



*We are a Christ-centered Catholic faith community
that celebrates diversity and fosters spiritual growth,
inspiring all to reach their full potential in mind, body and spirit.*

AGENDA AND MATERIAL

AUDIT COMMITTEE MEETING PUBLIC SESSION

**FRIDAY, JUNE 16, 2023
10:00 A.M.**



*Electronic Meeting in Compliance with Education Act Section 207 and Ontario Regulation 463/97 Section 5.1 (2)
Public Access 1-647-374-4685 Meeting ID: 843 0813 3177*

A. ROUTINE MATTERS

- | | |
|---|----|
| 1. Opening Prayers | - |
| 2. Roll Call | - |
| 3. Approval of the Agenda | - |
| 4. Declaration of Conflict of Interest | - |
| 5. Minutes of the Audit Committee Meeting – Public Session of November 23, 2022 | A5 |

B. REPORTS

- | | |
|--|------|
| 1. Regional Internal Audit Status Report | B1 |
| 1.1 Regional Internal Audit Team (RIAT) Host Board Update | - |
| 1.2 Regional Internal Audit Team (RIAT) Internal Audit Mandate | B1.2 |
| 1.3 2023-2024 Audit Plan Proposal | B1.3 |
| 1.4 Annual Independence Assertion | - |

C. BUSINESS IN CAMERA

D. FUTURE MEETINGS

E. ADJOURNMENT

**TO: NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
AUDIT COMMITTEE MEETING
JUNE 16, 2023**

PUBLIC SESSION

**TITLE: MINUTES OF THE AUDIT COMMITTEE MEETING OF
NOVEMBER 23, 2022**

RECOMMENDATION

THAT the Niagara Catholic District School Board Audit Committee approve the Minutes of the Audit Committee Meeting (Public Session) of November 23, 2022 as presented.



MINUTES OF THE AUDIT COMMITTEE MEETING PUBLIC SESSION

WEDNESDAY, NOVEMBER 23, 2022

Minutes of the Audit Committee Meeting (public session) of the Niagara Catholic District School Board, held on Wednesday, November 23, 2022 electronically via Zoom Meeting.

The meeting was called to order at 10:07 a.m. by Giancarlo Vetrone, Superintendent of Business and Financial Services.

A. ROUTINE MATTERS

1. Opening Prayer

Opening Prayer was led by Giancarlo Vetrone, Superintendent of Business and Financial Services.

2. Roll Call

| <u>Trustee Committee Members</u> | Present | Present Electronically | Absent | Excused |
|-----------------------------------|---------|------------------------|--------|---------|
| Trustee Rhianon Burkholder | | ✓ | | |
| Trustee Larry Huibers | | ✓ | | |
| Trustee Paul Turner | | ✓ | | |
| <u>External Committee Members</u> | Present | Present Electronically | Absent | Excused |
| Mario Falvo | | | | ✓ |
| Charles Skelton | | ✓ | | |

Resources to the Audit Committee were in attendance:

Camillo Cipriano, Director of Education
Giancarlo Vetrone, Superintendent of Business and Financial Services
Rosa Rocca, Controller Business and Finance
Andrea Eltherington, Regional Internal Audit Manager
Melanie Dugard, Grant Thornton LLP
Chris Guglielmi, Grant Thornton LLP

Staff in attendance:

Grant Frost, Chief Information Officer

William Mancini, IT Engineer

John Forte, Privacy and Risk-Advisor

Shari Bush, Recording Secretary/Administrative Assistant, Business and Financial Services

3. Introduction of New Audit Committee Members

Giancarlo Vetrone, Superintendent of Business and Financial Services had everyone in attendance at the meeting introduce themselves.

4. Election of Chairperson for the Fiscal Year 2022-2023

Since the Trustees participating in today's Audit Committee Meeting could change at the December 20, 2022 Board Meeting it was recommended by Director Cipriano to defer this process to the next Audit Committee Meeting. Director Cipriano would read through the agenda for this meeting and Trustee Larry Huibers would put the items in the agenda for recommendation to the Trustees.

Moved by Trustee Turner.

Seconded by Trustee Burkholder.

THAT the Niagara Catholic Audit Committee approve to defer the Election of Chairperson for the Fiscal Year 2022-2023 till next meeting.

CARRIED

5. Approval of the Public Agenda of November 23, 2022

Moved by Trustee Turner

Seconded by Trustee Burkholder

THAT the Niagara Catholic Audit Committee approve the Agenda of the Audit Committee Meeting (Public Session) of Wednesday, November 23, 2022.

CARRIED

6. Declaration of Conflict of Interest

6.1 Declaration of Conflict of Interest Form (2022-2023)

Declaration of Conflict of Interest Form will be filled out by Committee Members and email to Shari Bush.

6.2 Declaration of Conflict of Interest re: Agenda (verbal)

No Declarations of Conflicts of Interest were declared with any items on the agenda.

