



MINUTES OF A MEETING OF THE AUDIT COMMITTEE

Monday, September 10, 2018

School Board Office – 9:00 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: R. Willock (WVTA); B. Scott (WVMEA); C. Ratz, S. Rauh (WVAA); D. Katerberg (WV DPAC)

1. KPMG review of audit and 2017/18 Financial Statements

The meeting was called to order and Chair Dorsman welcomed everyone before passing the floor to Carol Chiang, lead audit engagement partner with KPMG.

Ms Chiang thanked those in attendance and then led a review of the KPMG School District No. 45 (West Vancouver) Audit Findings Report for the period ended June 30, 2018.

In the executive summary, it was noted that there have been no significant changes to the audit plan as a result of the audit, nor were there any changes in the key areas of focus. Though there were a few adjustments that remain uncorrected in the financial statements, they are not material and it is impractical to make the adjustments at this time. There were no deficiencies in financial controls, and once the signed management letter is received and the audit finalized, the auditors will be able to issue a clean opinion.

Aanu Adeleye, audit senior manager, then gave a high-level review of the areas of audit focus and highlighted any KPMG comments of note.

Internal audit procedures were limited this year, with only two school audit reviews completed due to resource constraints and a change in the role of the internal auditor. No concerns were raised by the auditors, but it is recommended that the district ensure that the recommended five school audits take place each year to ensure consistent application of financial controls. The Secretary Treasurer added that the intention is to have each elementary audited every five years and each secondary school, every three years.

Regarding the Classroom Enhancement Funding (CEF), auditors reported no issues and noted that \$7000 was unspent and included within deferred revenue at June 30, 2018.

It was noted that two new standards came into effect for the fiscal year beginning on or after April 1, 2017: Related Party transactions and Inter-entity Transactions; and Assets, Contingent Assets, and Contractual Rights. The definition of a related party was clarified

and the district did its due diligence by creating a check list. No disclosures related to either new standard were required.

Ms Adeleye then briefly reviewed the appendices. Attachment II, page 7 of the Management Representation Letter regarding two uncorrected audit misstatements was highlighted. The misstatements related to the differing treatment of internally restricted deferred revenue and method of amortization of capital assets as directed by the Ministry of Education, as opposed to the accounting treatment recommended by PSAB. Both misstatements were determined to be immaterial and had no effect on the auditors' report. This issue will potentially need to be revisited in the future if, for example, a new school is built, as the increase in funds and related amortization will become material at that point. The only other issue of note related to the school-based audits already discussed.

Ms Chiang reviewed and commented on a number of ratios and trends based on data pulled from the Ministry of Education website. She pointed out that while student enrolment is stable in West Vancouver, as a percentage, we have more international students in our school population. As they did last year, figures that show that while we have lower student expenses per student FTE than the provincial benchmark, the provincial grant per student is also lower in West Vancouver than some surrounding districts. The Secretary Treasurer explained that while the per-student operating grant is the same province-wide, other demographic and composition factors play a role, as do items in the collective agreement. Students registered as special needs, Aboriginal, and ELL receive additional funding, and the percentage of these students varies from district to district. Average teacher salary impacts the pay equity portion of the operating grant. Composition of workforce and local collective agreements play a role when looking at teachers' salaries. Experience levels, categories, and pension plan options all have an effect. West Vancouver School District has the highest school-generated funds per student FTE among local districts, due in part to the increase in the number of academies offered. Appendices 5 – 7 were not publically reviewed as they deal mainly with technical accounting matters.

Ms Chiang thanked the Secretary Treasurer, Assistant Secretary Treasurer, and Manager of Finance for their hard work, preparation and coordination. Ms Adeleye said that the process and relationship get better every year.

The Secretary Treasurer noted that she will be presenting a summary of the financial statements at tomorrow's Finance and Facilities Committee meeting.

RECOMMENDATION: That the audited 2017-2018 Financial Statements be forwarded to the board for approval and filing with the MOE.

2. Renewal of KPMG audit contract

The Secretary Treasurer reminded the committee that three years ago, via a comprehensive RFP process, KPMG was the successful bidder for the audit services contract for WVSD. The initial contract was for three fiscal years, beginning with 2015-2016, with an option to renew for a further two years. Now at the end of the initial three years, KPMG was asked to submit a quote for the optional extension. The Secretary Treasurer told the committee that KPMG costs are reasonable and their service excellent, and she recommends the two year extension option be exercised.

RECOMMENDATION: That the two-year contract extension for KPMG audit services be approved by the board.

3. **Adjourn**

9:38 a.m.

Julia Leiterman, Secretary Treasurer