



Thames Valley District School Board

2024 Audit service plan

For the year ended August 31, 2024
Presented to Audit Committee
June 4, 2024

May 27, 2024

To the Audit Committee of
Thames Valley District School Board
1250 Dundas Street
London ON N5W 5P2

2024 Audit service plan

Dear Audit Committee Members:

We are pleased to provide you with our audit service plan for Thames Valley District School Board ("TVDSB") for the year ending August 31, 2024. This document describes the key features of our plan including our audit scope and approach, our planned communications with you, our team and an estimate of our fees.

Our commitment to you is straightforward: we will provide you with outstanding professional services delivered by an experienced and dedicated team of specialists. Our professionals will continue providing you with best practices and insights to face the increasingly complex array of issues and challenges encountered by the school boards.

We look forward to discussing our audit service plan with you and answering any questions you may have.

Yours truly,



Chartered Professional Accountants
Licensed Public Accountants

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Executive summary











Audit scope and terms of engagement

We have been asked to perform an audit of TVDSB’s consolidated financial statements (the “financial statements”) in accordance with the Financial Administration Act, supplemented by the Ontario Ministry of Education memorandum 2004:B2 and Ontario regulation 395/11 of the Financial Administration Act, as will be described in Note 1 to the consolidated financial statements for the year ended August 31, 2024. Our audit will be conducted in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”).

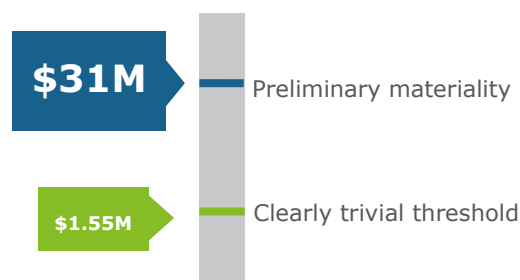
The terms and conditions of our engagement including our responsibilities for any additional audit-related services you have asked us to provide, are described in the Engagement Letter dated March 11, 2024, which has been signed on behalf of the Audit Committee and management.

Significant risks

Status

1	Management override of controls	
2	Revenue from Ministry of Education and Municipal Government	
3	Adoption of new PSAS accounting standards	
4	Bill 124 implications	
Areas of Focus		
1	Expense reports	
2	School cash receipts	
3	Cut-off expenses	
4	Salaries and benefits	
5	Ontario School Boards’ Insurance Exchange (“OSBIE”) consolidation	

Materiality



Materiality levels are determined on the basis of expenses. Our preliminary estimate of materiality for the year ending August 31, 2024 has been set at \$31,000,000 (2023 - \$31,000,000).

We will report to you any uncorrected misstatements greater than our current year clearly trivial amount of \$1,550,000 (2023 - \$1,550,000).

 New from prior year
  Continued from prior year
  Removed from prior year



Fraud Risk

We will develop our audit strategy to address the assessed risks of material misstatement due to fraud. Determining this strategy will involve:

1. Asking people involved in the financial reporting process about inappropriate or unusual activity.
2. Testing a sample of journal entries throughout the period as well as adjustments made at the end of the reporting period.
3. Identifying and obtaining an understanding of the business rationale for significant or unusual transactions that are outside the normal course of business.
4. Evaluating whether your accounting policies may be indicative of fraudulent financial reporting resulting from management’s effort to manage earnings.
5. Evaluating whether the judgements and decisions related to management estimates indicate a possible bias.
6. Incorporating an element of unpredictability in selecting our audit procedures.

We will also ask The Audit Committee for their views about the risk of fraud, whether they know of any actual or suspected fraud affecting TVDSB and their role in the oversight of management’s antifraud programs.

If we suspect fraud involving management, we will immediately inform The Audit Committee of our suspicions and discuss the nature, timing, and extent of audit procedures necessary to complete the audit.



Audit fees

Audit fees	2023	2024
August 31 st Year End Financial Statement Audit	62,000	82,500
March 31 st 7-month Consolidated Operating Results Audit	5,950	7,750
Total fees	67,950	90,250*

* Does not include fees required to complete additional procedures related to *PS 3280, Asset retirement obligations*. Additional fees for the year related to the continued implementation of this standard will be discussed when the full scope of work is known.

Significant audit risks

During our risk assessment, we identified some significant audit risks that will require special audit consideration. These risks, together with our planned responses, are described below.

The following tables set out the significant audit risks that we identified during our preliminary planning activities, including our proposed response to each risk. Our planned audit response is based on our assessment of the likelihood of a risk’s occurrence, the significance should a misstatement occur, our determination of materiality and our prior knowledge of TVDSB.

Significant risk dashboard

Legend


 Significant level of management judgement involved

 Minimal/No management judgement involved


D+I: Planned testing of the design and implementation of key controls

OE: Planned testing of the operating effectiveness of key controls


Management override of controls

Fraud risk	Yes	Analysis of risk	Planned audit response
Control Testing Planned	D+I	<ul style="list-style-type: none"> Under Canadian Auditing Standards, it is the responsibility of the management, with the oversight of those charged with governance to place a strong emphasis on fraud prevention and detection. Oversight by those charged with governance includes considering the potential for override of controls or other inappropriate influence over the financial reporting process. 	<ul style="list-style-type: none"> We will discuss fraud with management and the audit committee. We will test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. We will evaluate the business rationale for any significant unusual transactions. We will determine whether the judgements and decisions related to management estimates indicate a possible bias, which will include performing retrospective analysis of significant accounting estimates.
Level of management judgement		<ul style="list-style-type: none"> Management override of controls is present in all entities. It is a risk of material misstatement resulting from fraud and therefore is considered as a significant risk. 	
Specialist, Expert or Innovation Involvement	N/A		


