



REPORT TO

GOVERNANCE AND POLICY COMMITTEE

UPDATE TO EFFECTIVE FINANCIAL MANAGEMENT AND CONTROL OF OPERATIONS F.M. 08

‘Whatsoever thy hand findeth to do, do it with all thy might.’

Ecclesiastes 9:10

Created, Draft	First Tabling	Review
November 26, 2019	December 2, 2019	
D. Bilenduke, Senior Coordinator, Finance M. Eldridge, Acting General Legal Counsel P. De Cock, Comptroller for Business Services & Finance		
RECOMMENDATION REPORT		

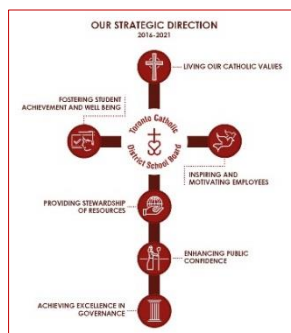
Vision:

At Toronto Catholic we transform the world through witness, faith, innovation and action.

Mission:

The Toronto Catholic District School Board is an inclusive learning community uniting home, parish and school and rooted in the love of Christ.

We educate students to grow in grace and knowledge to lead lives of faith, hope and charity.



Rory McGuckin
Director of Education

D. Koenig
Associate Director
of Academic Affairs

L. Noronha
Associate Director of Facilities,
Business and Community
Development, and
Chief Financial Officer

A. EXECUTIVE SUMMARY

The *Effective Financial Management and Control of Operations Policy*, policy F.M. 08 and the corresponding *Operating Procedures* was updated at the October 8, 2019 meeting of the Governance and Policy Committee (GAP) meeting. At the Audit Committee meeting held on November 13th 2019, the Audit Committee recommended that Policy F.M.08 be revised for requesting work from the Board's auditor of record. A motion at the Corporate Services and Property Committee, further endorsed this recommendation on November 14th 2019.

The cumulative staff time required to prepare this report was 3 hours.

B. PURPOSE

1. This recommendation report is on the Order paper of the Governance & Policy Committee as it recommends a policy revision.

C. BACKGROUND

1. The Governance & Policy Committee revised Policy F.M.08 on October 8th 2019.
2. During the Audit Committee meeting held on November 13th 2019, it was recommended that policy be revised for requesting work from the Board's auditor of record.
3. A motion at the Corporate Services and Property Committee further endorsed this recommendation on November 14, 2019.

D. EVIDENCE/RESEARCH/ANALYSIS

1. The Corporate Services Committee approved the following motion:
 - a. That the Audit Committee approve any service provided by the Board's external auditor of record that exceeds \$5,000 and that the Board's Purchasing Policy and Effective Financial Management policies be updated to reflect this change;

- b. That the report and recommendation be forwarded to the December 11th 2019 Corporate Services Committee to be ratified by the Board; and
- c. That on an annual basis, Staff reports to the Audit Committee all fees paid or payable to the external auditor of record, categorized by:
 - i) Audit and audit-related services; and
 - ii) “Permitted” non-audit services” (as defined by the services listed under Section F, Item 1.b)

E. METRICS AND ACCOUNTABILITY

- 1. The Audit Committee was presented with a report written by Business Services on the pros and cons of using the Board’s external auditors for work that is outside of their audit contract.
- 2. The report was debated at length considering provincial best practices, association and industry recommendations and experience.
- 3. The conclusion was, while there are inherent risks in giving auditors non-audit work, there are many opportunities and should be analysed on a case-by-case basis.

F. IMPLEMENTATION, STRATEGIC COMMUNICATIONS AND STAKEHOLDER ENGAGEMENT PLAN

- 1. On the recommendation of the Audit Committee and the motion passed at Corporate Services the following language will be added to **Policy F.M.08 Effective Financial Management and Control of Operations**:

The Audit Committee is required to approve any service provided by the Board’s external auditor of record that exceeds \$5,000 before any work is awarded. This does not bypass or supersede any requirements identified in the Board’s Purchasing Policy.

- 2. On the recommendation of the Audit Committee and the motion passed at Corporate Services the following language will be added to **TCDSB Finance and Accounting Operating Procedures**:

A report will be prepared annually to the Audit Committee itemizing all fees paid or payable to the external auditor of record, categorized by:

i) Audit and audit-related services; and

ii) “Permitted” non-audit services” including but not limited to:

- Providing internal audit services.
- Performing enterprise risk management or business risk consulting.
- Consulting on information technology systems, installation and integration.
- Providing executive and employee search services.
- Providing tax compliance services.
- Providing corporate finance services such as developing strategies or assisting in analysing effects of proposed transactions.

3. The report on external audit services will be added to the Audit Committees pending list.

G. STAFF RECOMMENDATION

That the Governance and Policy Committee recommend to the Board of Trustees approval of the revised Effective Financial Management and Control of Operations Policy F.M. 08 (Appendix A) and the revised TCDSB Finance and Accounting Operating Procedures (Appendix B).