other programs

This grant supports a range of programs aimed at adult learners and day-school students, including secondary students who have completed more than 34 credits and wish to continue their studies. The grant is projected to total \$142.4 million in 2017-18:

Allocation	2017-18 Amount
Adult day school	\$16.9 million
High-credit day school	\$6.4 million
Summer school	\$32.9 million
Continuing education	\$57.2 million
Other allocations	\$29.0 million
<b>Total</b>	<b>\$142.4 million</b>

- The **adult day school** allocation supports day school programming for students who are at least 21 years of age as of December 31 of the current school year.
- The **high-credit day school** allocation is for day school programming for secondary students who have completed more than 34 credits and wish to continue their studies.
- The **summer school** allocation supports programming offered during the summer for day school pupils.
- The **continuing education** allocation supports a variety of programs delivered inside and outside the classroom (for example, through correspondence, self-study or e-learning), including credit courses for the purpose of earning a secondary school graduation diploma.
- The other allocations of this grant support the teaching of international languages at the elementary level and assessments of mature students' prior learning. More details are provided in the technical paper, available on the ministry [website](#).

# Funding for schools

## School Foundation Grant

This grant provides funding for principals, vice-principals and office support staff, as well as administrative supplies. The total School Foundation Grant is projected to be \$1.47 billion in 2017–18. It is divided into an elementary school and a secondary school portion. It also makes provision for combined schools – that is, schools attended by both elementary and secondary pupils of the same board. This grant includes measures which:

- Recognize a school’s remoteness as well as its size; and
- Provide greater funding overall for principals in combined elementary and secondary schools (subject to minimum enrolment limits), and in elementary or secondary schools with multi-buildings (subject to minimum enrolment limits).

## School Operations and Renewal Grant

This grant supports the costs of operating, maintaining and repairing school facilities. Under the formula, funding is adjusted for boards that have older schools with unique design features such as wide hallways, large shop spaces, and auditorium spaces.

The current year marks the final year of a three-year transition to a new allocation method for many components of this grant.

The grant, consisting of two major allocations, is projected to total \$2.41 billion in 2017-18.

Allocation	2017-18 Amount
School operations	\$2.06 billion
School renewal	\$357.2 million
<b>Total</b>	<b>\$2.41 billion</b>

- The **school operations** allocation, which addresses operating costs such as heating, lighting, maintenance and cleaning of schools, consists of several components. The largest component is based on a benchmark operating cost associated with a standard floor area for each elementary and secondary pupil. This per-pupil benchmark is being increased to support the cost of operating space that students use.
- The **school renewal** allocation addresses the costs of repairing and renovating schools. Like the operations allocation, it consists of a number of components. The largest component is based on a benchmark renewal cost associated with a standard floor area for each elementary and secondary pupil. This per-pupil benchmark is being increased to support the cost of renovating the space that students use.

Funding is also adjusted to reflect the renewal needs of older schools and regional variations in construction costs.

Components to address the needs of underutilized space are changing in parallel with the changes to the operating allocation discussed above.

# Funding a locally managed system

## School Board Administration and Governance

This grant provides funding for board administration and governance costs, including those related to board-based staff and board offices and facilities. In 2017-18, it is projected to total \$612.6 million.

Allocation	2017-18 Amount
Board administration	\$553.3 million
Other allocations	\$59.3 million
<b>Total</b>	<b>\$612.6 million</b>

- The **board administration model**, developed in consultation with school boards, provides funding for board-level leadership, staff and related supplies and services. The model recognizes ten core functions that all boards, regardless of size, must perform. At the same time, it recognizes that enrolment is an important driver of higher administrative expenses. This new model replaces a way of allocating funding that relied more heavily on the size of boards' enrolment.
- The other allocations of this grant include funding for trustee compensation, parent engagement, consolidation accounting, internal audit, supports to improve school boards' information management, and the transformation of learning and teaching in the physical and virtual environment. Additional details can be found in the technical paper available on the ministry's [website](#).

