

York Catholic District School Board

MINUTES AUDIT COMMITTEE (Regular Session)

A Regular session of the Audit Committee was held at 320 Bloomington Road West, Aurora, ON and virtually via Google Meets, on Tuesday, November 11, 2020, commencing at 4:40 p.m.

PRESENT:

Committee Members:	R. Cantisano, C. Cotton*, M. Iafrate
Other Trustees:	E. Crowe, J. Ecker, M. Marchese*, D. Mazzotta*, J. Wigston*
External Committee Member:	A. Rocha*
Administration:	M. Battista, A. Yeung, J. Tsai, N. Di Nardo*, L. Giambattista*, M. Gray, A. Arcadi, M. Fedrigoni, N. Jugnundan*, E. Pivato
RIAT Team:	P. Hatt, Regional Internal Audit Senior Manager J. Selvadurai, Regional Internal Audit Manager*
Other Guests:	A. Manji**, B. Li Chuen Cheong**, N. Rolfe, KPMG Representatives
Absent with Notice:	
Recording:	K. Errett
Presiding:	M. Iafrate, Committee Chair

[denotes attendance via Google Meets]*

*[** denotes attendance via teleconference]*

1. CALL TO ORDER, PRAYER AND LAND ACKNOWLEDGEMENT

Trustee M. Iafrate, Committee Chair, called the meeting to order and led the opening prayer. A. Yeung, CFO and Treasurer read the York Catholic District School Board Land Acknowledgement.

2. APPROVAL OF NEW MATERIAL

Nil

3. APPROVAL OF THE AGENDA

Motion: Cantisano/Cotton

THAT the Agenda be approved as presented.

– MOTION CARRIED –

4. APPROVAL OF THE MINUTES: Nil

5. DECLARATION OF CONFLICT OF INTEREST: Nil

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

7. NEXT MEETING DATE: April 27, 2021

8. PRESENTATION ITEMS: Nil

9. ACTION ITEMS: Nil
10. DISCUSSION/INFORMATION ITEM(S):

a) School Finance Audit Summary Report – Regional Internal Audit

P. Hatt, Regional Internal Audit Senior Manager, presented the “*School Finance Audit – Summary Report November 2020*”. The School Finance Audit was undertaken as directed by Trustees by Board Motion in May 2020 and included 15 schools (13 elementary and two secondary). The scope of this audit was to assess adherence to Board policies and procedures regarding the management of school finances for fiscal years 2018-19 and 2019-20. A summary of observations and recommendations found at multiple schools was provided. Note: The School Finance Audit is additional to the five school-based audits done in April 2020 as part of the as part of Regional Internal Audit Team’s (RIAT) Three-Year Regional Internal Audit Plan.

RIAT oversaw the completion of the School Finance Audits which were conducted by RIAT staff, staff from KPMG and the Board’s Compliance and Budget Analyst. A report summarizing the audit objective, scope and approach as well as the findings of these 15 school audits was provided. The objective of the engagement was to assess each school’s compliance with Board policies and procedures which included a review, specifically of school generated funds and purchasing card transactions. The scope of the review at each school included checking the sub-ledger balance as at August 31, 2020 to confirm that the school had a positive balance at the end of the period under audit. As well, a review was made of bank reconciliations, safe guarding of assets, collections, deposits, and deposit adjustments, the spending of school generated funds, void cheques and cheque sequence as well as purchasing card transactions.

P. Hatt explained that the scope of the audit was similar to the audits conducted in April 2020, however, this School Finance Audit consisted of a review that covered two years (2018-2019 and 2019-2020) instead of the one year (2018-19) that was performed in the spring audits. The spring audits also included testing of Board’s controls and processes. Due to COVID-19 concerns, RIAT’s conducted the audit remotely; after selecting a samples required for each of the schools, RIAT requested supporting documentation to be delivered to the CEC for testing. Once testing was completed, the RIAT generated a separate report for each school, outlined school-specific findings, followed-up with a school closing meeting with the Principal to present the findings and provide an opportunity to address any concerns they prior to the preparation of the draft report and issued the final report. It was noted that the findings in School Finance Audit were consistent from those in the April 2020 audit. Given that the audit findings for the April 2020 audit were only reported at the end of April and training was provided by CEC staff to Principals and school administrators in June, the improvement in practices will likely take effect starting in the 2020-21 school year.

P. Hatt took the opportunity to thank the schools for responding to the request for information and making themselves available to answer questions. It was acknowledged that it is a difficult time for everybody. P. Hatt also thanked A. Manji and B. Li Chuen Cheong, KPMG Representatives, J. Sun, Compliance and Budget Analyst at York Catholic, R. Shah and S. Ramessar from RIAT, as well as J. Selvadurai, RIA Manager, who invested a considerable amount of effort in completing the assignment in time for this Audit Committee meeting. The review of 15 schools was stated to be quite a large undertaking and it was very appreciated that the team was so supportive.

