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MEMORANDUM TO: Directors of Education

FROM: Andrew Davis
Director
Financial Analysis and Accountability Branch

DATE: March 18, 2011

SUBJECT: Closed sessions for audit committee meetings

I'm writing to you today about holding closed sessions for Audit Committee meetings, and to clarify how the exemptions in subsection 207 (2) of the Education Act can be applied to have audit committee meetings conducted in closed sessions. The Education Act through Ontario Regulation 361/10 now requires audit committees in all school boards throughout the province. The current provisions in the Education Act require all committee meetings to be open to the public, except where the subject matter under discussion is covered by subsection 207(2) of the Act.

The audit committee's mandate is to assist the board of trustees to fulfill its oversight responsibilities by reviewing the financial statements, internal controls, internal and external audit findings, significant risks and risk management and compliance matters. It is a best practice that audit committee meetings are held in closed sessions to enable sensitive issues to be discussed and critiqued. Many public organizations in Ontario hold audit committee meetings in closed sessions.

The responsibilities of the audit committee and issues that will be discussed are about current or future potential risks, and as a result the Ministry is recommending that subsection 207(2)(a) of the Education Act be interpreted to include all matters related to audit committee proceedings. Other matters that may be discussed in audit committee that relate to purchase and sale of property or matters involving litigation would meet the criteria set out in subsections 207(2)(b) to 207(2)(e) of the Education Act.

As a further point of clarification, although the meetings should be closed to the public, this does not preclude the audit committee from inviting others to attend the meeting, such as the senior administration of the school board, the internal auditor, the external auditor and other members of the board of trustees.

Should you have any questions or concerns, please contact Doreen Lamarche, Project Manager – Audit at (613) 225-9210 ext.113 or by email at Doreen.Lamarche@ontario.ca or Anthony Yeung, Manager, Transfer Payment Accountability Unit at (416) 314-0790 or by email at Anthony.Yeung@ontario.ca



Andrew Davis
Director
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Cc Superintendents of Business and Finance