## Student Transportation Grant

This grant provides school boards with funding to transport students to and from school. It is projected to be \$919.6 million in 2017-18. The grant is based on the previous year's amount, with a number of possible adjustments and/or additional allocations:

- The **enrolment adjustment** is made only for school boards with increasing enrolment, and is based on the percentage increase in enrolment.
- The **cost update adjustment** factor, which recognizes the increasing costs of providing transportation services, is 2% for 2017-18. The calculation applies the adjustment factor to each board's 2016-17 transportation grant.
- The **fuel escalator and de-escalator** provides for funding increases or decreases by comparing the actual price of diesel fuel for southern school boards and northern school boards to a benchmark price.
- Details on the other allocations within this grant, which cover transportation to provincial or demonstration schools, impacts of effectiveness and efficiency reviews of transportation consortia, and full-day kindergarten transportation, can be found in the technical paper available on the ministry's [website](#).

## Declining Enrolment Adjustment

Much of a school board's revenue is determined by enrolment. When enrolment goes down, funding also declines. School boards can adjust their costs downward as well, but this may take more than one year. The declining enrolment adjustment recognizes this need for extra time. The grant, which is projected to be \$17.3 million in 2017-18, is made up of a first-year and second-year component:

Component	2017-18 Amount
First-year	\$14.5 million
Second-year	\$2.8 million
Total	\$17.3 million

The **first year component** is based on a weighting of the difference between 2017-18 eligible revenues if enrolment had not changed from the previous year and 2017-18 revenue calculated using the current year's enrolment. It is available only if the current year's enrolment is less than the previous year's.

The **second-year component** is 25% of a school board's 2016–17 first-year component.



## Geographic Circumstances Grant

This funding recognizes the higher costs related to the remoteness of rural boards and schools. It takes into account several factors, including the enrolment of boards and individual schools, board distance from urban centres and dispersion of schools over a board's geographic area.

The grant, which is projected to be \$185.1 million in 2017-18, is made up of two allocations.

Allocation	2017-18 Amount
Remote and rural	\$115.8 million
Supported schools	\$69.4 million
<b>Total</b>	<b>\$185.1 million</b>

- The **remote and rural allocation** provides funding to: boards with enrolment of less than 16,000; boards that are distant from large urban centres; and boards whose schools are far from board offices and one another. The current year marks the final year of a three-year phase-in of updates to the data underlying these calculations to reflect urban population growth and other changes.
- The **supported schools allocation** helps make small, remote schools more viable by providing additional funding for teachers and, in some cases, early childhood educators. A school's eligibility is based on distance to the board's closest school of the same type (that is, elementary to elementary and secondary to secondary) with funding varying based on school enrolment.

# Funding for specific priorities

## Learning Opportunities Grant

The Learning Opportunities Grant (LOG) provides funding to help students who are at greater risk of lower academic achievement. It is projected to total \$759.2 million in 2017-18.

Allocation	2017-18 Amount
Demographic	\$358.2 million
Local Priorities Fund	\$218.9 million
Student achievement envelope	\$162.9 million
Other allocations	\$19.2 million
<b>Total</b>	<b>\$ 759.2 million</b>

- The **demographic allocation**, which represents the largest share of LOG funding, is based on social and economic indicators that signal a higher risk of academic difficulty for students. The indicators are low household income, low parental education, a one-parent household, and recent arrival in Canada. This allocation is distributed to boards based on the ranking of each of their schools on these measures, and a weighting of the measures themselves. Boards can use this funding for initiatives such as breakfast programs, homework clubs, reading recovery and independent supports.
- As a result of the education sector labour negotiations, several targeted education investments were discussed, in addition to compensation and benefit enhancements. The ministry has agreed to establish a **Local Priorities Fund** to address a range of priorities including more special education staffing to support children in need, “at -risk” students and adult education.
- The **student achievement envelope** comprises seven discrete allocations. These allocations, which directly support programs introduced over the past decade to improve student achievement, are for:
  - **Literacy and math outside the school day**, which funds remedial courses or classes for students who are at risk of not meeting the curriculum standards for literacy or math and/or the requirements of the Grade 10 literacy test.
  - **Student Success, Grade 7 to 12**, which funds a range of resources and activities to improve student engagement in secondary schools.

