

Accountability Topic: Audited Financial Statement August 31, 2022

Date of Board Meeting:

December 15, 2022

Strategic Priority:

- High Quality Teaching and Learning
- Engagement of All Students, Families, and Communities
- Effective Policy and Procedures
- Healthy, Sustainable Physical & Social Environments

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, 2022 and results of operations and accumulated surplus in accordance with Canadian public sector account standards for other government organizations.
 - Prairie Strong Chartered Professional Accountants (formerly Miller Moar Grodecki Kreklewich & 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 4, 2022)

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 and greater utilization of Atrieve Financial system and reporting.
- Monitoring more timely receipt of invoices on minor capital and preventative maintenance and renewal (PMR) 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 accounting.
 - An invoice was discovered
- Implementation of a bus garage parts tracking system (Mitchell On Demand) 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 |

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|-------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|--------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------------------------------|
| 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 to react to projected enrolment variances. | | | | |

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|-------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|
| 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 well, 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 approve the accountability report on the August 31, 2022 Audited Financial Statements and acknowledge the report met the requirements of QIs 3.1, 3.2, 3.3, and 3.5, based on the evidence within the report.”

Respectfully submitted,

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