7. Approval of Minutes of the Audit Committee Meeting (Public Session)

7.1 September 23, 2022

Moved by Trustee Turner.

Seconded by Trustee Burkholder

THAT the Niagara Catholic Audit Committee approve the Minutes of the Audit Committee Meeting (Public Session) of September 23, 2022.

CARRIED

B. REPORTS

1. Regional Internal Audit Mandate

Andrea Eltherington, Regional Internal Audit Manager, recommended that we also defer the presentation and signing of the Audit Mandate until the election of the new Chairperson for the fiscal year 2022-2023 at the next meeting.

Moved by Trustee Turner.

Seconded by Trustee Burkholder.

THAT the Niagara Catholic Audit Committee approve to defer the presentation and signing of the Audit Mandate.

CARRIED

C. BUSINESS IN CAMERA

Moved by Trustee Turner.

Seconded by Trustee Burkholder.

THAT the Niagara Catholic Audit Committee move into the In Camera Session

CARRIED

The Niagara Catholic Audit Committee moved into the In Camera Session of the Committee Meeting at 10:24 a.m. and reconvened at 10:43 a.m.

D. OTHER BUSINESS

Giancarlo Vetrone, Superintendent of Business and Financial Services and Rosa Rocca, Controller Business and Finance presented the Draft Consolidated Financial Statements for approval to the committee.

Moved by Trustee Turner.

Seconded by Charles Skelton.

THAT the Niagara Catholic Audit Committee approve the Draft Consolidated Financial Statements as presented.

CARRIED

E. FUTURE MEETINGS

Next Audit Committee Meeting is Friday, June 16, 2023 at 10:00 a.m.

After the December 20, 2022 Board Meeting where the Chair will appoint three Audit Committee Members an extra meeting will be scheduled in February or March to update the members on the Audit Status Reports.

F. ADJOURNMENT

Moved by Trustee Burkholder.

Seconded by Trustee Turner.

THAT the November 23, 2022 meeting of the Niagara Catholic Audit Committee be adjourned.

CARRIED

Meeting was adjourned at 11:18 a.m.

**TO: NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
AUDIT COMMITTEE MEETING
JUNE 16, 2023**

PUBLIC SESSION

TITLE: REGIONAL INTERNAL AUDIT STATUS REPORT

The Regional Internal Audit Status Report is presented for information.

Presented by: Andrea Eltherington, Regional Internal Audit Manager.

Date: June 16, 2023



MEMO

TO: Niagara Catholic District School Board Audit Committee
FROM: Andrea Eltherington, Regional Internal Audit Manager
DATE: June 16, 2023
SUBJECT: Regional Internal Audit Status Report – Open Committee Session

This memorandum will serve to update the Audit Committee of the Regional Internal Audit Team's (RIAT) work since November 23, 2022.

A. RIAT Host Board Update

As indicated in the GSN announcement on April 17, 2023

'The West of Central Regional Internal Audit Team (RIAT), previously administered by Waterloo Region DSB, will now be administered by Hamilton-Wentworth DSB'.

B. RIAT Internal Audit Mandate

The internal audit mandate formally defines the purpose, authority and responsibility of the regional internal audit function. As indicated in Ministry Memo 2016:SB31 'Update on Regional Internal Audit Consistency Measures' the mandate must be re-signed when there are changes in the make-up of the committee (such as a change in Director of Education, Chair of the Audit Committee or the Regional Internal Audit Manager) so that all parties understand the role and mandate of the regional internal audit team.

In addition, there have been a few changes to the mandate based on a discussion with the Senior Business Officials in the West of Central Region.

All of the changes have been highlighted in red. A revised copy is included in the package along with a copy signed by the Regional Internal Audit Manager.

C. 2023-2024 Audit Plan Proposal

Attached for your consideration is the proposed 2023-2024 regional internal audit plan for your approval and recommendation to the Board of Trustees.

D. Annual Independence Assertion

In compliance with S1110 of the International Standards for the Professional Practice of Internal Auditing, I am confirming that the regional internal audit team is organizationally independent and has been allowed to carry out its' responsibilities in an unbiased manner, free from interference in determining the scope of internal audit projects, performing work, and communicating results.

**TO: NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
AUDIT COMMITTEE MEETING
JUNE 16, 2023**

PUBLIC SESSION

TITLE: REGIONAL INTERNAL AUDIT MANDATE

The Regional Internal Audit Mandate is presented by the Regional Internal Audit Manager, for signature of the Audit Committee Chair and the Director of Education.

Presented by: Andrea Eltherington, Regional Internal Audit Manager.

Date: June 16. 2023



Regional Internal Audit Charter

PURPOSE AND DEFINITION

The purpose of the regional internal audit team is to provide independent, objective assurance and consulting services designed to add value and improve the district school boards' operations in the West of Central 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 Manager (RIAM) 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 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.