- **Grade 7 and 8 Student Success and literacy and numeracy teachers**, which recognizes the need to help students in earlier grades so they are better prepared for the transition to secondary school and beyond.
- The **School Effectiveness Framework**, which helps schools and boards assess how well elementary schools are performing and develop plans for improvement.
- **Ontario Focused Intervention Partnership tutoring**, which helps boards set up and/or expand tutoring programs for students who are not achieving the provincial standard in reading, writing, or math.
- The **Specialist High Skills Major** program, which allows students to customize their secondary school experience and build on their strengths and interests by focusing on a specific economic sector.
- The **Outdoor Education** program, which provides elementary and secondary students with learning experiences in the outdoors.

There is flexibility in how boards may use the individual allocations, as long as the total funding is spent on the programs within the envelope. Any unspent funding must be used on the programs within the envelope in a future school year.

- The other allocations of this grant provide funding for mental health leaders, who spearhead efforts in boards to promote clear, integrated and responsive pathways to service for students in need, funding for teacher-librarians and/or library technicians and an adjustment to reflect the impacts of amalgamating school authorities. Additional details can be found in the Technical paper available on the ministry's [website](#).

## Special Education Grant

This grant provides boards with funding for programs, services, and/or equipment for students with special education needs. Boards may use the grant only for special education, and must save any unspent funding to use for special education in a future school year. There is flexibility in how they may use some of the individual allocations within the grant, as long as the funds are spent on special education. The grant, which is projected to total about \$2.86 billion in 2017–18, is made up of six allocations:

Allocation	2017-18 Amount
Special Education per Pupil Amount (SEPPA)	\$1.48 billion
Differentiated Special Education Needs Amount (formerly High Needs Amount)	\$1.065 billion
Special Equipment Amount	\$102.4 million
Other allocations	\$209.9 million
<b>Total</b>	<b>\$2.86 billion</b>

- The **Special Education per Pupil Amount** provides every board with foundational funding toward the cost of special education supports. It is calculated using a board's total enrolment and a per-pupil amount. There are different per-pupil amounts for kindergarten to Grade 3 pupils, Grade 4 to 8 pupils, and Grade 9 to 12 pupils. The per-pupil amounts in the earlier grades are higher to direct more funding towards early intervention.
- Recognizing the variation across boards in the share of students with special education needs, the nature of the needs, and boards' ability to meet them, the new Differentiated Special Education Needs Amount (DSENA) aims to better align the allocation with boards' needs and resources. The new model was phased in over four years, with full phase-in completed for 2017-18. Additional details can be found in the Guide to the Special Education Grant to be made available on the ministry's [website](#).
- Under the **Special Equipment Amount**, each board receives a base amount plus a per-pupil amount, which together may be used to buy computers, software and other equipment for students with special education needs in line with funding guidelines. In addition, boards may submit claims to recover the costs, less a deductible, of other equipment recommended by a qualified professional for a student with specific special education needs.
- The other allocations of the grant are the Special Incidence Portion for students who require more than two full-time staff to address their health and safety needs and those of others at their school, the Facilities Amount for providing instruction in a care, treatment, custody or correctional facility, and an amount to support board-level expertise in applied behavioural analysis. Additional details can be found in the Technical paper available on the ministry's [website](#).

# Language Grant

This grant provides funding to meet school boards' costs for language instruction. It is made up of five allocations, and is projected to total \$765.0 million in the 2017-18 school year:

Allocation	2017-18 Amount
English as a Second Language/English Literacy Development (ESL/ELD)	\$293.6 million
French as a Second Language (FSL)	\$267.4 million
French as a First Language (FFL)	\$81.6 million
Programme d'appui aux nouveaux arrivants (PANA)	\$5.8 million
Actualisation linguistique en français (ALF)	\$116.6 million
<b>Total</b>	<b>\$765.0 million</b>

