

**SIMCOE COUNTY DISTRICT SCHOOL BOARD**

**SPECIAL BOARD MEETING**

**WEDNESDAY, NOVEMBER 9, 2016 – 6:00 P.M.**

**AGENDA**

**GEORGIAN ROOM**

- A. (1) Roll Call
- (2) Approval of Agenda
- (3) Declaration of Conflicts of Interest

**PUBLIC SESSION**

**B. RECOMMENDATIONS FOR ACTION**

(1) **Committee Minutes/Reports**

- (a) Report of the Public Session of the Audit Committee Meeting held October 31, 2016

**C. FUTURE BUSINESS AND ADJOURNMENT**

Special Education Advisory Committee Meeting – November 14, 2016 at 7:00 p.m. – Georgian Room  
Parent Involvement Committee Meeting – November 15, 2016 at 6:00 p.m. – Georgian Room  
Regular Meeting of the Board – November 23, 2016 at 6:00 p.m., followed immediately by the Committee of the Whole in Closed Session (Georgian Room), Public Session will resume at 7:00 p.m. (Roy Edwards Room)  
Special Board Meeting for Strategic Planning – November 23, 2016, immediately following the Regular Meeting of the Board – Georgian Room  
Accessibility Advisory Committee Meeting – November 28, 2016 at 10:30 a.m. – Kempenfelt Room

**SIMCOE COUNTY DISTRICT SCHOOL BOARD**

**SPECIAL BOARD MEETING**

**PUBLIC SESSION**

**RECOMMENDED ACTION – WEDNESDAY, NOVEMBER 9, 2016**

REPORT	FYI	Decision Req.	MOTION
			Call Meeting to order. Roll Call
		√	That the agenda be approved as printed.
			Declaration of Conflicts of Interest
<b>PUBLIC SESSION</b>			
B-1-a Audit Committee November 9, 2016		√	(1) That the Board approve the audited financial statements for the year ended August 31, 2016, as set out in APPENDIX A of Report No. AUD-D-1, Audited 2015-2016 Financial Statements, dated October 31, 2016.
		√	(2) That the Board approve the Proposed Internal Audit Plan 2016-2017, as set out in Report No. AUD-D-3, Internal Audit Update, dated October 31, 2016.
		√	(3) That the Board approve the Mental Health Review, as set out in APPENDIX A of Report No. AUD-D-3, Internal Audit Update, dated October 31, 2016.
		√	(4) That the Board approve the OSBIE Help Audits, as set out in APPENDIX B of Report No. AUD-D-3, Internal Audit Update, dated October 31, 2016.
		√	(5) That the Board approve the Regional Internal Audit Mandate, as set out in APPENDIX C of Report No. AUD-D-3, Internal Audit Update, dated October 31, 2016.
		√	(6) That the Board approve the Annual Audit Committee Report: Year End August 31, 2016, as set out in Report No. AUD-D-2, Annual Audit Committee Report: Year End August 31, 2016, dated October 31, 2016.
Future Business			
Adjournment		√	Motion to Adjourn

TO: The Chairperson and Members of the  
Simcoe County District School Board

FROM: Audit Committee

SUBJECT: **REPORT OF THE PUBLIC SESSION OF THE AUDIT COMMITTEE  
MEETING HELD MONDAY, OCTOBER 31, 2016**

The Audit Committee met in Public Session on Monday, October 31, 2016, at the Education Centre.

**PRESENT:**

**Committee Members** Jay Anstey (Vice-Chairperson), Donna Armstrong,  
Donna Da Silva (Chairperson), Chris Edwards, Krista Mayne.

**Administration** Brian Jeffs, Chris Samis.

**Staff** Mark Connors, Karen Côté, Jeff Henderson, Corry Van Nispen.

**Recording Secretary** Lorraine Ryder.

Chairperson Da Silva called the meeting to order at 6:00 p.m.

Brian Jeffs, Superintendent of Business Services, requested that the agenda be amended to deal with Report No. AUD-D-3, Internal Audit Update after Report No. AUD-D-1, Audited 2015-2016 Financial Statements. The committee consented to this request.

**Approval of the Agenda**

**MOTION**

Moved by Krista Mayne  
Seconded by Chris Edwards

That the agenda be approved as revised.

CARRIED

**Declaration of Conflicts of Interest** - Nil

**Closed Session** - Nil

**Presentation/Delegations** - Nil

*Trustee Donna Armstrong entered the meeting at this time.*

**Items for Decision**

**1. Audited 2015-2016 Financial Statements (AUD-D-1)**

Corry Van Nispen, Controller, introduced Andrea Nauss, Chartered Accountant, and Kerri Graham, Partner from BDO Canada LLP, who were in attendance to provide an overview of the Auditor's letter and the Independent Auditor's Report for the 2015-2016 Audited Financial Statements.

Controller Van Nispen thanked BDO for another great audit experience this year and also thanked the internal financial budget report team for their hard work during the audit process.

Controller Van Nispen highlighted the key notes of the financial statements. Superintendent Jeffs commented on the three areas of financial pressures – sick leave, transportation, and special education. Other boards in the province are experiencing the same pressures.

The consolidated financial statements have been attached as APPENDIX A and a year-end variance analysis for the fiscal year is attached as APPENDIX B.

Superintendent Jeffs and Controller Van Nispen responded to questions from the committee at this time.

Moved by Jay Anstey  
Seconded by Chris Edwards

(1)  
**#AUD-2016-10-31-01**

That the Audit Committee recommend that the Board approve the audited financial statements for the year ended August 31, 2016, as set out in APPENDIX A of Report No. AUD-D-1, Audited 2015-2016 Financial Statements, dated October 31, 2016.

CARRIED

**2. Internal Audit Update (AUD-D-3)**

Mark Connors, Regional Internal Audit Manager, and Jeff Henderson, Senior Regional Internal Auditor, provided an overview of the report that outlined the work undertaken by the Regional Internal Audit Team (RIAT) since the last update of June 6, 2016. Senior Auditor Henderson and Manager Connors summarized the status of the 2015-2016 internal audit plan, and reviewed the proposed 2016-2017 internal audit plan, the mental health summary report, the OSBIE help audits, and the regional internal audit mandate.

Chris Samis, Superintendent of Education, provided additional information on mental health and well-being and commented on implementing strategies to improve the supports and services available to students.

The Internal Audit Update report has been attached as APPENDIX C.

Superintendents Jeffs and Samis, Manager Connors, and Senior Auditor Henderson responded to questions from committee members at this time.

(2,3,4,5)  
Moved by Chris Edwards  
Seconded by Krista Mayne

(2)  
**#AUD-2016-10-31-02**

That the Audit Committee recommend that the Board approve the Proposed Internal Audit Plan 2016-2017, as set out in Report No. AUD-D-3, Internal Audit Update, dated October 31, 2016.

(3)

**#AUD-2016-10-31-03**

That the Audit Committee recommend that the Board approve the Mental Health Review, as set out in APPENDIX A of Report No. AUD-D-3, Internal Audit Update, dated October 31, 2016.

(4)

**#AUD-2016-10-31-04**

That the Audit Committee recommend that the Board approve the OSBIE Help Audits, as set out in APPENDIX B of Report No. AUD-D-3, Internal Audit Update, dated October 31, 2016.

(5)

**#AUD-2016-10-31-05**

That the Audit Committee recommend that the Board approve the Regional Internal Audit Mandate, as set out in APPENDIX C of Report No. AUD-D-3, Internal Audit Update, dated October 31, 2016.

CARRIED

**3. Annual Audit Committee Report: Year End August 31, 2016 (AUD-D-2)**

Superintendent Jeffs provided an overview of the annual audit committee report that summarized activity of the Audit Committee for the year ended August 31, 2016. The following is a summary of work undertaken by the Audit Committee for the year 2015-2016:

- Approved work performed by the auditors (external and internal)
- Agreed on the approach, scope and findings of the audit work to be undertaken by the auditors (external and internal).

The Annual Audit Committee Report: Year End August 31, 2016 has been attached as APPENDIX D.

Moved by Jay Anstey  
Seconded by Donna Armstrong

(6)

**#AUD-2016-10-31-06**

That the Audit Committee recommend that the Board approve the Annual Audit Committee Report: Year End August 31, 2016, as set out in Report No. AUD-D-2, Annual Audit Committee Report: Year End August 31, 2016, dated October 31, 2016.