Trustee Cantisano thanked P. Hatt and the team for the work that was done. Trustee Cantisano stated that the audits are not intended to be punitive but rather to assist to address gaps in the procedures and, as such, inquired about the recurrences of the same observations and whether school administration is unclear of the procedures and that increased oversight of the procedures may be needed. P. Hatt, responded that while exact conclusions cannot be drawn, it is believed that in some cases schools may not have received the training before, they may have forgotten, and in some cases things do not seek guidance when processes are carried out the same way over a number of years. P. Hatt reiterated the importance of reinforcing the policies and procedures through training, as outlined in the recommendations, so that everybody has a better understanding through clear and consistent messaging.

Trustee Cantisano asked what training was provided at the beginning of the school year for school administrators, in order to reinforce Board policies and also whether attestation for the training was added to HR employee files. A. Yeung reminded the Committee that the training was held at the end of June 2020 which provided an opportunity during school closures when staff was available and, as well, the timing was suitably close to the receipt of the initial audit reports and, therefore, felt to be more impactful. Attendance was taken and a survey was provided to solicit feedback on their learning experience (most valuable information, areas to change in future training sessions, etc.). Further training is intended to be held either prior to the end of the year or early next year to reinforce the findings outlined in the audit reports. As well, a checklist of monthly financial procedures to serve as a monthly reminder for the principals and administrators were provided to school administrators during the June 2020 training.

Associate Director, N. Di Nardo, made note of a discrepancy between Policy 801 *Use of Board and School Funds for Recognition or Acknowledgement* and Policy 803 *School Generated Funds*, Section 7.2 which may be causing confusion regarding the spending of school generated funds i.e. one policy refers to “staff acknowledgement” and the other policy says “to encourage staff morale” and the directions for naming staff differs. Further information will be provided at a future meeting for Trustee information.

Trustee Ecker thanked P. Hatt for the comprehensive audit summary but noted that with no ranking (neither high, medium low or pass/fail) included in the School Finance Audit report, he expressed that this information is needed to assess the relativity of risks identified during the audit. P. Hatt explained that the listing of findings, which are administrative in nature, are not high risk findings and thus have been listed in order of the number of times they appear or number of schools they appear in. Further, P. Hatt explained that the format used for the Fall 2020 audit was to offer an educational experience to schools and therefore reported the findings only. P. Hatt stated that the feedback would be taken into consideration going forward as other audits are completed. A. Yeung offered that the purpose of the School Finance Audit was to identify any issues that exist and to be able to address all the issues, equally by the school staff, going forward so that staff would be better equipped to comply with policies going forward.

Trustee Iafrate said that the lack of audit ranking left no sense of how a school was doing. P. Hatt explained that the April 2020 audit Summary Report included rankings, not for the individual schools. Typically, rankings are used in internal audit reports to provide a sense of urgency/ timeframe in which to address the finding. P. Hatt referred back to A. Yeung’s point that staff and RIAT are intending to have all the findings addressed and, as well, given the fact

that the team had provided that feedback earlier and schools hadn't had a chance to action the original report, it would not have been fair to assign rankings at that point. Going back and doing a follow up engagement once everything has been fully implemented would be more a more appropriate time to consider applying rankings.

J. Ecker requested an explanation regarding Category #4, related to nine schools where it was found that deposit adjustments were required, whether counting of funds is done under dual custody. J. Selvadurai responded that the Finance Department has confirmed that the process for Catholic School Council (CSC) counting of funds is dual custody: The school secretary does not do any counting but is provided with the deposit summary and goes to the bank to and deposit the funds. For school generated funds, the funds collector (e.g. teacher or department head) counts the money, provides the counted funds to the school secretary who double counts it. If there are any changes that needs to be made to the original count, the school secretary must obtain the collector's initial. A change of process effective Sept 1, 2020 requires an email to be sent to the funds collector when making a change to that original count. The secretary deposits the funds in the bank and if the bank makes an adjustment to the deposit, the school secretary will be informed and will make a deposit adjustment at that time. RIAT has recommended that the principal communicate to the CSC, as well as the fund collectors, to ensure that the amounts are counted correctly to avoid errors and inefficiencies.

Trustee Mazzotta commented that ranking of "meets/does not meet" Provincial standards was important to know in order to target the training that is required. In #8 – *Spending of SGF and Purchasing Card Expenses: Common observations noted in both categories* where it was noted that seven schools provided no supporting documentation, e.g. invoice, detailed receipts or Admin 19A. Trustee Mazzotta questioned whether the seven schools were notified and what reason was given. P. Hatt stated that for these findings at seven schools this issues were noted on average three times, however, definitely not all the supporting documentation was missing, but it was limited to a few cases at these schools. Supporting documentation may have been missing for various reasons such as staff transfer to another school, information may have been taken and unfortunately it couldn't be tracked from the audit, misfiling of receipts and/or lost receipts; RIAT made attempts to obtain documentation by, for example, tracking staff who had moved on to another school but, unfortunately, were unable to do that in all cases. Trustee Mazzotta stated that staff submitting a reimbursement or PCard envelop should retain a copy of the receipt. Trustee Mazzotta thanked the auditors for their work, and stated that the Board appreciates the diligence and the work that was done.