- English as a Second Language/English Literacy Development** funding is provided to English-language school boards to support students who need extra help developing proficiency in English. It consists of a Recent Immigrant component and a Pupils in Canada component. The former supports students who are eligible based on their country of birth and who have been in Canada four years or less. The latter reflects an estimate of the number of children in a board whose language spoken most often at home is neither English nor French.
- French as a Second Language** funding, available only to English-language boards, supports the costs of French instruction. It provides a per-pupil amount for each student. At the elementary level the amount varies depending on whether the pupil is taking core French, extended French, or is in a French immersion program. At the secondary level, the amount reflects both the student's grade level and whether the course covers French as a subject or another subject taught in French.
- French as a First Language funding** is available only to French-language boards, and recognizes the higher costs of instructional materials and support to provide French-language programs. It is made up of per-pupil amounts for boards' elementary and secondary enrolment, and a fixed amount for each new elementary school in a French-language board in the current school year.
- The **programme d'appui aux nouveaux arrivants** supports students from eligible countries who are newly arrived in Canada and do not have a Charter right to education in French, but have been admitted to French-language school boards and require extra help developing proficiency in French.

- **Actualisation linguistique en français** supports students in French-language boards who have a right to education in French because it is the language of one or both of their parents, but need extra help developing proficiency in French. It is calculated using a per-pupil amount that varies using a factor based on census data, that measures a board's cultural environment. The factor reflects the share of school-age youth with at least one parent having French as their first official language spoken.

## Indigenous Education Grant

The Indigenous Education Grant, formerly the First Nation, Métis, and Inuit Education Supplement, supports programs designed for Aboriginal students, as outlined in the [Ontario First Nation, Métis, and Inuit Education Policy Framework](#). It is made up of four allocations:

Allocation	2017-18 Amount
Native Languages	\$9.7 million
Native Studies	\$25.4 million
Per-pupil amount	\$25.3 million
Board Action Plans Allocation	\$5.9 million
<b>Total</b>	<b>\$66.3 million</b>

- The **Indigenous Languages allocation (formerly Native Languages)** supports elementary and secondary Indigenous Language programs. At the elementary level, funding is based on the number of pupils enrolled in the Indigenous Language program and the average daily minutes of instruction. At the secondary level, funding is provided for each Grade 9 to 12 pupil enrolled in a credit course.
- The **Indigenous Studies allocation (Formerly First Nation, Métis, and Inuit Studies)** supports secondary credit courses in Indigenous Studies, providing a per-pupil amount for Grade 9 to 12 students.
- The **Per-Pupil Amount** supports Indigenous students, and reflects the estimated percentage of Indigenous students in a board's schools, based on census data. Some of these funds are required to support a dedicated Indigenous Education Lead in each school board.
- The **Board Action Plans allocation** supports the implementation of programs and initiatives aligned with the 16 strategies and actions identified in the [Ontario First Nation, Métis, and Inuit Framework Implementation Plan](#).

## Safe and Accepting Schools Supplement

This funding supports the Safe Schools Strategy and provides targeted support to secondary schools in priority urban neighbourhoods. The grant, made up of two allocations, is projected to total \$48.1 million in 2017-18:

Allocation	2017-18 Amount
Safe and Accepting Schools	\$38.1 million
Urban and Priority High Schools	\$10.0 million
<b>Total</b>	<b>\$48.1 million</b>

- The **Safe and Accepting Schools** allocation includes two components. One supports non-teaching staff such as social workers, child and youth workers, psychologists, and attendance counsellors who work to prevent and mitigate risks to the school environment. The other supports programs for long-term suspended and expelled students, and prevention and intervention resources. Both components provide a per-pupil amount and also reflect a board's demographic characteristics and dispersion distance.
- The **Urban and Priority High Schools** allocation helps boards respond to challenges in select secondary schools, such as a lack of access to community resources, poverty, conflict with the law, academic achievement issues or a combination of these factors.

# Conclusion

Determining the best way to allocate funding to support [Achieving Excellence](#) and to put public resources to the most effective use in our school system is an ongoing process.

Funding arrangements will and must continue to change. For an effective education system, we must stay attuned to and gather information on the evolving needs of students, the costs that boards face, and how well our funding approaches support the outcomes we want from the system.

The ministry will continue to engage with school boards and others to ensure the collection and sharing of insights and information to support the goal of making the best possible decisions.

This guide has provided high-level summaries of grants, their purposes and their funding mechanisms.