CARRIED

**Items for Information** - Nil

**Correspondence** - Nil

**Other Matters** – Nil

**Notices of Motion for Next Meeting** - Nil

**MOTION**

Moved by Chris Edwards  
Seconded by Krista Mayne

That the meeting be adjourned at 7:35 p.m.

CARRIED

**RECOMMENDATIONS**

1. That the Board approve the audited financial statements for the year ended August 31, 2016, as set out in APPENDIX A of Report No. AUD-D-1, Audited 2015-2016 Financial Statements, dated October 31, 2016.
2. That the Board approve the Proposed Internal Audit Plan 2016-2017, as set out in Report No. AUD-D-3, Internal Audit Update, dated October 31, 2016.
3. That the Board approve the Mental Health Review, as set out in APPENDIX A of Report No. AUD-D-3, Internal Audit Update, dated October 31, 2016.
4. That the Board approve the OSBIE Help Audits, as set out in APPENDIX B of Report No. AUD-D-3, Internal Audit Update, dated October 31, 2016.
5. That the Board approve the Regional Internal Audit Mandate, as set out in APPENDIX C of Report No. AUD-D-3, Internal Audit Update, dated October 31, 2016.
6. That the Board approve the Annual Audit Committee Report: Year End August 31, 2016, as set out in Report No. AUD-D-2, Annual Audit Committee Report: Year End August 31, 2016, dated October 31, 2016.

**Respectfully submitted by:**

Brian Jeffs  
Superintendent of Business Services

**Approved for submission by:**

Kathryn Wallace  
Director of Education

November 9, 2016

**APPENDIX A – Pages 1 to 29**

**AUDITED 2015-2016 FINANCIAL STATEMENTS**

Simcoe County District School Board  
Consolidated Financial Statements  
For the year ended August 31, 2016

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**Management's Responsibility for the Consolidated Financial Statements**

The accompanying consolidated financial statements of the Simcoe County District School Board are the responsibility of the Board management and have been prepared in accordance with the basis of accounting described in the summary of significant accounting policies attached to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Audit Committee of the Board meets with the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to the Board's approval of the consolidated financial statements.

The consolidated financial statements have been audited by BDO Canada LLP, independent external auditors appointed by the Board. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.

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Kathryn Wallace  
Director of Education

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Brian Jeffs  
Superintendent of Business

November 9, 2016

**To the Board of Trustees of the Simcoe County District School Board**

We have audited the accompanying consolidated financial statements of the Simcoe County District School Board, which comprise the consolidated statement of financial position as at August 31, 2016, the consolidated statements of operations, changes in net debt and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements in accordance with the basis of accounting described in the summary of significant accounting policies attached to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements of the Simcoe County District School Board as at and for the year ended August 31, 2016 are prepared, in all material respects, in accordance with the basis of accounting described in the summary of significant accounting policies attached to the consolidated financial statements.

**Emphasis of Matter**

Without modifying our opinion, we draw attention to the summary of significant accounting policies attached to the consolidated financial statements which describes the basis of accounting used in the preparation of these consolidated financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario  
November 9, 2016

**Simcoe County District School Board**  
**Consolidated Statement of Financial Position**  
(in thousands of dollars)

August 31	2016	2015
<b>Financial Assets</b>		
Cash and cash equivalents (note 2)	\$ 35,706	\$ 31,842
Accounts receivable	24,710	24,199
Accounts receivable - Government of Ontario (note 1)	213,308	223,376
	<u>273,724</u>	<u>279,417</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	36,373	26,068
Deferred revenue (note 3)	9,487	11,636
Deferred capital contributions (note 4)	501,200	480,420
Employee future benefits liability (note 5)	50,564	62,503
Net long-term debt (note 6)	217,247	226,968
	<u>814,871</u>	<u>807,595</u>
<b>Net Debt</b>	<u>(541,147)</u>	<u>(528,178)</u>
<b>Non-Financial Assets</b>		
Prepaid expenses	1,896	1,561
Tangible capital assets (note 7)	578,518	555,734
	<u>580,414</u>	<u>557,295</u>
<b>Accumulated surplus (note 8)</b>	<u>\$ 39,267</u>	<u>\$ 29,117</u>

Contingent Liabilities and Contractual Obligations (notes 15 and 16)

Signed on behalf of the Board

\_\_\_\_\_  
Director of Education

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Chair of the Board

**Simcoe County District School Board**  
**Consolidated Statement of Operations**  
(in thousands of dollars)

For the year ended August 31	Budget 2016	Actual 2016	Actual 2015
	(note 9)		
<b>Revenues</b>			
Provincial grants			
Grants for student needs	\$ 376,471	\$ 376,975	\$ 375,022
Other	6,071	7,991	7,658
Local taxation	156,957	160,262	157,716
School generated funds	13,728	13,674	14,143
Federal grants and fees	862	738	750
Investment income	1,098	1,068	1,208
Other fees and revenues	3,817	11,916	12,281
Amortization of deferred capital contributions	25,120	28,870	26,131
	<u>584,124</u>	<u>601,494</u>	<u>594,909</u>
<b>Expenses (note 10)</b>			
Instruction	456,590	456,900	451,973
Administration	12,729	12,728	12,921
Transportation	18,662	19,183	18,127
Pupil accommodation	83,364	87,951	85,101
School generated funds	13,728	14,076	14,203
Other	-	506	549
	<u>585,073</u>	<u>591,344</u>	<u>582,874</u>
<b>Annual surplus (deficit)</b>	(949)	10,150	12,035
<b>Accumulated surplus, beginning of year</b>	<u>29,117</u>	<u>29,117</u>	<u>17,082</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 28,168</u>	<u>\$ 39,267</u>	<u>\$ 29,117</u>

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

**Simcoe County District School Board**  
**Consolidated Statement of Changes in Net Debt**  
(in thousands of dollars)

For the year ended August 31	2016	2015
<b>Annual surplus</b>	\$ 10,150	\$ 12,035
<b>Tangible capital asset activity</b>		
Acquisition of tangible capital assets	(47,156)	(59,997)
Amortization of tangible capital assets	24,372	27,326
Proceeds on sale of tangible capital assets	1,527	675
Proceeds on sale of tangible capital assets allocated to deferred revenue	(1,527)	(635)
Loss on disposal of tangible capital assets	-	3
<b>Total tangible capital asset activity</b>	<b>(22,784)</b>	<b>(32,628)</b>
<b>Other non-financial asset activity</b>		
Change in prepaid expenses	(335)	(235)
<b>Change in net debt</b>	<b>(12,969)</b>	<b>(20,828)</b>
<b>Net debt, beginning of year</b>	<b>(528,178)</b>	<b>(507,350)</b>
<b>Net debt, end of year</b>	<b>\$ (541,147)</b>	<b>\$ (528,178)</b>

**Simcoe County District School Board**  
**Consolidated Statement of Cash Flows**  
(in thousands of dollars)

<b>For the year ended August 31</b>	<b>2016</b>	<b>2015</b>
<b>Operating transactions</b>		
Annual surplus	\$ 10,150	\$ 12,035
Change in non-cash items including:		
Amortization, writedowns and gain/loss on disposal of tangible capital assets	22,846	26,694
Amortization of deferred capital contributions	(28,871)	(26,171)
Changes in non-cash operating balances		
Accounts receivable	(511)	(346)
Accounts payable and accrued liabilities	10,305	(4,411)
Deferred revenue	(2,149)	786
Employee future benefits liability	(11,939)	(4,294)
Prepaid expenses	(335)	(235)
<b>Cash provided by operating transactions</b>	<b>(504)</b>	<b>4,058</b>
<b>Capital transactions</b>		
Proceeds on sale of tangible capital assets	1,527	675
Cash used to acquire tangible capital assets	(47,156)	(59,997)
<b>Cash applied to capital transactions</b>	<b>(45,629)</b>	<b>(59,322)</b>
<b>Financing transactions</b>		
Long-term debt repaid	(5,502)	(6,295)
Increase in sinking fund assets	(4,219)	(4,104)
Government of Ontario debt support payments received	43,432	31,453
Deferred capital contributions received	16,286	16,308
<b>Cash provided by financing transactions</b>	<b>49,997</b>	<b>37,362</b>
<b>Net change in cash and cash equivalents</b>	<b>3,864</b>	<b>(17,902)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>31,842</b>	<b>49,744</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 35,706</b>	<b>\$ 31,842</b>

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## Simcoe County District School Board Summary of Significant Accounting Policies

**For the year ended August 31, 2016**

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The consolidated financial statements are prepared by management in accordance with the basis of accounting described below.

