



MINUTES OF A MEETING OF THE AUDIT COMMITTEE

Monday, May 25, 2020

Online via MS Teams – 9:00 a.m.

Present: L. Block (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; S. Duffield, Manager of Accounting; Cathy Imrie, Retired Senior Vice President, Business and CFO (OceanWise/Vancouver Aquarium); Carol Chiang, Lead Engagement Partner (KPMG); Aanu Adeleye, Audit Senior Manager (KPMG); K. Richter (WV DPAC)

Absent: R. Willock, S. Capier (WVTA); C. Ratz, S. Rauh (WVAA); B. Scott (WVMEA)

Due to initial technical difficulties, Trustee Donahue asked that Trustee Block act as committee chair.

1. KPMG review of 2019/20 Audit Planning Report

Acting Committee Chair Block welcomed everyone to the virtual meeting and called the meeting to order. She then passed the floor to Carol Chiang, lead engagement partner with KPMG.

Ms Chiang led a review of the KPMG School District No. 45 (West Vancouver) Audit Planning Report for the period ending June 30, 2020. This report outlines the audit scope and key considerations for the June 30, 2020 financial statements. There have been some additional considerations added because of the COVID-19 pandemic situation. The audit is scheduled to take place at the end of July, as it has in the past.

The executive summary was reviewed, and it was noted that the pandemic has had consequences for all organizations, regardless of nature and size. As part of the audit, KPMG is required to take into consideration any implications COVID-19 may have on financial reporting. The key areas of focus have not changed from previous years and auditors have already met with the Secretary Treasurer and staff regarding updates on significant issues or risks that require additional focus. There were no issues and no risks flagged. As well, no issues or concerns around independence were identified.

The key areas of focus were reviewed, and materiality is set at \$1.7 million for the year ending June 30, 2020 and the Audit Misstatement Posting Threshold is \$85,000. Other than possible changes arising from normal updates to public sector accounting standards, the only new current development is the inclusion of COVID-19 protocols and resources. Currently, all audits are being conducted remotely and timing of audits is not expected to change. A secure file site has been established and all documents will be uploaded there and examined accordingly. All procedures will be subject to Public Health orders in place at the time. Changes to our internal controls as a result of the current health situation will be assessed. To date, there have been no significant changes to key processes or financial controls as a result of school district staff working remotely.

Committee members: Sheelah Donahue, Lynne Block

From an audit standpoint, KPMG will need to address any financial implications that arise from a drop in funding, including international enrolment, though as a government entity, a certain level of funding will be maintained. It is expected that a note disclosure will be included in the school district's financial statements, with respect to the operational and any financial implications of COVID-19. These note disclosures are being seen consistently in financial statements that are being issued right now and Ms Chiang said that they will work with the Secretary Treasurer to determine what that disclosure could and should look like. A template will be provided by the ministry. There will be some additional enhanced procedures around revenues or receivables recognized that may be subject to refunds or collection as a result of COVID-19, for example tuition paid in advance and subject to refund policies. Accounts payable and accrued liabilities and expenditures will look at any delays in receiving vendor invoices. Estimates must be provided by management in accruing anything that has not been received by year-end. Contingent gains and losses will deal with any incremental costs that may be incurred by the school district for which we may look to the Ministry for additional funding. No announcement about additional funding has been made by the Ministry. With regard to employee future benefits, the actuary will be doing updates on the valuation and school districts have been asked to touch base with them to make sure that they are taking into account COVID-19 as part of the assumptions. Most notably, there will probably be changes in the discount rate used to determine obligation. Other assumptions will probably not change, as they are unlikely to be impacted by COVID. She then passed the floor to Aanu Adeleye, audit senior manager, to review the main audit areas.

Ms Adeleye briefly reviewed each page of the report, saying that the areas of focus are consistent with what has been done in the past. She noted that the auditor's opinion is a compliance opinion. The plan and procedure for each area was explained.

With regard to audit risk, Ms Adeleye explained that in every audit, there is presumed risk related to management override of controls as required by professional standards. No specific additional risks of management override have been identified. Each year, annual inquiries are made regarding the Audit Committee's oversight of process. Ms Adeleye asked the committee members to consider whether they are aware of any potential non-compliance, unusual transactions, or potential fraud risks in relation to the district. Committee members declared they were not aware of any such fraud risks or issues. Similar inquiries were previously made to accounting staff and nothing was identified there either.

The remaining pages were identified as informational, including KPMG's investment in technology, and current developments around accounting standards. As related to COVID-19, KPMG is updating their site daily with any new protocols or guidelines for return to work procedures etc. Ms Chiang said that KPMG's understanding is that the Ministry is providing guidelines for students returning to classrooms. The Secretary Treasurer reported that June 1 is a voluntary return date and that based on a recent district survey, more than half the respondents indicated they are willing to return part time.

When asked if conducting audits remotely has had any implications for the amount of time required and any implications on fees, Ms Chiang replied that there have been a few situations where more time was required, but for the most part, remote work has not been a factor on duration. She noted that upfront preparation of documentation has contributed to the most successful experiences. By ensuring all materials were provided before the audit began, the field work could happen in a timely manner. The earliest return date to the office for KPMG staff would be July, with West Vancouver

School District's audit scheduled for July 23. Planning for a remote audit is moving forward and any changes will be communicated to the Secretary Treasurer and her staff and reported to the Audit Committee during the audit findings report in the September meeting.

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

2. **Adjourn**

9:34 a.m.

The next meeting will be held on at 9am on September14, 2020.

Julia Leiterman, Secretary Treasurer