This guide is not intended to describe the legal requirements around grant amounts or allocation methods. Readers looking for that information should consult the [Grants for Student Needs – Legislative Grants for the 2017-18 School Board Fiscal Year](#) regulation. The [Education Funding Technical Paper](#) for 2017-18 provides additional information on the calculations underlying many of the grants and more information about grants not discussed in detail here.



# Appendix

This guide groups grants by the outcomes they are intended to support. In contrast, the GSN technical paper, which describes the grant calculations in more detail, uses only two broad categories: foundation grants and special purpose grants.

Foundation grants provide each board with funding based on number of students and number of schools. Special purpose grants, which provide additional funding to meet specific needs, generally use data more reflective of local conditions and students. In the Technical paper these grants are set out as a list.

The technical paper is available on the ministry website at  
[www.edu.gov.on.ca/eng/funding](http://www.edu.gov.on.ca/eng/funding)

## York Catholic District School Board

# REPORT

**Report To:** Audit Committee

**From:** Administration

**Date:** June 8, 2017

**Report:** **March 31, 2017 Financial Reporting Requirements (2017 March Report)**

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### **EXECUTIVE SUMMARY**

The purpose of this report is to provide information on the financial reporting processes and requirements for the 2017 March Report. The 2017 March Report is required from school boards to consolidate broader public sector organizations into the province's audited financial statements.

### **MARCH REPORT OBJECTIVE**

The objective of the 2017 March Report is to assist the province to complete their fiscal year-end financial statements. School boards are mandated, within the provincial materiality limits, to complete reporting to capture the assets and liability account balances as of March 31, 2017, 7-month revenue and expenses, supplementary notes information, government reporting entity inter-organizational balances and the 7-month capital activity. Administration has completed the EFIS Schedules (Electronic Financial Information System) and reporting requirements. The board's external auditors, Grant Thornton, have also completed the provincially prescribed Specified Procedures that is required for this report.

### **MINISTRY REPORTING REQUIREMENTS: March Report**

Per the Ministry memorandum 2017: SB06: March 31, 2017 Financial Reporting Requirements (attached as *Appendix A*), the Ministry requires school boards to:

- File ***March Report*** through EFIS (Electronic Financial Information System) web application financial package by **May 15, 2017**. Cash flow penalties are in effect for late submissions in EFIS.
- Engage their external auditors to perform specified procedures on some of the schedules relating to the March 31, 2017 financial reporting requirements. The results of the review are to be reported to the Ministry in the form of a specified procedures report entitled "***Accountants' Report with Respect to the Period from September 1, 2016 to March 31, 2017***" by **May 22, 2017**.
- Complete the School Board Private Borrowing Form by **June 30, 2017**.

## March 31, 2017 Financial Reporting Requirements

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### *New for 2016-17:*

1. **Report on Expenditures Related to Transition to Provincial Benefits Trust** – a new, one-time schedule has been added for boards to report extraordinary, incremental expenditures incurred to support the transition of employee benefits to the trusts up to March 31, 2017. The ministry will review the information submitted by boards and determine the level of reimbursement that can be provided for these costs. No specific level of support can be committed to at this time.
2. **Private Borrowing Listing** -At the request of the Ontario Financing Authority (OFA), the ministry is collecting information from school boards regarding their private borrowing. Private borrowing is defined as loans from third-party financial institutions. Boards are asked to provide information by loan for both short-term and long-term loans, as at March 31, 2017. Information required includes loan type (ex. bank loan, other private entity loan), name of financial institution, loan start date, maturity date, term, interest rate and principal amount.

### **SUMMARY**

This report and the attachments provide information on the 2017 March Reporting Requirements and changes. The amount of work, reporting, and cross-functional coordination continue to significantly grow. Administration has completed the requirements and submitted the EFIS package, Specified Procedures reports, Management Report, Report on Expenditures Related to Transition to Provincial Benefits Trust Board and Private Boarding and Private Borrowing Listing.