### **(a) Basis of Accounting**

The consolidated financial statements have been prepared in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act.

The Financial Administrative Act requires that the consolidated financial statements be prepared in accordance with the accounting principles determined by the relevant Ministry of the Province of Ontario. A directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards to adopt Canadian public sector accounting standards commencing with their year ended August 31, 2004 and that changes may be required to the application of these standards as a result of regulation.

In 2011, the government passed Ontario Regulation 395/11 of the Financial Administration Act. The Regulation requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the statement of operations over the periods during which the asset is used to provide services at the same rate that amortization is recognized in respect of the related asset. The regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than depreciation, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue, be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue.

The accounting policy requirements under Regulation 395/11 are significantly different from the requirements of Canadian public sector accounting standards which require that:

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410;
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100; and
- property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

As a result, revenue recognized in the statement of operations and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian public sector accounting standards.

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## Simcoe County District School Board Summary of Significant Accounting Policies

For the year ended August 31, 2016

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### (b) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the Board and which are controlled by the Board.

School generated funds, which include the assets, liabilities, revenues and expenses of various organizations that exist at the school level and which are controlled by the Board are reflected in the consolidated financial statements.

The assets, liabilities, revenues and expenses of the Simcoe County Student Transportation Consortium are reflected in these consolidated financial statements.

Inter-departmental and inter-entity transactions and balances between these organizations are eliminated on consolidation.

### (c) Trust Funds

Trust funds and their related operations administered by the Board are not included in the consolidated financial statements as they are not controlled by the Board.

### (d) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand, demand deposits and line of credit.

### (e) Deferred Revenue

Certain revenue amounts are received pursuant to legislation, regulation or agreement and may only be used in conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed.

### (f) Deferred Capital Contributions

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions in the form of depreciable tangible capital assets received or receivable for use in providing services, shall be recognized as deferred capital contributions as defined in Ontario Regulation 395/11 of the Financial Administration Act. These amounts are recognized as revenue at the same rate as the related tangible capital asset is amortized. The following items fall under this category:

- Government transfers received or receivable for capital purpose
- Other restricted contributions received or receivable for capital purpose
- Property taxation revenues which were historically used to fund capital assets



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## Simcoe County District School Board Summary of Significant Accounting Policies

For the year ended August 31, 2016

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### (g) Retirement and Other Employee Future Benefits

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance, dental, health care, retirement gratuity, sick leave, workplace insurance benefits and long-term disability benefits. The Board has adopted the following policies with respect to accounting for these employee benefits:

- (i) The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care cost trends, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities are actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workplace insurance benefits and long-term disability, life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to benefits are recognized immediately in the period they arise.

- (ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pensions, are the employer's contributions due to the plan in the period.
- (iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

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## Simcoe County District School Board Summary of Significant Accounting Policies

For the year ended August 31, 2016

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### (h) Tangible Capital Assets

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset, as well as interest related to financing during construction. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization.

Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

Tangible capital assets, except land, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Estimated Useful Life in Years
Land improvements with finite lives	15
Buildings and building improvements	40
Portable structures	20
Furniture, equipment and computer equipment	5 - 15
Leasehold improvements	Over the lease term

Assets under construction and assets that relate to pre-acquisition and pre-construction costs are not amortized until the asset is available for productive use.

Land permanently removed from service and held for resale is recorded at the lower of cost and estimated net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service and held for resale cease to be amortized and are recorded at the lower of carrying value and estimated net realizable value. Tangible capital assets which meet the criteria for financial assets are reclassified as "assets held for sale" on the consolidated statement of financial position.

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

### (i) Government Transfers

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made. If government transfers contain stipulations which give rise to a liability, they are deferred and recognized in revenue when the stipulations are met.

Government transfers for capital are deferred as required by Regulation 395/11, recorded as deferred capital contributions (DCC) and recognized as revenue in the consolidated statement of operations at the same rate and over the same periods as the asset is amortized.

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## Simcoe County District School Board Summary of Significant Accounting Policies

For the year ended August 31, 2016

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**(j) Investment Income**

Investment income is reported as revenue in the period earned.

When required by the funding government or related Act, investment income earned on externally restricted funds such as pupil accommodation, education development charges and special education forms part of the respective deferred revenue balances.

**(k) Long-term Debt**

Long-term debt is recorded net of related sinking fund asset balances.

**(l) Budget Figures**

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model. Given differences between the funding model and the basis of accounting used by the Board in the preparation of the consolidated financial statements, the budget figures presented have been adjusted to conform with this basis of accounting as it is used to prepare the consolidated financial statements.

**(m) Use of Estimates**

The preparation of consolidated financial statements in conformity with the basis of accounting described in (a) above requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions the Board may undertake in the future. The principal estimates used in the preparation of these consolidated financial statements are the determination of the liability for employee future benefits and the estimated useful life of tangible capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

**(n) Property Tax Revenue**

Under Public Sector Accounting Standards, the entity that determines and sets the tax levy records the revenue in the financial statements, which in the case of the Board, is the Province of Ontario. As a result, property tax revenue received from the municipalities is recorded as part of Provincial Legislative Grants.

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**Simcoe County District School Board**  
**Notes to the Consolidated Financial Statements**  
(tabular amounts in thousands of dollars)

**For the year ended August 31, 2016**

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**1. Accounts Receivable - Government of Ontario**

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-2010. The Simcoe County District School Board received a one-time grant that recognizes capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board receives this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital grants to support capital programs which would be reflected in this account receivable.

The Board has an account receivable from the Province of Ontario of \$213,307,910 as at August 31, 2016 (2015 - \$223,375,872) with respect to capital grants.

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**2. Temporary Borrowing**

The Board has a line of credit available to the maximum of \$35,000,000 to address operating requirements and to bridge capital expenditures.

Interest on the line of credit is the bank's prime lending rate less 0.35%. The line of credit is due on demand and is secured by a current Borrowing By-law. The amount drawn on the line of credit as at August 31, 2016 was \$2,123,187 (2015 - \$3,755,932). This amount has been included in cash and cash equivalents on the Consolidated Statement of Financial Position.

The agreement covering the line of credit sets out the following covenant to be maintained by the Board:

- (i) aggregate borrowings for current expenditures and sums required to meet debt charges in a fiscal year not to exceed the unreceived balance of estimated current year revenues.

The Board has met this requirement as at August 31, 2016.

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**Simcoe County District School Board**  
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**3. Deferred Revenue**

Revenues received and that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the Consolidated Statement of Financial Position.

Deferred revenue set aside for specific purposes by legislation, regulation or agreement as at August 31, 2016 is comprised of:

	Balance as at August 31, 2015	Externally Restricted Revenue and Investment Income	Transfer to Deferred Capital Contributions	Revenue Recognized in the Period	Balance as at August 31, 2016
Legislative grants - operating	\$ 1,531	\$ 73,264	\$ -	\$ (73,263)	\$ 1,532
Legislative grants - capital	4,252	36,856	(13,599)	(24,604)	2,905
EPO grants	908	3,354	-	(3,809)	453
Proceeds of disposition	3,841	1,527	(2,353)	-	3,015
Education charges	-	5,605	-	(5,605)	-
Other	1,104	2,414	(333)	(1,603)	1,582
	<b>\$ 11,636</b>	<b>\$ 123,020</b>	<b>\$ (16,285)</b>	<b>\$ (108,884)</b>	<b>\$ 9,487</b>

**4. Deferred Capital Contributions**

Deferred capital contributions include grants and contributions received that are used for the acquisition of tangible capital assets in accordance with regulation 395/11 that have been expended by the end of the year. The contributions are amortized into revenue over the life of the asset acquired.

