



MINUTES OF THE INAUGURAL MEETING OF THE AUDIT COMMITTEE

Wednesday, May 10, 2017

School Board Office – 9:45 a.m.

Present: P. Dorsman (in the Chair); S. Donahue, Trustee; C. Kennedy, Superintendent of Schools; J. Leiterman, Secretary Treasurer; K. Johnson, Assistant Secretary Treasurer; J. Brown, Manager of Finance ; Cathy Imrie, Senior Vice President, Business and CFO (Vancouver Aquarium); Carol Chiang, Lead Engagement Partner (KPMG); Aanu Adeleye, Audit Senior Manager (KPMG)

Absent: A. Johnston, Quality Control and Client Relationship Partner (KPMG)

1. Introductions

The Committee Chair called the meeting to order and asked everyone to briefly introduce themselves, explaining their role and length of time with the district. Cathy Imrie is CFO of the Vancouver Aquarium, a West Vancouver resident, and former WVSD parent. She has 14 years' experience in non-profit finance and administration and is pleased to be able to sit on this committee. After district staff introduced themselves, the Secretary Treasurer said that she would send Ms Imrie organizational charts for the district.

2. Review of Audit Committee Terms of Reference

The Secretary Treasurer reviewed new Board Policy 8, which establishes the Audit Committee as a standing committee of the board, which will meet twice a year. She noted the importance of clearly defined roles between governance and operations, and said situations can become complicated if those roles become blurred. We have had excellent relationships with our boards and staff and trustees work well together and have a good understanding of each other's responsibilities. The purpose of the committee is to give members greater confidence in their understanding of our financial statements, and a means of communication to provide greater depth of understanding for trustees. Meetings will provide the opportunity to ask staff and auditors more questions if necessary, and improve overall understanding of the audit process. In turn, this will provide improved comfort and clarity to the board. Generally, the committee has five areas of responsibility: financial statements; internal controls, information systems, and risk management; external audit; compliance; and reporting responsibilities.

This is the second year working with auditors from KPMG and there was a brief discussion about communication between staff and auditors throughout the year. The Secretary Treasurer reported that we have been pleased with their service and with some of the oversight suggestions they have provided. We continue to have a strong fiscal position and a long history of unqualified audit reports. KPMG is currently doing a one-time risk assessment of the district, and is interviewing 13 representatives from all over the district in various roles. This process should be concluded by the end of June

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and the report will likely be presented to the Finance and Facilities Committee. We are focused on being the best in the province regarding financial management and committed to best practice. This assessment will allocate risks and provide strategies to mitigate or deal with situations as they arise, and may identify previously unknown risks.

3. Review of Audit Committee Sample Questions

The Secretary Treasurer next reviewed a list of possible questions that may be asked of the auditors and staff in both the May and September meetings. She noted that the audit planning report provided by KPMG contains most of the answers, but encouraged trustees to ask questions. A general discussion about accounting practices and areas of risk in school districts followed. The Committee Chair said he believes most of the material questions to KPMG will come after the audit, in the September meeting. Questions of district staff were then asked and it was reported that there have been no significant changes to operations or internal controls and no legal difficulties that would affect the audit or cause budget variances. There are new reporting requirements attached to the SCC special purpose funding and some new operational changes regarding district purchasing cards, but nothing that will have a significant affect. It was noted that there is a new internal audit process, which has been adjusted after the introduction of various new software programs and will now get the school audits back on a schedule. The Secretary Treasurer said that she hopes for longevity with all the new software and associated systems that are now in place and working. Anything new would be an adjustment or fine-tuning, rather than a change.

The Secretary Treasurer briefly reviewed the operational management suggestions that came out of last year's audit, none of which were material issues, and were minor adjustments to procedures already in place, in order to ensure best practice.

4. Introduction of External Auditors

Carol Chiang and Aanu Adeleye from KPMG joined the meeting and introduced themselves. Ms Chiang is a senior manager and our Lead Audit Engagement Partner, with 20 years' experience at KPMG, the last 10 with government and non-profit organizations. Ms Adeleye is our Audit Senior Manager, working primarily in the public sector and, significantly, with a number of school districts. Ms Chiang also noted that Archie Johnston is the third member of the team and is our Quality Control and Client Relationship Partner. She said they were pleased to have the opportunity to speak to the committee and in the second year of working with the district, have a better understanding of our operations, challenges, and opportunities.

5. Review of Audit Planning Report

Ms Chiang and Ms Adeleye reviewed the Audit Planning Report for West Vancouver School District, reporting that it provides a summary of the audit and highlights salient features. They noted that they are required by professional standards to presume risk – i.e. that management will always have the ability to override controls. Ms Chiang asked Trustees Dorsman and Donahue if they, as those who provide oversight, are aware of any fraud. They replied that they were not. Ms Adeleye briefly went through each page of the document, with additional information provided by the Secretary Treasurer or Ms

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Chiang as appropriate. Materiality was highlighted, with any aggregated differences in excess of \$1.55 million considered material. Last year's audit resulted in no material concerns. As well, we have an audit posting misstatement threshold of \$77,500. Ms Chiang noted that it is good practice to simply correct any straightforward errors below that threshold.

At the end of the audit cycle this summer, the auditors will report to the Audit Committee, rather than the Board. The Audit Committee will then report to the Board at the September regular board meeting.

The meeting concluded with a general discussion about the issues that can arise if the relationship between board and management is not strong. The culture of a district, along with confidence in defined protocols, trust levels, and clear communication streams are key. If those things are working well, any issues that arise are much more easily resolved, in Ms Chiang's experience.

6. Adjourn

11:22 a.m.

Next meeting set for Monday, September 11, 2017 at 8:00am.

Julia Leiterman, Secretary Treasurer