Prepared by: Lucie Giambattista, Manager, Accounting, Payroll and Benefit Services  
Submitted and Endorse by: Anna K. Chan, CFO and Treasurer of the Board

**Ministry of Education**  
Financial Analysis and  
Accountability Branch  
20th Floor, Mowat Block  
Queen's Park  
Toronto, Ontario M7A 1L2

**Ministère de l'Éducation**  
Direction de l'analyse et de la  
Responsabilité financières  
20<sup>e</sup> étage, édifice Mowat  
Queen's Park  
Toronto, Ontario M7A 1L2



**2017: SB06**

**MEMORANDUM TO:** Superintendents of Business

**FROM:** Med Ahmadoun  
Director  
Financial Analysis and Accountability Branch

**DATE:** March 31, 2017

**SUBJECT:** March 31, 2017 Financial Reporting Requirements

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As in previous years, the March Report is required from school boards to support the province's Public Accounts process. Information reported in the March Report such as the asset and liability account balances as of March 31, 2017, 7-month revenues and expenses, supplementary notes information, government reporting entity inter-organizational balances, and the 7-month capital activity are required by the ministry to complete the consolidation reporting for Public Accounts purposes.

### **March Report (September 2016 to March 2017)**

The reporting requirements for the 7-month period March Report are mostly consistent with last year's March Report. Boards should review the "Summary of Changes for 2017 March Report" section of the instruction document before starting their work on the March Report. Generally, the schedules have been updated to correspond to the 2015-16 financial statements and 2016-17 revised estimate forms. Starting this year, the provincial Public Accounts will be reported on a line-by-line basis. This is consistent with the PSAB accounting standards, and with reporting in other provincial jurisdictions. The ministry already collects most of the information to support this reporting from school boards. One small change is noted below with respect to inter-entity revenues and expenses between school boards (Schedules 21F/G). The change to line-by-line reporting will have no impact on the accountability mechanisms in place between the province and the school boards. The main changes to the March Report this year include:

- Schedule 19A – This debt continuity schedule has been removed since it is no longer required by the Office of the Provincial Controller (OPCD).
- Schedule 21F - Deferred revenues has been updated to include lines for Library Staff, and Indigenous per Pupil Amount. Lines were removed for Green Schools Pilot – Operating, Energy Efficient Schools – Operating and Capital, Official Language Education (OLE) Grants, Internal Audit – Capital, Green Schools Pilot – Capital, Improved Access for Special Education, and Renewable Energy – Capital.
- Schedules 21F/G – These schedules are for reporting inter-entity revenues and expenses within the government reporting entity (GRE). New lines were added to report transactions between school boards. Boards already report inter-entity transactions between other GRE (ex. colleges, hospitals, agencies, commissions).
- Schedule 23 and 23.1 – For capital reporting, cells are added for the new Community Hubs Funding source. On page 5 of Schedule 23, expenditures are reported excluding capitalized interest to be consistent with how they are reported in VFA.facility. A new line is added for boards to report their aggregate capitalized interest. SCI expenditures and Community Hubs expenditures will be loaded by the ministry based on the boards' entry into VFA.facility. As communicated in Memorandum 2017: SB03, boards are required to report the 7-month expenditures into VFA.facility by April 13, 2017. The ministry will load the data by April 20, 2017. Data will be refreshed every Monday, Wednesday and Friday following the initial upload, until May 15, 2017. For updates after the deadline, please contact the ministry using the contact information at the end of this memo.
- Report on Expenditures Related to Transition to Provincial Benefit Trusts – a new, one-time schedule has been added for boards to report extraordinary, incremental expenditures incurred to support the transition of employee benefits to the trusts up to March 31, 2017. The ministry will review the information submitted by boards and determine the level of reimbursement that can be provided for these costs. No specific level of support can be committed to at this time. For any questions on this form, please contact [Nicholas.Greico@ontario.ca](mailto:Nicholas.Greico@ontario.ca).

The detailed instructions on the March Report are available through the “Consolidation Reporting” link on the [ministry website](#). Boards are reminded to retain records of the March 31, 2017 general ledger and sub-ledger accounts, as well as other applicable records and documentation that support the specified adjustments on Schedules 19 and 20. Boards should also keep a detailed listing of the assets that support Schedule 22 (i.e. balance and activity information).