	2016	2015
Balance, beginning of year	\$ 480,420	\$ 462,559
Additions to deferred capital contributions	49,650	44,032
Revenue recognized in the year	(28,870)	(26,171)
Balance, end of year	<b>\$ 501,200</b>	<b>\$ 480,420</b>

**Simcoe County District School Board**  
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5. Retirement and Other Employee Future Benefits

(a) Retirement and Other Employee Future Benefit Liabilities

	2016			2015		
	Retirement Benefits	Sick Leave Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits	
Accrued employee future benefit obligations at August 31	\$ 53,189	\$ 257	\$ 5,116	\$ 58,562	\$ 66,968	
Unamortized actuarial losses at August 31	(7,998)	-	-	(7,998)	(4,465)	
Employee future benefit liability at August 31	\$ 45,191	\$ 257	\$ 5,116	\$ 50,564	\$ 62,503	

(b) Retirement and Other Employee Future Benefit Expense

	2016			2015		
	Retirement Benefits	Sick Leave Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits	
Current year benefit cost	\$ -	\$ 189	\$ 1,753	\$ 1,942	\$ 1,039	
Interest on accrued benefit obligation	1,457	2	116	1,575	1,857	
Amortization of actuarial losses (gains)	223	143	-	366	92	
Change due to reinstated benefit	-	66	-	66	-	
Change due to voluntary early payout	(1,894)	-	-	(1,894)	-	
Employee future benefit expense <sup>1</sup>	\$ (214)	\$ 400	\$ 1,869	\$ 2,055	\$ 2,988	

<sup>1</sup> Excluding pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan described below.

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**Simcoe County District School Board**  
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**For the year ended August 31, 2016**

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**5. Retirement and Other Employee Future Benefits - continued**

**(c) Retirement Benefits**

**(i) Ontario Teachers' Pension Plan**

Teachers and related employee groups are eligible to be members of the Ontario Teachers' Pension Plan. Employer contributions for these employees are provided directly by the Province of Ontario. The pension costs and obligations related to this plan are a direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's consolidated financial statements.

**(ii) Ontario Municipal Employees Retirement System**

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. OMERS provides pension services to more than 461,000 active and retired members and approximately 1,000 employers.

Each year an independent actuary determines the funding status of the OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2015. The results of this valuation disclosed total actuarial liabilities of \$82,369 million in respect of benefits accrued for service with actuarial assets at that date of \$75,392 million indicating an actuarial deficit of \$6,977 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organization and their employees. As a result, the Board does not recognize any share of the OMERS pension surplus or deficit. During the year ended August 31, 2016, the Board contributed \$6,464,740 (2015 - \$6,460,364) to the plan.

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**Simcoe County District School Board**  
**Notes to the Consolidated Financial Statements**  
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**For the year ended August 31, 2016**

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**5. Retirement and Other Employee Future Benefits - continued**

(iii) Retirement Gratuities

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. The amount of the gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at August 31, 2012.

During the year ended August 31, 2016, the Board contributed \$12,379,012 (2015 - \$6,169,111) related to retirement gratuities.

1. Voluntary Retirement Gratuity Early Payout Provision

During 2015-16, CUPE, ETFO, OPSEU and OSSTF ratified agreements at the local and central level, which included a voluntary retirement gratuity early payout provision. The provision provided CUPE, ETFO, OPSEU and OSSTF members the option of receiving a discounted frozen retirement gratuity benefit payment by August 31, 2016 (or the first pay period in September 2016 for CUPE and OPSEU).

This provision was also made available to all non-unionized school board employees, including principals and vice-principals, professional staff and senior administration. These payments were made by August 31, 2016.

Some employees took the early payouts, which were discounted from the current financial statement carrying values. As a result, the reduction in the liability for those members who took the voluntary retirement gratuity early payout option was accompanied by an actuarial gain in the Board's 2015-16 year financial statements. This resulted in the board's employee future benefit liability decreasing by \$1,893,780.

(iv) Retirement Life Insurance and Health Care Benefits

The Board continues to provide life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. The premiums may be based on the Board experience and retirees' premiums may be subsidized by the Board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the Board's consolidated financial statements.

During the year ended August 31, 2016, the Board contributed \$116,170 (2015 - \$113,799) related to these benefits.



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**Simcoe County District School Board**  
**Notes to the Consolidated Financial Statements**  
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**For the year ended August 31, 2016**

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**5. Retirement and Other Employee Future Benefits - continued**

**(d) Other Employee Future Benefits**

**(i) Sick Leave Benefits**

During the year ended August 31, 2016, the Board contributed \$271,777 (2015 - \$113,839) related to sick leave benefits.

**Sick Leave Top-Up Benefits**

A maximum of eleven unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the financial statements are \$332,473 (2015 - \$80,994).

**(ii) Long-term Disability, Life Insurance and Health Care Benefits**

The Board provides life insurance, dental and health care benefits to employees on long-term disability leave for a period of two years after the date of disability. The insurance carrier waives the life insurance premium for employees on long-term disability, however, the Board is responsible for the payment of the costs of health care benefits under this plan. The Board provides these through an unfunded defined benefit plan. The costs of salary compensation paid to employees on long-term disability are fully insured and not included in this plan.

During the year ended August 31, 2016, the Board contributed \$103,482 (2015 - \$86,961) related to these benefits.

**Simcoe County District School Board**  
**Notes to the Consolidated Financial Statements**  
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**For the year ended August 31, 2016**

**5. Retirement and Other Employee Future Benefits - continued**

The accrued benefit obligations as at August 31, 2016 for the employee future benefit plans detailed above in paragraphs (c)(iii), (c)(iv), (d)(i), and (d)(ii) are based on actuarial valuations for accounting purposes as at August 31, 2016. These actuarial valuations were based on assumptions about future events and based on updated average daily salary and banked sick days at August 31, 2016. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	<b>2016</b>	<b>2015</b>
Inflation	<b>1.50 %</b>	1.50 %
Wage and salary escalation	<b>NIL %</b>	NIL %
Health care cost escalation	<b>8.00 %</b>	8.50 %
Dental cost escalation	<b>4.00 %</b>	4.50 %
Discount rate on accrued benefit obligations	<b>2.05 %</b>	2.45 %

The Board has restricted a portion of its accumulated surplus for certain of these employee future benefits in the amount of \$49,010,089 as at August 31, 2016 (2015 - \$56,330,687).

**(iii) Workplace Safety and Insurance Board Obligations**

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. School boards are required to provide salary top-up, to a maximum of 4 1/2 years, for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such a provision.

During the year ended August 31, 2016, the Board contributed \$1,124,509 (2015 - \$780,488) related to Workplace Safety and Insurance Board obligations.

The Workplace Safety and Insurance Board obligations for employee future benefit plans as at August 31, 2016 are based on actuarial valuations for accounting purposes as at August 31, 2016. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	<b>2016</b>	<b>2015</b>
Inflation	<b>2.00 %</b>	2.00 %
Insurance and health care cost escalation	<b>4.00 %</b>	4.00 %
Discount on accrued benefit obligations	<b>2.05 %</b>	2.45 %

**Simcoe County District School Board**  
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**6. Net Long-term Debt**

Net long-term debt reported on the Consolidated Statement of Financial Position is comprised of the following:

	<u>2016</u>	<u>2015</u>
Sinking fund debenture payable - Bylaw #2001-01B for permanent improvements, 6.800% per annum, interest payable semi-annually, principal due on maturity, June 2026	\$ 76,565	\$ 76,565
Ontario Financing Authority (OFA) loan payable - Bylaw #2006-1 for permanent improvements, 4.560% per annum, repayable \$979,027 semi-annually blended principal and interest, due November 2031	21,592	22,533
Ontario Financing Authority (OFA) loan payable - Bylaw #2008-1 for permanent improvements, 4.900% per annum, repayable \$898,315 semi-annually blended principal and interest, due March 2033	20,405	21,173
Ontario Financing Authority (OFA) loan payable - Bylaw #2008-2 for permanent improvements, 4.860% per annum, repayable \$1,079,291 semi-annually blended principal and interest, due June 2033	24,892	25,807
Ontario Financing Authority (OFA) loan payable - Bylaw #2009-1 for permanent improvements, 5.062% per annum, repayable \$418,966 semi-annually blended principal and interest, due March 2034	9,762	10,093
Ontario Financing Authority (OFA) loan payable - Bylaw #2010-1 for permanent improvements, 5.182% per annum, repayable \$701,094 semi-annually blended principal and interest, due April 2035	16,707	17,215
Ontario Financing Authority (OFA) loan payable - Bylaw #2011-1 for permanent improvements, 4.833% per annum, repayable \$293,270 semi-annually blended principal and interest, due March 2036	7,426	7,646
Ontario Financing Authority (OFA) loan payable - Bylaw #2011-2A for permanent improvements, 3.970% per annum, repayable \$52,029 semi-annually blended principal and interest, due November 2036	1,450	1,495

