

Accountability Topic: August 31, 2021 Audited Financial Statement

Date of Board Meeting:

November 18, 2021

Strategic Priority:

- Student and Family Engagement
- Internal Process
- People Capacity
- Financial Stewardship

Quality Indicator(s) (if applicable):

- **QI 3.1** Generally accepted accounting practices are being followed.
- **QI 3.2** Adequate internal financial controls exist and are being followed
- **QI 3.3** All collective agreements and contracts are being administered and interpreted so staff and contracted personnel are being paid appropriately and appropriate deductions are being made
- **QI 3.5** Board is informed annually about incurred liabilities and immediately regarding pending litigation.

Key Measures:

- Audit opinion on the financial position of Good Spirit School Division as at August 31, 2021 and results of operations and accumulated surplus in accordance with Canadian public sector account standards for other government organizations.
 - Miller Moar Grodecki Krekewich & Chorney provided an independent audit.
- Management letter to the board covering:
 - Evaluation of internal controls
 - Significant accounting principles
 - Significant unusual transactions
 - Accounting estimates
 - Disagreements with Management
 - Consultation with other accountants (second opinions)
 - Issues discussed
 - Difficulties encountered during the audit

Targets:

- Unqualified opinion from the Auditor
- No internal control issues
- Application of appropriate accounting principles
- No unusual transactions
- Accounting estimates used are considered reasonable
- No disagreements with Management
- No difficulties encountered during the audit process

Data:

- Independent auditors' report
- Management letter to the Board
- Discussions between the Auditor and the Board Executive Committee (November 18, 2021)

Key Strategies Employed:

- Careful adherence to the checklist for audit provided by the Ministry
- Consultation with the Ministry as a resource on application of Generally Accepted Auditing Standards (GAAS) and Generally Accepted Accounting Principles (GAAP) when necessary
- Regular review of revenues and expenditures and reporting to the Board on any problematic issues in a timely manner
- Use of budget forecasting to offset savings with additional expenditures

Future Strategies:

- Refinement of Atrieve Financial system and reporting.
- Monitoring more timely receipt of invoices on minor capital projects. It has been a challenge to receive the information from vendors prior to completion of the draft Audited Financial Statement (AFS) which is required by the Auditor. Recommendation for improvement is to highlight these invoices as soon as they are received and provide to the auditor.
- Implementation of a bus garage parts tracking system to help in the identification and tracking of prepaid expenses and high dollar items held over year end to reduce time in counting stock and consistently identifying items from year to year with updated pricing.

Risk Assessment:

Impact Categories	Insignificant	Minor	Moderate	Major	Catastrophic
Financial	Financial impact of the event is less than \$50,000	Financial impact of the event exceeds \$50,000, but less than \$150,000	Financial impact of the event exceeds \$150,000, but is less than \$250,000	Financial impact of event exceeds \$250,000, but is less than \$500,000	Financial impact of the event exceeds \$500,000
Comments & Mitigation Strategy	Regular monitoring and reporting of financial results throughout the school year. Budget forecasting with Admin Council to ensure overages are covered and savings are utilized.				
Reputational	One negative article in a publication	Negative articles in more than one publication	Short term negative media focus and concerns raised by stakeholders	Long term negative media focus and sustained concerns raised by stakeholders	Stakeholders lose faith in management or Trustees
Comments & Mitigation Strategy	GSSD have been responsible financial stewards. Utilization of reserves for large capital purchases reduce impacts of staffing reductions.				
Managerial Effort/Capacity	Impact can be absorbed through normal activity	Some management effort is required to manage the impact	Can be managed under normal circumstances with moderate effort	With significant management effort, can be endured	Potential to lead to the collapse of the organization

Comments & Mitigation Strategy	Consultation with Sr. Admin and Admin Council to review variances in expenditures and revenues.				
Government Relations	Routine ministerial inquires	In-depth ministerial inquires	Concerns raised by Ministry of Education	School division's ability mandate is questioned	Ministry of Education loses faith in the organization
Comments & Mitigation Strategy	Annual school division process, annual audit review of financials, every third year Provincial Auditor involvement				
Legal	Legal action threatened	Civil action commenced/small fine assessed	Criminal action threatened/moderate fine assessed	Criminal lawsuit commenced/significant fine assessed	Jail term of any length for a Trustee/Director; multiple significant fines assessed
Comments & Mitigation Strategy	Following system planning checklist and Ministry communications to ensure that all deadlines are met.				
Student Outcomes	Immaterial impact on student achievement	Student achievement metrics begin to show a decline	Parental complaints submitted related to student achievement	Overall student competency levels are below standards	Inability to satisfactorily deliver curriculum or key programs
Comments & Mitigation Strategy	Staffing is a major component of the annual budget. PTR levels are considered when assigning staff to schools. Include some contingency staffing in order to react to projected enrolment variances.				

Likelihood				
The likelihood of identified risks is to be assessed by estimate the probability of the risk occurring during the planning horizon.				
Rare	Unlikely	Moderate	Likely	Almost Certain
Extremely rare in the sector. Once in more than 10 years at the school division.	Has occurred occasionally in the sector. Once in 5 to 10 years at the school division.	Periodic occurrence in the sector; possible occurrence. Once in 3 years at the school division.	Has occurred previously and could reasonably occur again. Once in 1 to 2 years at the school division.	Extremely likely to occur. Multiple times per year at the school division.

Summary Comments:

- Verbal report from the auditor indicated that audit went very smooth and staff were prepared and enjoyable to work with. There were no significant issues identified during the verification process with the Ministry.

Recommended Decision/Motion:

“That the Board accept the accountability report on August 31, 2021 Audited Financial Statements as presented.”

Respectfully submitted,

Quintin M. Robertson, Director/CEO
Good Spirit School Division