## Specified Procedures Report

Consistent with prior years, school boards are required to engage their external auditors to perform specified procedures on some of the schedules relating to the March 31, 2017 financial reporting requirements. The results of the review should be reported to the ministry in the form of a specified procedures report. A sample specified procedures report, entitled “Accountants’ Report with Respect to the Period from September 1, 2016 to March 31, 2017”, is available on the [ministry website](#) through the “Consolidation Reporting” link.

This memorandum will also be sent to the school boards’ external auditors. However, to ensure receipt in all instances, school boards are asked to also forward to their auditors a copy of this memorandum. No substantive changes have been made to the report this year.

## Private Borrowing Listing

At the request of the Ontario Financing Authority (OFA), the ministry is collecting information from school boards regarding their private borrowing. This information is being collected on a one-time basis through an Excel form called “School Board Private Borrowing Form” (see attachment). This form is also available on the [ministry website](#) through the “Consolidation Reporting” link. Private borrowing is defined as loans from third-party financial institutions. Boards are asked to provide information by loan for both short-term and long-term loans, as at March 31, 2017. Information required includes loan type (ex. bank loan, other private entity loan), name of financial institution, loan start date, maturity date, term, interest rate and principal amount.

## Due Date and Submission

March report submissions via EFIS are due by **May 15, 2017**. The Specified Procedures Report and the signed Management Representation Report (printed from EFIS in PDF format) must also be submitted to the ministry by the school board by **May 22, 2017**. The School Board Private Borrowing Form, in Excel format, must be submitted by **June 30, 2017**. Please send the three documents above to [reporting.entity@ontario.ca](mailto:reporting.entity@ontario.ca), using the subject “2016-17 March Report - <2-digit board number> <board name>”, for example, “2016-17 March Report - 12 Toronto DSB”. Please use the following naming convention for the files:

- <2-digit board number><board name> 2016-17 Specified Procedures Report
  - Ex. “12 Toronto DSB 2016-17 Specified Procedures Report”
- <2-digit board number><board name> 2016-17 Management Representation
  - Ex. “12 Toronto DSB 2016-17 Management Representation”
- <2-digit board number><board name> Private Borrowing Form
  - Ex. “12 Toronto DSB Private Borrowing Form”

## **Late Submissions**

Due to the critical timelines for meeting the requirements of the 2016-17 Public Accounts, the ministry will not be able to extend the above timeline. Where the board's reports are not submitted by the dates specified above, its regular cash flow may be reduced by 50% for the monthly transfer payments. Upon submission of the required reports, the ministry will revert back to the normal monthly payment process and will include in the monthly payment the total amount withheld up to that point.

## **Contacts**

For user/navigation assistance on EFIS, questions about the March 2017 report and the external accountant's report, please contact:

- Elizabeth Sinasac at (416) 325-8527 ([elizabeth.sinasac@ontario.ca](mailto:elizabeth.sinasac@ontario.ca)),
- Patrick Pelletier at (416) 325-3314 ([patrick.pelletier@ontario.ca](mailto:patrick.pelletier@ontario.ca)),
- Rashid Khan at (416) 325-8584 ([rashid.khan@ontario.ca](mailto:rashid.khan@ontario.ca)), or
- Andrew Yang at (416) 325-4212 ([andrew.yang@ontario.ca](mailto:andrew.yang@ontario.ca))

For user id login and password assistance, contact:

- EFIS Support at (416) 326-8307 or [efis.support@ontario.ca](mailto:efis.support@ontario.ca)

*Original signed by*

Med Ahmadoun  
Director  
Financial Analysis and Accountability Branch

Attachment

cc: Directors of Education  
School Board Auditors

## York Catholic District School Board

# REPORT

**Report to:** Audit Committee  
**From:** Administration  
**Date:** June 8, 2017  
**Report:** August 31, 2017 Year End - Proposed Schedule for Activities and Meetings

### EXECUTIVE SUMMARY

This report is intended to provide information on the proposed schedule for August 31, 2017 year-end audit activities and meeting requirements.

### BACKGROUND INFORMATION

On an annual basis, the Board is required to file Audited Financial Statements for the period September 1 to August 31 with the Ministry. To meet this requirement, the following dates are being proposed to review and approve the Board's financial position and Audited Financial Statements for the period ended August 31, 2017.