**Simcoe County District School Board**  
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For the year ended August 31, 2016

6. Net Long-term Debt - continued

	2016	2015
Ontario Financing Authority (OFA) loan payable - Bylaw #2011-2B for permanent improvements, 3.970% per annum, repayable \$15,089 semi-annually blended principal and interest, due November 2036	421	434
Ontario Financing Authority (OFA) loan payable - Bylaw #2012-1 for permanent improvements, 3.564% per annum, repayable \$1,206,935 semi-annually blended principal and interest, due March 2037	35,262	36,389
Ontario Financing Authority (OFA) loan payable - Bylaw #2013-1 for permanent improvements, 3.663% per annum, repayable \$570,731 semi-annually blended principal and interest, due June 2038	17,197	17,695
Ontario Financing Authority (OFA) loan payable - Bylaw #2014-1 for permanent improvements, 4.003% per annum, repayable \$175,081 semi-annually blended principal and interest, due March 2039	5,207	5,343
	236,886	242,388
Less: Sinking fund assets	(19,639)	(15,420)
	\$ 217,247	\$ 226,968

Payments relating to net long-term debt outstanding as at August 31, 2016 are due as follows:

	Sinking Funds	Principal	Interest	Total
2017	\$ 3,548	\$ 5,752	\$ 12,234	\$ 21,534
2018	3,548	6,012	11,974	21,534
2019	3,548	6,283	11,703	21,534
2020	3,548	6,567	11,419	21,534
2021	3,548	6,864	11,122	21,534
Thereafter	41,083	128,843	70,051	239,977
	\$ 58,823	\$ 160,321	\$ 128,503	\$ 347,647

Interest on long-term debt amounted to \$12,413,448 (2015 - \$12,673,704).

Included in net long-term debt are outstanding sinking fund debentures of \$76,565,000 (2015 - \$76,565,000) secured by sinking fund assets with a carrying value of \$19,639,137 (2015 - \$15,419,706) and a market value of \$22,764,584 (2015 - \$17,452,960). Sinking fund assets are comprised of four guaranteed investment certificates bearing interest from 2.700% to 4.350% and maturing between April 1, 2026 and June 2, 2026. During the year, interest earned on the sinking fund assets amounted to \$625,577 (2015 - \$496,116).

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**Simcoe County District School Board**  
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**7. Tangible Capital Assets**

a) Assets under construction

Assets under construction having a value of \$14,742,553 (2015 - \$28,697,206) have not been amortized. Amortization of these assets will commence when the asset is put into service.

b) Write-down of Tangible Capital Assets

There were no write-downs of tangible capital assets during the year or in the previous year.

c) Asset inventories for resale (assets permanently removed from service)

The Board has identified \$2,449,429 (2015 - \$5,265,218) of building properties that qualify as "assets permanently removed from service". \$455,431 (2015 - \$5) related to buildings has been included in the net book value ending balance as at August 31, 2016.

Draft - Subject to Change

**Simcoe County District School Board**  
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7. Tangible Capital Assets - continued

	Cost				Accumulated Amortization				Net Book Value 2016	Net Book Value 2015
	Opening	Additions/ Transfers	Disposals	Closing	Opening	Additions/ Transfers	Disposals	Closing		
Land	\$ 50,268	\$ 3,002	\$ -	\$ 53,270	\$ -	\$ -	\$ -	\$ -	\$ 53,270	\$ 50,268
Land improvements	15,772	2,389	-	18,161	6,223	1,367	-	7,590	10,571	9,549
Buildings	673,544	48,486	-	722,030	225,035	17,673	-	242,708	479,322	448,509
Portable structures	2,937	-	-	2,937	1,900	150	-	2,050	887	1,037
Assets permanently removed from service	5,265	540	(3,356)	2,449	5,265	85	(3,356)	1,994	455	-
Construction in progress	28,697	(13,955)	-	14,742	-	-	-	-	14,742	28,697
Pre-acquisition costs	1,126	2,071	-	3,197	-	-	-	-	3,197	1,126
Leasehold improvements	2,065	14	-	2,079	1,648	140	-	1,788	291	417
Furniture, equipment and computer equipment	31,925	4,609	(3,131)	33,403	15,794	4,957	(3,131)	17,620	15,783	16,131
	<b>\$ 811,599</b>	<b>\$ 47,156</b>	<b>\$ (6,487)</b>	<b>\$ 852,268</b>	<b>\$ 255,865</b>	<b>\$ 24,372</b>	<b>\$ (6,487)</b>	<b>\$ 273,750</b>	<b>\$ 578,518</b>	<b>\$ 555,734</b>

**Simcoe County District School Board**  
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**8. Accumulated Surplus**

Accumulated surplus consists of the following:

	2016	2015
<b>Available for Compliance - Unappropriated</b>		
Operating accumulated surplus	\$ 3,156	\$ 5,327
 <b>Available for Compliance - Internally Appropriated</b>		
Facility renewal	4,613	4,874
Program renewal	508	650
Other Board appropriated	14,438	15,302
Committed sinking fund interest earned	(2,439)	(2,388)
Committed capital projects	15,944	17,014
Total Internally Appropriated	33,064	35,452
 <b>Unavailable for Compliance</b>		
Revenues recognized for land	50,774	43,051
School generated funds	4,395	4,797
Amounts to be recovered	(52,122)	(59,510)
Total Externally Appropriated	3,047	(11,662)
 <b>Total Accumulated Surplus</b>	\$ 39,267	\$ 29,117

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**Simcoe County District School Board**  
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**9. Budget Data**

The unaudited budget data presented in these consolidated financial statements is based upon the 2016 budgets approved by the Board on May 29, 2015. The chart below reconciles the approved budget to the budget figures reported in the Consolidated Statement of Operations. Where amounts were not budgeted for, the actual amounts for 2016 were used in order to adjust the budget numbers to reflect the same basis of accounting as that used to report the actual results.

As boards only budget the Consolidated Statement of Operations, the budget figures in the Consolidated Statement of Changes in Net Debt have not been provided.

	<u>2016</u>
Budget deficit for the year, as approved	\$ (621)
Add:	
Budget deficit - Simcoe County Student Transportation Consortium	<u>(328)</u>
Budget deficit per consolidated statement of operations	<u>\$ (949)</u>

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**Simcoe County District School Board**  
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**10. Expenses by Object**

The following is a summary of the expenses reported on the Consolidated Statement of Operations by object:

	Budget 2016	Actual 2016	Actual 2015
<b>Expenses</b>			
Salary and wages	\$ 405,459	\$ 412,364	\$ 406,357
Employee benefits	64,182	58,377	57,916
Staff development	1,165	1,109	1,398
Supplies and services	33,116	32,277	35,771
Interest charges on capital	12,537	12,414	12,676
Rental expenses	3,775	3,814	2,400
Fees and contract services	24,554	25,997	24,084
Other	165	513	745
	544,953	546,865	541,347
School generated funds	13,728	14,076	14,203
Amortization of tangible capital assets	26,392	30,403	27,324
	\$ 585,073	\$ 591,344	\$ 582,874

**11. Trust Funds**

Trust funds administered by the Board amounting to \$4,919,614 (2015 - \$4,938,476) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

**Simcoe County District School Board**  
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**For the year ended August 31, 2016**

**12. Partnership in the Simcoe County Student Transportation Consortium**

In 2000, the Board entered into an agreement with the Simcoe Muskoka Catholic District School Board (SMCDSB) and formed the Simcoe County Student Transportation Consortium (SCSTC) to provide common administration of student transportation in the County. The agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Under the agreement, decisions related to the financial and operating activities of the SCSTC are shared. No partner is in a position to exercise unilateral control.

Effective September 1, 2011, the accounting for the operations of the SCSTC has been transferred to the incorporated entity owned equally by the Board and SMCDSB.

This entity is proportionately consolidated in the Board's consolidated financial statements whereby the Board's pro rata share of assets, liabilities, revenues and expenses of the SCSTC are included in the Board's consolidated financial statements. Inter-entity transactions and balances have been eliminated on consolidation.