Chair Marchese echoed the sentiment that rankings are important. Trustees approved funds to undertake additional audits to alleviate concerns related to the Board's financial risk; the original RIAT audits were focused on ensuring that Board processes are followed. As well, Trustee Marchese inquired as to the attendees of the June, 2020 training session; A. Yeung responded to that the training was provided to both principals and vice-principals of both elementary and secondary panels, head secretaries for all elementary schools and bursars at secondary schools

Regarding the tracking of receipts from staff who transferred, Trustee Marchese commented that the Board of Trustees was clear to approve the funding for the School Finance Audits of schools where there were transfers of individuals and referred to a previous meeting discussion that stated it was the responsibility of outgoing principals to ensure everything is in order prior to leaving the school and that they would be held accountable for transactions that occurred in

the schools at the time of the audit period. It was expressed that the fact that missing receipts were unresolved due to staff transfers was worrisome. P. Hatt clarified that the transactions reviewed were from all card holders, i.e. principals, librarians, vice-principals, etc. and reiterated that this particular was not necessarily a pervasive issue, but cases were limited to one or two schools where somebody had transferred and the information wasn't available. Interim Director Battista noted that usually when a principal transfers they leave everything at the school (their records, their envelopes with receipts), so moving forward that's something that we would have to follow-up carefully. Chair Marchese asked whether the audit team had access to the principal of the school who was principal at the time period that the audit covers. P. Hatt noted that primarily, auditors dealt with the principal currently in place except in a couple cases where the auditors contacted the previous principal for information.

For clarification, J. Selvadurai stated that records and supporting documentation are to be retained at the school level. Missing documentation, PCard envelopes, missing Admin 19/19A and verbal clarification regarding transactions are sought out as much as possible; at all 15 schools, the closing meeting was clear and detailed in terms of going through individual findings even administratively, reviewing certain procedures that hadn't been done. It was highlighted that attempts were made to include former principals to join the closing meetings or join in with the schools they had transferred to, but that had occurred only after having done 3-4 schools initially. If a principal requested to be part of the closing meeting it was permitted (except in the case of two schools as they had been completed prior to the request). Some of the former principals were invited but did not want to be included.

The meetings provided an opportunity to educate, train, provide guidelines, policies and procedures. At this time, training has been provided, communication is being made to schools, and senior administration is addressing conflicting policies which will facilitate implementation of the training in a positive manner.

Trustee Cotton emphasized appreciation that these initial audits were not ranked or given a grade because the major concern was for all problems to be dealt with and resolved. Trustees wanted to identify everything possible that was happening that was not up to our financial standards and that goal was achieved and steps are being taken to correct shortcomings. In the future, however, similar to Trustee Ecker's comments, as training and reaffirmation of procedures occurs, every internal school audit should end with an assessment/rating of deficient/needs improvement/satisfactory. Trustee Cotton agreed that it was inappropriate to apply ratings at this stage because the biggest concern as was made very clear to staff, was that all of the non-compliance issues were to be addressed equally, whether they're high, low or medium risk; it was not necessary to know at this moment.

Trustee Cotton also noted that the training was reportedly very well designed and generated good comments/feedback. Next steps were requested regarding actions to identify and provide training for those who were unable to attend the earlier training sessions. Interim Director Battista stated that Superintendents will follow-up with the school administrators and go through the training. In regard to the June 2020 training sessions, it was reported back that Superintendents reviewed the findings and reinforced the compliance with policies with respective school principals. The audits of the 15 schools have generated a plan to meet with all administrators in smaller groups by Area in December or January to review the recommendations and the Policies and Procedures. Trustee Cotton thanked Interim Director Battista and requested that perhaps in January at the Board meeting, Trustees receive a report from Interim Director Battista and Mr. Yeung, listing the general categories of training that

have been done and attesting that every principal, vice principal, bursar and head secretary in our board has received that training.

Chair Iafrate thanked Ms. Hatt and the Regional Internal Audit Team, noting that Trustees appreciate all the work on this initiative during the especially difficult time with COVID-19.

b) Status Update from School Finance Audits and Administration’s Follow-Up Actions

A. Yeung, Chief Financial Officer and Treasurer of the Board, summarized discussions held in the Private Session, stating that following the spring audit the Finance Department held training sessions to help address some of the concerns raised during the audits. In addition, Finance Department provided tools to help principals focus on the areas of compliance with Board policy and, as stated by Interim Director Battista, additional training prior to the end of the year or in the new year will be provided in order to help reinforce those policies.

FUTURE ITEM(S): Nil

Adjournment: 5:30 P.M.

On Motion: Cantisano/Cotton and CARRIED