

Ministry of Education
Financial Analysis and
Accountability Branch
21st Floor, Mowat Block
900 Bay Street
Toronto, Ontario M7A 1L2
Tel.: (416) 327-9356
Fax: (416) 325-2007
Email: Andrew.Davis@Ontario.ca

Ministère de l'Éducation
Direction de l'analyse et de la
responsabilité financières
21^e étage, édifice Mowat
900, rue Bay
Toronto, Ontario M7A 1L2
Tél. : (416) 327-9356
Télééc.: (416) 325-2007
Courriel: Andrew.Davis@Ontario.ca



2010: SB45

MEMORANDUM TO: Directors of Education
Secretary-Treasurers of School Authorities
Association des conseils scolaires des écoles publiques de
l'Ontario (ACEPO)
Association Franco-Ontarienne des Conseils Scolaires Catholiques
(AFOCSC)
Ontario Catholic School Trustees' Association (OCSTA)
Ontario Public School Boards' Association (OPSBA)

FROM: Andrew Davis
Director
Financial Analysis and Accountability Branch

DATE: September 23, 2010

SUBJECT: Audit Committee Regulation

I am writing to advise you of the release of the audit committee regulation. The regulation is the end result of a collaborative, consultative process that began in the fall of 2009. On behalf of the Ministry, I would like to thank each of the participating associations and organizations for their helpful feedback and advice. The regulation is effective immediately and requires the establishment of audit committees in school boards by **January 31, 2011**, following the fall trustee elections.

The regulation sets out the following major aspects:

- Appointment process for members
- Requirement of external member participation
- Term of appointment
- Duties and powers of the committee
- Reporting requirements
- Deadline for the first audit committee meeting (March 31, 2011)

Training

As noted in the March 5, 2010 consultation letter, an external training program will be offered to the members of audit committee (which include trustees and external members), Directors of Education, Senior Business Officials, and limited staff from boards during the months of January and February 2011. The 2-day training program is intended to help audit committee members to understand their roles and responsibilities. More information related to the training sessions will

be communicated to the sector in early fall.

External Member Recruitment

The Ministry encourages school boards to start their recruitment efforts to find qualified external members in the fall. This should allow for sufficient time for posting the positions, and provide sufficient notice for them to participate in the training noted above.

Website Link

On the Ministry of Education's Financial Analysis and Accountability Branch website a new link has been created which allows school boards to find pertinent information relating to the audit committee and internal audit initiatives. It is available at:

<http://faab.edu.gov.on.ca/Audit.html>

Some of the key documents are as follows:

- Q&A document on the audit committee and internal audit initiatives
- Audit committee external member sample recruitment advertisement
- Q&A document on the audit committee regulation (available soon)
- Internal audit mandate
- Internal audit regions
- Internal audit guidelines on hiring, evaluation, and staffing allocation

Regional Internal Audit Teams (RIAT)

Over the course of the summer of 2010, the majority of the host school boards have completed their recruitment for regional internal audit managers and some of their staff. After recruitment is complete, the next milestone for RIAT is risk assessment. Risk assessment is critical to internal audit functions as it establishes the priority areas for internal audit activities which in turn helps boards in meeting their business objectives.

The Ministry of Education has developed a risk assessment tool and the RIAT will be using this tool to perform risk assessments at each board. This process will begin in September 2010 and should be completed before the first audit committee meeting. Should RIAT feel that the risk assessments will not be completed by the first audit committee meeting, they should contact: Anthony Yeung, Manager – Transfer Payments and Financial Reporting at 416-314-0790 or email at Anthony.Yeung@ontario.ca or Doreen Lamarche, Project Manager – Audit at 613-225-9210 x113 or email at Doreen.Lamarche@ontario.ca.

School boards should anticipate that this initial risk assessment could take up to **three** weeks per board. The Regional Internal Audit Managers will be contacting boards' Superintendents of Business to schedule risk assessment meetings in the coming weeks.



Andrew Davis
Director
Financial Analysis and Accountability Branch

cc: Superintendents of Business