The following provides condensed financial information:

	2016 Total	2016 SCDSB Portion	2015 Total	2015 SCDSB Portion
<b>Financial Position</b>				
Financial assets	\$ 1,638	\$ 983	\$ 2,591	\$ 1,555
Liabilities	(862)	(517)	(1,560)	(936)
Non-financial assets	57	34	85	51
Accumulated surplus	\$ 833	\$ 500	\$ 1,116	\$ 670
<b>Results of Operations</b>				
Revenues	\$ 30,298	\$ 18,179	\$ 30,508	\$ 18,305
Expenses	30,582	18,349	30,442	18,265
Annual surplus	\$ (284)	\$ (170)	\$ 66	\$ 40

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**Simcoe County District School Board**  
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**13. Ontario School Board Insurance Exchange (OSBIE)**

The Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$24,000,000 per occurrence.

The ultimate premiums over a five year period are based on the reciprocal's and the Board's actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro rata share of claims experience. The current five year term expires December 31, 2016.

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**14. Repayment of "55 School Board Trust" Funding**

On June 1, 2003, the Board received \$27,129,972 from the "55 School Board Trust" for its capital related debt eligible for provincial funding support pursuant to a 30 year agreement it entered into with the trust. The "55 School Board Trust" was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, the "55 School Board Trust" repaid the Board's debt in consideration for the assignment by the Board to the trust of future provincial grants payable to the Board in respect of the NPF debt.

As a result of the above agreement, the liability in respect of the NPF debt is no longer reflected in the Board's consolidated statement of financial position and the flow-through of \$2,021,201 (2015 - \$2,021,201) in respect of the above agreement is not recorded in these consolidated financial statements.

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**15. Contingent Liabilities**

a) During the normal course of operations, various proceedings and claims are filed against the Board. The Board reviews the validity of these claims and proceedings and management believes any settlement would be adequately covered by its insurance policies and would not have a material effect on the consolidated financial position or future consolidated results of operations of the Board. Accordingly, no provision has been made in these consolidated financial statements for any liability that may result. Any losses arising from these actions will be recorded in the year that the related litigation is settled.

b) The Board had letters of credit outstanding with the bank as at August 31, 2016 of \$3,381,219 (2015 - \$2,474,727), which were required from the municipalities for security on some of the construction projects.

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**Simcoe County District School Board**  
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**16. Contractual Obligations**

- a) The Board has ongoing commitments under operating leases for premises rent and maintenance vehicles.

The sum of \$4,677,738 is payable with respect to these operating leases as follows:

2017	\$	1,622
2018		1,277
2019		1,064
2020		325
2021		97
Thereafter		293
		<u>4,678</u>
	\$	<u>4,678</u>

- b) During the year the Board had work performed on several major projects related to the construction and upgrading of certain permanent facilities under the terms of various contracts. Approximately \$16,657,926 related to these contracts has not been expended as at August 31, 2016 (2015 - \$31,576,583).
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**17. Benefit Plan Future Changes**

Currently, the Board provides health, dental and life insurance benefits for certain employees and retired individuals from school boards and has assumed liability for payment of benefits under these plans. As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, Employee Life and Health Trusts (ELHTs) will be established in 2016-17 for the following employee groups: CUPE, ETFO, OPSEU, OSSTF and non-unionized employees (including principals and vice-principals, professional staff and senior administration). The ELHTs will provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff and retired individuals up to a school board's participation date into the ELHT. These benefits will be provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. The Board will transfer to the ELHTs an amount per full-time equivalency based on the 2014-15 actual benefit costs + 8.16% representing inflationary increases for 2015-16 and 2016-17. In addition, the Ministry of Education will provide an additional amount per FTE for active employees to the school board. These amounts will then be transferred to the Trust for the provision of employee and retiree benefits.

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**Simcoe County District School Board  
 Statement of Operations - Explanation of Variances  
 for the year ended August 31, 2016**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Change</b>	<b>Notes</b>
	\$000's	\$000's	\$000's		
<b>Revenues</b>					
Provincial Grants					
Grants for Student Needs	376,471	376,975	504	0.1%	
Other	6,071	7,991	1,920	31.6%	1
Local Taxation	156,957	160,262	3,305	2.1%	
School Generated Funds	13,728	13,674	(54)	-0.4%	
Federal grants and fees	862	738	(124)	-14.4%	
Investment income	1,098	1,068	(30)	-2.7%	
Other fees and revenues	3,817	11,916	8,099	212.2%	2
Amortization of deferred capital contributions	25,120	28,870	3,750	14.9%	3
<b>Total Revenue</b>	<b>584,124</b>	<b>601,494</b>	<b>17,370</b>	<b>3.0%</b>	
<b>Expenses</b>					
Instruction	456,590	456,900	310	0.1%	
Administration	12,729	12,728	(1)	0.0%	
Transportation	18,662	19,183	521	2.8%	
Pupil accommodation	83,364	87,951	4,587	5.5%	4
School generated funds	13,728	14,076	348	2.5%	
Other	-	506	506	100.0%	5
<b>Total Expenses</b>	<b>585,073</b>	<b>591,344</b>	<b>6,271</b>	<b>1.1%</b>	
<b>Annual Surplus (Deficit)</b>	<b>(949)</b>	<b>10,150</b>	<b>11,099</b>		

**Notes**

- Other grants represent supplementary grants received from the province and other ministries. Additional supplementary grants (20) were received and allocated through the latter part of the year.
- Other fees and revenues were higher than budgeted due to \$5.6M in educational development charge revenues, \$0.6M in secondment revenue, \$1.4M in third party supplementary grants (both offset by higher expenses),
- Deferred Capital Contributions are higher than budgeted mainly due to earlier project completion up to September 1, 2015, resulting in an increase to the amortization being recognized in the current year; offset by higher expenses in Pupil Accommodation.
- Impact of higher amortization of deferred capital contributions (\$3.8M) and higher amortization of committed capital projects not supported through deferred capital contributions (\$0.3M).
- Mainly due to expenses recorded for the reverse tuition agreement which is offset by higher revenues in other fees and revenues.

TO: The Chairperson and Members of the  
Audit Committee

FROM: Regional Internal Audit Manager

SUBJECT: **INTERNAL AUDIT UPDATE**

**1. Purpose**

This report provides information on work that the Regional Internal Audit Team (RIAT) has undertaken since the last update of June 6, 2016.

**2. Content**

The attached report contains the following information:

- a. Proposed Internal Audit Plan 2016-2017
- b. Mental Health Review (Appendix A)
- c. OSBIE Help Audits (Appendix B)
- d. Regional Internal Audit Mandate (Appendix C)

**RECOMMENDATIONS**

1. That the Audit Committee recommend that the Board approve the Proposed Internal Audit Plan 2016-2017, as set out in Report No. AUD-D-3, Internal Audit Update, dated October 31, 2016.
2. That the Audit Committee recommend that the Board approve the Mental Health Review, as set out in APPENDIX A of Report No. AUD-D-3, Internal Audit Update, dated October 31, 2016.
3. That the Audit Committee recommend that the Board approve the OSBIE Help Audits, as set out in APPENDIX B of Report No. AUD-D-3, Internal Audit Update, dated October 31, 2016.
4. That the Audit Committee recommend that the Board approve the Regional Internal Audit Mandate, as set out in APPENDIX C of Report No. AUD-D-3, Internal Audit Update, dated October 31, 2016.

**Respectfully submitted by:**

Mark Connors  
Regional Internal Audit Manager

October 31, 2016



## Simcoe County District School Board

TO: The Chairperson and Members of the SCDSB Audit Committee  
FROM: Regional Internal Audit Manager  
DATE: October 31, 2016  
SUBJECT: Internal Audit Update

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### 1. Purpose

This report provides information on work that the Regional Internal Audit Team (RIAT) has undertaken since the last update June 6th, 2016.

### 2. Content

#### Regional Internal Audit Plan Status 2015-2016

Progress	Ref	Audit	Year	Comments
Complete	SC-16-1	Mental Health Review	2015-2016	See Report –Appendix A
Deferred	SC-16-2	Special Education Identification and Benchmarking	2015-2016	Deferred – New date TBD
Completed	SC-16-3	OSBIE Help Audits	2015-2016	See Report – Appendix B
Deferred	SC-16-4	Graduation Rates	2015-2016	Added to 2016/2017 (SC-17-4)

### Proposed Regional Internal Audit Plan 2016-2017

Progress	Ref	Audit	Year	Timeline/Comments
Initiated July 2016	SC-17-1	Deloitte Data Visualization – Attendance Support	2016-2017	Fall, 2016
Not Initiated	SC-17-2	Health and Safety (WSIB)	2016-2017	Winter 2017
Not Initiated	SC-17-3	Elementary Instructional Schedules	2016-2017	Spring 2017
Not initiated	SC-17-4	Graduation Rates	2016-2017	Late Spring 2017

### Mental Health Review

The Barrie Regional Internal Audit Team was approached by the Audit Committee and Management to perform a review of the provision of Mental Health services within the Board. Specifically, the team was engaged to identify leading practices around the coordination of service delivery within schools. Results of the review are presented in *Appendix A*

### School Operations: OSBIE HELP Audits

The Audit Committee approved the School Operations Audit: School Generated Funds Audit as part of the 2015-2016 Internal Audit Plan. Results of the Audit can be found in *Appendix B*.

