



MINUTES OF A MEETING OF THE AUDIT COMMITTEE

Monday, May 27, 2019

School Board Office – 9:00 a.m.

Present: S. Donahue (in the Chair); L. Block, 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 (OceanWise/Vancouver Aquarium); Carol Chiang, Lead Engagement Partner (KPMG); R. Willock (WVTA); S. Rauh (WVAA)

Absent: Aanu Adeleye, Audit Senior Manager (KPMG); B. Scott (WVMEA); D. Katerberg (WV DPAC)

1. KPMG review of 2018/19 Audit Planning Report

The meeting was called to order and Committee Chair Donahue welcomed Trustee Block to the committee. Everyone introduced themselves before the Secretary Treasurer gave some background about the creation of the committee, noting that its creation was based on a recommendation from the ministry, with the purpose of creating greater rigour and confidence for trustees around financial statements. The inclusion of an external member on the committee gives greater insight and confidence if there is no one on the board with specific financial expertise. The floor was then passed to Carol Chiang, lead audit engagement partner with KPMG.

Ms Chiang then led a review of the KPMG School District No. 45 (West Vancouver) Audit Planning Report for the period ending June 30, 2019. This report outlines the audit scope and key considerations for the June 30, 2019 financial statements. This is KPMG's fourth year conducting our audit.

The executive summary was reviewed and it was reported that auditors recently met with the Secretary Treasurer and Assistant Secretary Treasurer regarding updates on significant issues or risks that require additional focus. There were no issues and no risks flagged. Ms Chiang noted that there is some interim pre-year end work being conducted before financial year-end and auditors will continue to get regular updates from management about progress and any emerging issues.

The key areas of focus were reviewed and materiality is set at \$1.65 million for the year ending June 30, 2019 and the Audit Misstatement Posting Threshold is \$82,500. Ms Chiang, at the request of the Committee Chair, explained that when looking at percentage deviation to determine materiality, an adjustment amount lower than the threshold might become material if it affects users, for example if management bias is evident. This has not been an issue in this school district. The Secretary Treasurer noted that the materiality and misstatement threshold amounts are different, as one deals with the broader picture, and one deals with potential accounting mistakes.

Ms Chiang continued to review each page of the report, with additional information provided by the Secretary Treasurer as appropriate. There was extended discussion around the Auditors' Report format, which has changed significantly as mandated by the

Committee members: Sheelah Donahue, Lynne Block

new and revised Canadian Auditing Standards (CSAs). The sections of the report have been re-ordered, so that the auditors' opinion is now at the beginning. As well, there is now a separate section for going concerns, and more details regarding auditors' responsibilities. Appendix 5: Draft Independent Auditors' Report lays out the new format and the Emphasis of Matter section lays out the unique reporting frameworks used by school districts regarding deferment and amortization of capital revenue and assets – a departure from the Canadian public sector accounting standards used elsewhere. The final report will be dated as of the date the financial statements are approved by the board.

The other appendices were briefly reviewed and in relation to Appendix 4, the introduction of a new accounting standard was highlighted. The Asset Retirement Obligations is a new standard effective for fiscal years beginning on or after April 1, 2021. That would apply, therefore, to the school district's financial statements dated June 30, 2022. This standard will be most commonly related to environmental contamination and requires that potential liabilities related to costs around asbestos, lead paint, and other site contaminants must be accrued when the cost is estimable. . The Secretary Treasurer noted that we do not anticipate any projects at this time to which this standard will relate. She also noted that any contamination-related costs are already taken into consideration when preparing budgets for AFG and other capital projects, so estimating such costs in order to comply with the new rules should not be too onerous.

The meeting concluded with a short general discussion and was then adjourned.

2. Adjourn

9:43 a.m.

The next meeting is set for Monday, September 9, 2019 at 9:00am.

Julia Leiterman, Secretary Treasurer