### PROPOSED DATES

A planning meeting with Grant Thornton will be scheduled for late spring to review the time lines and audit visits. A ministry session is normally scheduled in the fall to confirm deliverables and dates.

Activity	Proposed Dates	Actual Dates Year end 2015/16
<b>PLANNING AND INTERIM AUDIT ACTIVITIES</b>		
Planning meeting with Grant Thornton	Week of June 12, 2017	Week of June 6, 2016
<b>Grant Thornton - Planning Audit</b>	Week of June 19, 2017	Week of June 13, 2016
<b>Grant Thornton - Interim Audit</b>	Week of August 28, 2017	Week of August 29, 2016
Information Systems - Control testing	Month of July 2017 - Week TBD	Week of August 22, 2016
School Audits (Includes School Generated Funds & Enrolment Audits)	School Visits - TBD (tentative September), Enrolment TBD. To be Confirmed during Planning Audit	School Visits-> September 9th- St Augustine CHS and September 14th Light of Christ CES
<b>YEAR END AUDIT ACTIVITIES</b>		
<b>Audit Committee</b> - External Auditors (Grant Thornton) Year-End Plan	September 27th, 2017	September 28th, 2016
Year-End Activities - Finance	September 1 - November 14	September 1 - November 15th
<b>Grant Thornton</b> - Year End Audit (On-site)	October 10th - 27th (3 Weeks)	October 11th - 28th (3 weeks)
Audit Close Meeting with Grant Thornton and Management	Tentative (October 30th)	October 28, 2016
<b>Audit Committee</b> - Approval of Financial Statements	November 7th, 2017	November 8th, 2016
<b>Board Meeting</b> - Approval of Financial Statements	November 28th, 2017	November 8th, 2016
Ministry Deadline - EFIS	November 14th, 2017	November 15, 2016
<b>Ministry Deadline</b> - Financial Statements (NOTE 1)	November 14th, 2017	November 15, 2016

(NOTE 1) Due to the timing of board meetings, the ministry is cognizant that the published financial statements, notes to the financial statements and auditor's report may not be finalized at November 14th. If this is the case, these three documents may be submitted after November 14th, but no later than December 1<sup>st</sup>.

Prepared by: Lucie Giambattista, Manager, Accounting, Payroll and Benefit Services  
 Submitted and Endorsed by: Anna Chan, CFO and Treasurer of the Board



**York Catholic District School Board**

*Report*

**Report to:** Audit Committee  
**From:** Administration  
**Date:** June 8, 2017  
**Re:** **Annual Audit Committee Report to the Ministry of Education**

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At the November 8, 2016 Audit Committee meeting, a report was presented to Trustees informing that the Annual Audit Committee Report to the Ministry of Education, a requirement of Regulation 361/10, was finalized and ready to submit to the Ministry on January 15, 2017.

At the time of the report the declaration page had not been signed, and as such, Administration has provided a signed copy, attached as Appendix A, for record keeping purposes.

**Prepared by:** K. Errett, Administrative Assistant to the CFO and Treasurer  
**Submitted and Endorsed by:** A. Chan, CFO & Treasurer

**Annual Report to the Board of Trustees and Forwarded  
To the Ministry of Education  
For the year ended August 31, 2016**

November 5, 2016

**Fiscal Year: 2015/16**

**Re: Annual Audit Committee report to the Ministry of Education as per  
Ontario Regulation 361/10**

During the 2015/16 fiscal year, the following audit(s) were completed and presented to the Audit Committee.

<b>Audit Type</b>	<b>Date</b>	<b>Completed</b>	<b>Presented</b>
Payroll/Human Resource	January 2016	June 2016	September 2016
Information Systems-Asset Management	June 2016	October 2016	November 2016

Further, YCDSB Manager's comments for the following audits were discussed to ensure timelines are being met.

- Repairs and Maintenance Audit
- Broader Public Sector Procurement Compliance Review
- Construction
- Information Technology
- Special Education

Based on the Multi-Year Internal Audit Plan, YCDSB is not expecting any Enrolment Audits to be performed in the 2016/17 fiscal year.

Dec 14/16  
Date

  
Signature  
Carol Cotton, Audit Committee Chair