### Updated Regional Internal Audit Mandate

The Regional Internal Audit Managers, in consultation with the Ministry of Education have developed an updated Internal Audit Mandate template for 2016-2017. An Audit Mandate outlines the key responsibilities and expectations of Regional Internal Audit, as well as the functions authority within the organization, particularly as it pertains to access to sensitive School Board information. It is good practice for the Audit Committee to periodically review and approve the Internal Audit Mandate to ensure it meets the needs of the Board. See *Appendix C*.

**Respectfully Submitted by: Mark Connors, Regional Internal Audit Manager**





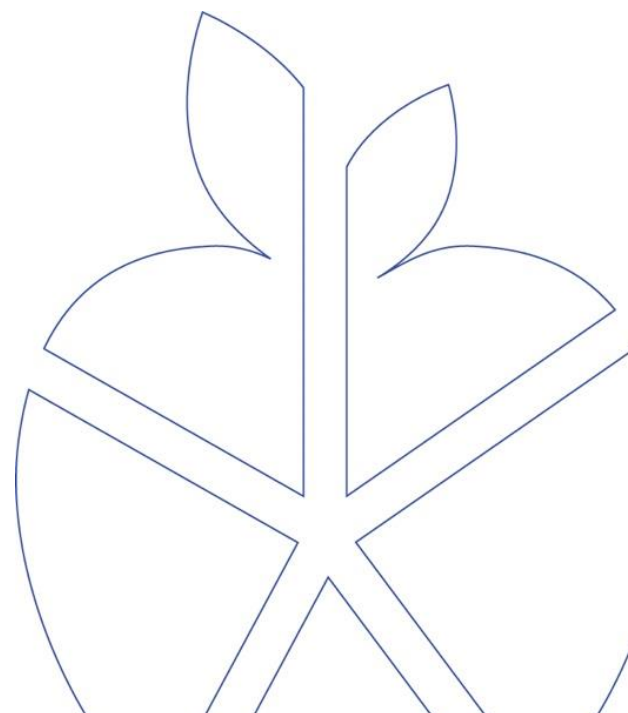
**INTERNAL  
AUDIT TEAM**  
**Barrie Region**

## Simcoe County District School Board

**Mental Health Process Review  
Summary Report  
2015-2016**

Distribution List:

Audit Committee Members



## Executive Summary

### Background, Methodology and Scope

In 2011 the Government of Ontario published “Open Minds, Healthy Minds – Ontario’s Comprehensive Mental Health and Addictions Strategy”. As a result, Simcoe County District School Board (the Board) established a Mental Health leadership team including the appointment of a Mental Health Lead in 2012-2013.

The Barrie Regional Internal Audit Team was approached by the Audit Committee and Management to perform a review of the provision of Mental Health services within the Board. Specifically, the team was engaged to identify leading practices around the coordination of service delivery within schools.

The purpose of this review was to provide Management with an independent and objective opinion on current processes and controls as well as the future direction of Mental Health Services at the Board. This included:

- A review of the current structure vs expectations
- Examination of the distribution of resources and type of services offered
- Review of the overall direction of Mental Health in alignment with Board Strategy
- Compliance with relevant guidance, policies and procedures

As an addendum, we hope to provide a benchmarking and leading practice document, based on similar audits planned for the 2016/17 school year.

Jeff Henderson, Senior Internal Auditor, performed the review between February and April, 2016.

### Audit Findings

While the Board has made many strides since the release of “Open Minds, Healthy Minds” in developing a comprehensive Mental Health Strategy, there remains obstacles in realizing the potential of the program and achieving stated objectives. The audit findings and recommendations provided in the detailed report aim to assist the Board in mitigating or overcoming these hurdles to further realize priorities as set out in the Mental Health and Addictions Multi-Year Plan.

Key Findings/Recommendations include:

- Formalization of Mental Health strategy to determine support levels
- Further integration of evaluation tools to support evidence based Mental Health
- Complete organizational restructure and clarify positional responsibilities
- Develop a comprehensive financial model for Mental Health to improve decision making
- Improved coordination and communication with third-party service providers

*Management is supportive of the recommendations contained within the detailed audit report and are able and willing to use the findings to reflect on, learn from and improve the supports and services available to students to ensure efficient and effective pathways to care.*

We would like to thank all SCDSB staff involved for their full co-operation during this review.

Jeff Henderson, Senior Regional Internal Auditor    Mark Connors, Regional Internal Audit Manager



**INTERNAL  
AUDIT TEAM**  
**Barrie Region**

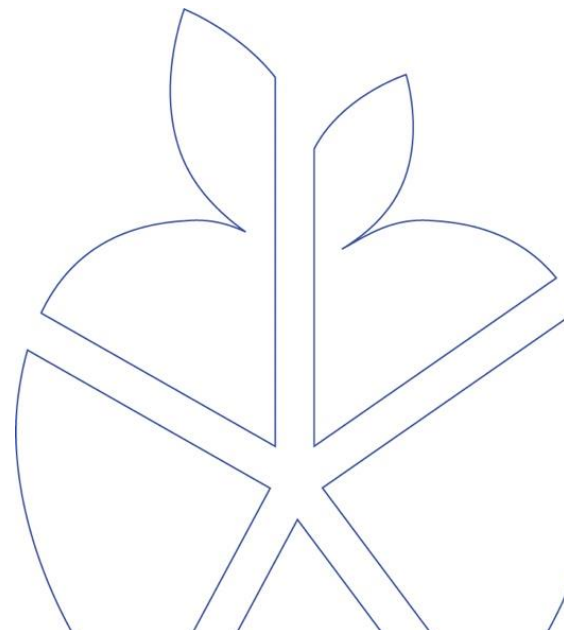
## Simcoe County District School Board Audit Committee

### OSBIE School Audits – Summary Report 2015-2016

#### Distribution List:

Brian Jeffs  
Corry Van Nispen  
Erin Schwartz

Superintendent of Business  
Controller  
Corporate Risk Officer  
Audit Committee



## Executive Summary

### Purpose

The Internal audit was conducted to review practices relative to OSBIE's Human Element Loss Prevention Program (H.E.L.P.). The review serves to provide feedback to the Board on H.E.L.P. compliance during years when OSBIE is not performing the audit.

### Background and Scope

The H.E.L.P. program is a systematic process designed to promote awareness of the most common human element loss categories, and to provide proven risk management guidelines to address the issues under each criteria.<sup>1</sup> The Board's insurance provider, OSBIE, performs annual HELP compliance audits using a set of 12 criteria in their audit condition manual. The results of the audit determine the property insurance premium credits the Board can qualify for as well as eligibility for biennial compliance audits.

Due to strong compliance levels in previous audits, SCDSB no longer requires annual H.E.L.P audits and instead, OSBIE performs the audits every other year. Internal Audit, at the request of management, performed H.E.L.P audits at six Simcoe County District School Board schools in June 2016. The audit findings will aid both school and board based staff in ensuring that proper loss prevention controls are in place and that the Board continues to be eligible for the maximum insurance premium credits from OSBIE.

### Results

Overall the schools demonstrated a high level of compliance with OSBIE's existing 9 audit conditions as well as the 3 new conditions introduced in 2014. Areas needing the most improvement across all 12 conditions are as follows:

- Limited documentation for gymnasium facility and equipment
- No outdoor premise and equipment inspection program

It is recommended that the Board focus on these areas to ensure a 3 year average compliance score of 90% for the maximum 5% insurance premium credit.

We would like to thank the school and Board staff for their full co-operation during this review.



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Mark Connors,  
Regional Internal Audit Manager

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<sup>1</sup> Human Element Loss Prevention Program (H.E.L.P.) Introduction/Overview- <http://www.osbie.on.ca/help/pdf/About-HELP.pdf>

## Detailed Report

### Observations

#### Existing Conditions

##### **Emergency Response Plan: Condition #1a) – Fully Compliant**

- ✓ All locations had a copy of the Emergency Response Plan on site.