The reporting relationship between the RIAM and each Audit Committee will be further demonstrated by each Audit Committee for their Board performing the following functions:



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

The Regional Internal Audit 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 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

Annually, the Regional Internal Audit 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 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 Manager ~~in conjunction with the Audit Committee/Board chair and/or the Director of Education and/or the Senior Business Officer 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 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.~~

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

QUALITY ASSURANCE

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



The Regional Internal Audit 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.

Regional Internal Audit Manager

Audit Committee Chair

Director of Education

Dated

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



**INTERNAL
AUDIT TEAM**
West of Central Region

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| 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 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. |



Regional Internal Audit Charter

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INTERNAL AUDIT TEAM

West of Central Region

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INTERNAL AUDIT TEAM

West of Central Region

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**INTERNAL
AUDIT TEAM**
West of Central Region

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Andrea Eltharington
Regional Internal Audit Manager

Audit Committee Chair

Director of Education

Dated

DEFINITION OF SELECTED TERMS

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**INTERNAL
AUDIT TEAM**
West of Central Region

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| In-camera | A separate discussion between members of the Audit Committee and the Regional Internal Audit 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. |
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**TO: NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
AUDIT COMMITTEE MEETING
JUNE 16, 2023**

PUBLIC SESSION

**TITLE: REGIONAL INTERNAL AUDIT STATUS REPORT – 2023-
2024 AUDIT PLAN PROPOSAL**

RECOMMENDATION

THAT the Niagara Catholic District School Board Audit Committee approve the Regional Internal Audit Status report- 2023-2024 Audit Plan Proposal, as presented.

Presented by: Andrea Eltherington, Regional Internal Audit Manager.

Date: June 16. 2023



MEMO

TO: Niagara District School Board (NCD SB) Audit Committee
FROM: Andrea Eltherington, Regional Internal Audit Manager
DATE: June 16, 2023
SUBJECT: 2023-2024 Regional Internal Audit Plan

Through funding provided by the Ministry of Education, internal audit resources have been made available to school boards to complete at least two audits each year to independently assess the quality of risk mitigation strategies that school boards have implemented to manage the keys risks they face. To aid in developing an appropriate audit plan, a strategic risk assessment process was introduced several years ago by the regional internal audit manager to:

- Identify and categorize key threats/risks to the Board that need to be managed;
- Prioritize them by assigning a risk rating using a scale to assess the likelihood of occurrence and impact on the Board operations giving consideration to the perceived effectiveness of internal controls.

Ideally, the output from the risk assessment identifies audit topics to inform a two-year plan.

The following audits were identified from the risk assessment carried out May 23, 2023 when the Regional Internal Audit Manager facilitated a risk assessment workshop with the Senior Administrative Council. The workshop included a reminder of the definitions of the assessment concepts and classifications of risk (reputation, operations, financial, compliance, information management, human resource, etc.) and the categories that risks can be grouped in (instruction and schools, information technology, business services, facilities transportation, human resources etc.). The workshop participants were asked to identify key risk areas that 'keep them up at night'.

The Superintendent of Business and Financial Services and the Director of Education concur in proposing the following audit plan for approval by the Audit Committee.

Audit Projects Proposed For 2023-2024

1. Network Penetration Audit

Network penetration testing reveals real-world opportunities for hackers to compromise systems and networks in such a way that allows for unauthorized access to sensitive data or even take-over systems for malicious purposes.

This testing requires the services of sophisticated tools. A consultant has been identified to perform the penetration tests for us. The consultant will produce findings in a report and will provide any guidance necessary to effectively remediate any issues that are discovered.

This audit addresses information security, availability and data integrity risks.

2. Strategic Risk Management

Over the years, there have been attempts to implement Enterprise Risk Management within the school board sector, but there has not been a consistent approach adopted. The objectives of this audit are to:

- Complete a Strategic Risk Assessment, including the identification, analysis and evaluation of the board's strategic risks, resulting in a completed risk register;
- Increase awareness of Strategic Risk Management at the Board; and
- Identify future opportunities for the board to better integrate Strategic Risk Management.

This audit addresses control environment risk.

3. Audit Follow-up Reviews

Audit testing occurs throughout the year when Management identifies that action plans developed to address audit observations and internal control risks reported in previous audits have been implemented. The status of open audit observations by audit is reported at each Audit Committee meeting.

- a. Payroll
- b. Attendance Support
- c. Health and Safety
- d. Compliance to the Broader Public Sector Procurement Standard
- e. Records Management
- f. Privacy
- g. IT Vulnerability

**TO: NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
AUDIT COMMITTEE MEETING
JUNE 16, 2023**

PUBLIC SESSION

TITLE: FUTURE MEETINGS

Next Audit Committee Meetings are tentatively scheduled at 10:00 a.m. as follows:

September 22, 2023 (Friday)

November 22, 2023 (Wednesday)

March 8, 2024 (Friday)

June 14, 2024 (Friday)