##### **Controlled Access System: Condition #1b) – Fully Compliant**

- ✓ All sites required visitors to sign in and out, visitor badges were provided and proper signs were posted advising all visitors to report to the main office.

##### **Hot Work Permit System: Condition #2) – Compliant**

- ✓ All sites had hot work permit tags available and demonstrated proper use of the system.

##### **Monthly Fire Safety Inspections/No Smoking Policy: Condition #3) – Fully Compliant**

- ✓ All locations had documented monthly fire extinguisher inspections and no smoking signs posted at the main entrances.
- ✓ All locations had documented fire door inspections.
- ✓ All locations were clear of combustibles (cardboard boxes, coffee cups) near electrical panels.

##### **Temporary Shutdown and Cold Weather Alerts: Condition #4) – Fully Compliant**

- ✓ All six sites had temporary shutdown inspection sheets that were current and in use.
- ✓ All six of five sites had recorded inspection logs for cold weather alert check-ups.

##### **Electrical Preventive Maintenance: Condition #5) – Fully Compliant**

- ✓ The board utilizes the services of the Electrical Safety Authority to conduct annual inspections of the electrical system at each site.
- ✓ A logbook is used to document the inspections and all modifications made to the electrical system as part of the Continuous Safety Service Program.
- ✓ All schools had up-to-date logbooks in the office.

##### **Automatic Fire Sprinklers: Condition #6) – Compliant**

\*Three of six audited locations had fire sprinklers:

- ✓ All three locations had sprinkler shutoff valves locked in the full open position.
- ✓ Two of three locations had documented visual inspections of the sprinkler control valves and pressure gauges
- ✓ Two of three locations had documented quarterly tests of sprinkler flow alarms

**Playground Standards: Condition #7) - Partially Compliant**

\* Five of six locations had Playground Equipment:

- ✓ Two of five locations had daily recorded inspections.

**Snow/Ice Removal: Condition #8) – Fully Compliant**

- ✓ All six schools had log books for documenting snow and ice removal that were current and in use.

**Design and Technology Programs: Condition #9) – Fully Compliant**

\*Only one school had a design/technology program:

- ✓ All shops had documented annual inspections.
- ✓ All lifting devices had inspection tags that were up-to-date.
- ✓ Student safety certificates on file for review.

**New Conditions - 2014**

**Gymnasium Facility and Equipment: Condition #10) – Compliant**

- ✓ All six schools had AEDs with documented inspection and maintenance.
- ✓ All six schools had first aid kits that were compliant with mandated WSIP First Aid requirements (Reg. 1101).
- ✓ Five of six schools had a documented injury response binder on file including concussion provisions.
- ✗ There are no daily or weekly documented gymnasium facility or equipment inspection logs.

**Outdoor premise and Equipment Maintenance: Condition #11) – Non compliant**

- ✗ Only one school had a documented outdoor premise and equipment inspection logs.

**Science Labs: Condition #12) – Fully Compliant**

Only one school had a science lab

- ✓ Documented safety procedures, safety training and lab rules.
- ✓ Documented annual fume hood inspections.
- ✓ Proper storage of chemicals.
- ✗ Accessible eye wash station with documented inspections.
- ✓ General purpose spill kit on hand.

## Limitations on Report Use

Our report is confidential and intended for the use of the persons and entities indicated on the distribution list of this report. We do not assume any responsibility or liability for losses incurred by the school board, its directors, officers, employees or by any other parties, as a result of the circulation, publication, reproduction or use of this report.

## Appendix C

# Regional Internal Audit Mandate Simcoe County District School Board

## 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 Barrie 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 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.

Each Audit Committee of the Board of Trustees will for their Board:

- Approve the regional internal audit mandate;
- 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 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 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.

## **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.

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Regional Internal Audit Manager

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Audit Committee Chair

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Director of Education

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Date

## 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	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.
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 Mandate, 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	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: <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	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.  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.
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.
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 <i>(insert title here)</i> 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.

TO: The Chairperson and Members of the Audit Committee

FROM: Superintendent of Business Services

SUBJECT: **ANNUAL AUDIT COMMITTEE REPORT: YEAR END AUGUST 31, 2016**

**1. Background**

In accordance with O. Reg. 361/10, members of the Audit Committee agreed that three meetings would be held throughout the year. A fourth meeting may be scheduled, if deemed necessary. All meetings have been held as planned in 2015 – 2016. The normal annual assignment for a Trustee term is December 1 to November 30 of the following year. External members are assigned to the committee with a three-year term. As such, the following is a list of Audit Committee Members during the 2015 –2016 fiscal year.

- Wayne Clements – Chair (Sept. 1/15 – Nov. 30/15)
- Jennifer Cameron – Trustee representative (Sept. 1/15 – Nov. 30/15)
- Annie Chandler – Trustee representative (Sept. 1/15 – Nov. 30/15)
- Donna Da Silva – Chair (Dec. 2015 – Nov. 30/16)
- Donna Armstrong – Trustee representative (Dec. 2015 – Nov. 30/16)
- Krista Mayne – Trustee representative (Dec. 2015 – Nov. 30/16)
- Jay Anstey – External Member
- Chris Edwards – External Member

**2. Current Status**

Meetings

The following table provides a summary of committee member meeting attendance:

<i>Members Name</i>	<i>November 2, 2015</i>	<i>February 1, 2016</i>	<i>June 6, 2016</i>
Wayne Clements	X		
Jennifer Cameron	X		
Annie Chandler	X		
Donna Da Silva		X	X
Donna Armstrong		X	X
Krista Mayne		X	-
Jay Anstey	X	X	X
Chris Edwards	-	X	X

In addition, regular attendees at the committee meetings were:

Mark Connors – Regional Internal Audit Manager  
Jeff Henderson – Senior Internal Auditor

### Administrative Tasks

At the beginning of the year and in accordance with recommended good practice various administrative tasks were completed. These included:

- developing an internal and external audit work plan for 2015 – 2016
- developing a meeting schedule for the 2015 – 2016 year

### Governance

The Audit Committee operated throughout the fiscal year ending August 31, 2016. All of the members were independent, in accordance with provision 3(1) and 3(2) of O. Reg 361/10.

### External Audit

Relationships with both internal and external audits are favourable.

#### *External Auditors – Summary*

The external auditors, BDO Canada Ltd, Chartered Accountants, were present at the November 2, 2015 and June 6, 2016 meetings. At the November meeting, representatives of BDO answered any questions related to their audit findings for the year-ended August 31, 2015. At the June 2016 meeting, representatives from BDO presented their plan for the 2015 – 2016 external audit.

#### *Internal Auditors – Summary*

The internal auditors were present at all meetings. At each meeting, they presented an update of their region-wide progress, as well as the progress to date on the annual audit plan, including audit reports where applicable.

#### *Summary of Work Performed*

The following is a summary of work undertaken by the Audit Committee for the year 2015 – 2016:

- Approved work performed by the auditors (external and internal)
- Agreed to the approach, scope and findings of the audit work to be undertaken by the auditors (external and internal).

By the signature noted below, we attest that we have discharged our duties and responsibilities in respect of Ontario Regulation 361/10.

On behalf of the Committee:

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Donna Da Silva, Audit Committee Chairperson

APPENDIX A, which summarizes the Annual Audit Committee Report: Year End August 31, 2016 is attached for your reference. This report will be submitted to the Ministry of Education.

**RECOMMENDATION**

That the Audit Committee recommend that the Board approve the Annual Audit Committee Report: Year End August 31, 2016, as set out in Report No. AUD-D-2, Annual Audit Committee Report: Year End August 31, 2016, dated October 31, 2016.

**Respectfully submitted by:**

Brian Jeffs  
Superintendent of Business Services

October 31, 2016

**Annual Report to the Board of Trustees, Simcoe County District School Board  
and Forwarded to the Ministry of Education  
for the year-ended August 31, 2016**

**District School Board Name:** Simcoe County District School Board

**Fiscal Year:** 2015 – 2016

**Re:** Annual Audit Committee report to the Ministry of Education per Ontario Regulation 361/10

The following audits were performed in the 2015 – 2016 fiscal year:

- Mental Health Audit
- OSBIE HELP Audits
- Preliminary Work with Deloitte re: Absenteeism

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Audit Committee Chair  
Title