Adoption of new PSAS accounting standards

Fraud risk	Yes	Analysis of risk	Planned audit response
Control Testing Planned	D + I	<ul style="list-style-type: none"> In fiscal 2024, several new accounting standards, including <i>PS 3160 Public Private Partnerships</i>, <i>PS 3400 Revenue</i>, and <i>PSG-8 Purchased Intangibles</i>, will come into effect. The School Board has been preparing for the adoption of these standards, including review of contracts with partners, discussion with us, as well as discussions with partners on information needs to implement the standard. The Finance Team has also engaged other affected departments within the School Board, in particular the Planning department, to ensure considerations are given during the contracting stage to understand the accounting impact. 	<ul style="list-style-type: none"> We will work with management to review the disclosure of the first time adoption in the financial statements, including introduction of new accounting policy notes and financial statements presentation. We will validate the applicability of PS 3160, PS 3400 and PSG-8 and confirm management's conclusion that these will have no impact. Specifically with respect to the agreed-upon procedures for the March 31, 2024 EFIS reporting, the Ministry has requested that we perform procedures on all 3 of the new standards, which is additional scope to our typical engagement. These standards are not considered to have practical applicability to TVDSB, therefore any fee impacts on the 7-month reporting should be minimal.
Level of management judgement			
Specialist, Expert or Innovation Involvement	N/A		


Revenue from Ministry of Education and Municipal Government

Fraud risk	Yes	Analysis of risk	Planned audit response
Control Testing Planned	N/A	<ul style="list-style-type: none"> Under Canadian GAAS, we are required to evaluate the risk of fraud in revenue recognition. We have evaluated the revenue transactions from the Ministry of Education, and we have concluded that the significant risk is that revenue may be invalid or inaccurate. This represents a fraud risk for the 2024 audit. 	<ul style="list-style-type: none"> We will evaluate the design and implementation of the internal controls that address this risk. We will not rely on controls. We will confirm the revenue received with the Ministry of Education and Municipal Governments.
Level of management judgement			
Specialist, Expert or Innovation Involvement	N/A		


Bill 124 implication

Fraud risk	No	Analysis of risk	Planned audit response
Control Testing Planned	D + I	<ul style="list-style-type: none"> The liability to employees for Bill 124 is carried at the Ministry level. However, funds were flowed through to the School Board to operationalize the flow of funds to the employees. This was done through an increase to grants for student needs, instead of a separate specific funding stream. The recognition of both the expenses and revenue will be of focus during this audit. 	<ul style="list-style-type: none"> We will discuss the treatment of both the funding and expenses recorded during the year relating to Bill 124 with management. We will ensure proper disclosure in the financial statements. We will carry out substantive audit procedures as necessary to gain sufficient and appropriate audit evidence over the amounts received from the Ministry, and the amounts paid to employees in relation to Bill 124, including the testing of management's computation of amounts due to employees.
Level of management judgement			
Specialist, Expert or Innovation Involvement	N/A		


Area of Focus (not a Significant Risk): School cash receipts

Fraud risk	No	Analysis of risk	Planned audit response
Control Testing Planned	N/A	<ul style="list-style-type: none"> Cash is processed and on hand at each elementary and secondary school of TVDSB. There is a risk of completeness and accuracy of revenue related to these funds. 	<ul style="list-style-type: none"> We will review the TVDSB's School Auditor's reports and the school's responses to the reports. We will perform substantive tests over school cash receipts.
Level of management judgement			
Specialist, Expert or Innovation Involvement	TVDSB's School Auditors		


Area of Focus (not a Significant Risk): Cut-off expenses

Fraud Risk	No	Analysis of risk	Planned audit response
Control Testing Planned	D+I	<ul style="list-style-type: none"> There is a risk that expenses reported by TVDSB are not entered in the correct period. This could cause expenses to be overstated or understated on the financial statements. 	<ul style="list-style-type: none"> We will evaluate the design and implementation of the internal controls that address this risk. We will perform substantive procedures expenses to determine that they have been recorded in the proper period.
Level of management judgement			
Specialist, Expert or Innovation Involvement	N/A		

Area of Focus (not a Significant Risk): Salaries and benefits

Fraud Risk	No	Analysis of risk	Planned audit response
Control Testing Planned	D+I	<ul style="list-style-type: none"> There is a risk that salaries and benefits reported are not valid. This could cause expenses to be overstated or understated. 	<ul style="list-style-type: none"> We will evaluate the design and implementation of the internal controls that address this risk. We will not rely on controls. We will perform substantive procedures on salaries and benefits.
Level of management judgement			
Specialist, Expert or Innovation Involvement	N/A		

Area of Focus (not a Significant Risk): OSBIE

Fraud Risk	No	Analysis of risk	Planned audit response
Control Testing Planned	D+I	<ul style="list-style-type: none"> OSBIE consolidation continues to be a topic of discussion which may impact the School Board’s financial reporting for the August 31, 2024 year end. 	<ul style="list-style-type: none"> We continue to monitor the effect, if any, of decisions relating to OSBIE consolidation at the School Board level and the impact on the School Board’s August 31, 2024 financial reporting, and will work with management to assess the work effort required. No consolidation was required for the March 31, 2024 stub period reporting, as per Ministry guidelines.
Level of management judgement			
Specialist, Expert or Innovation Involvement	N/A		

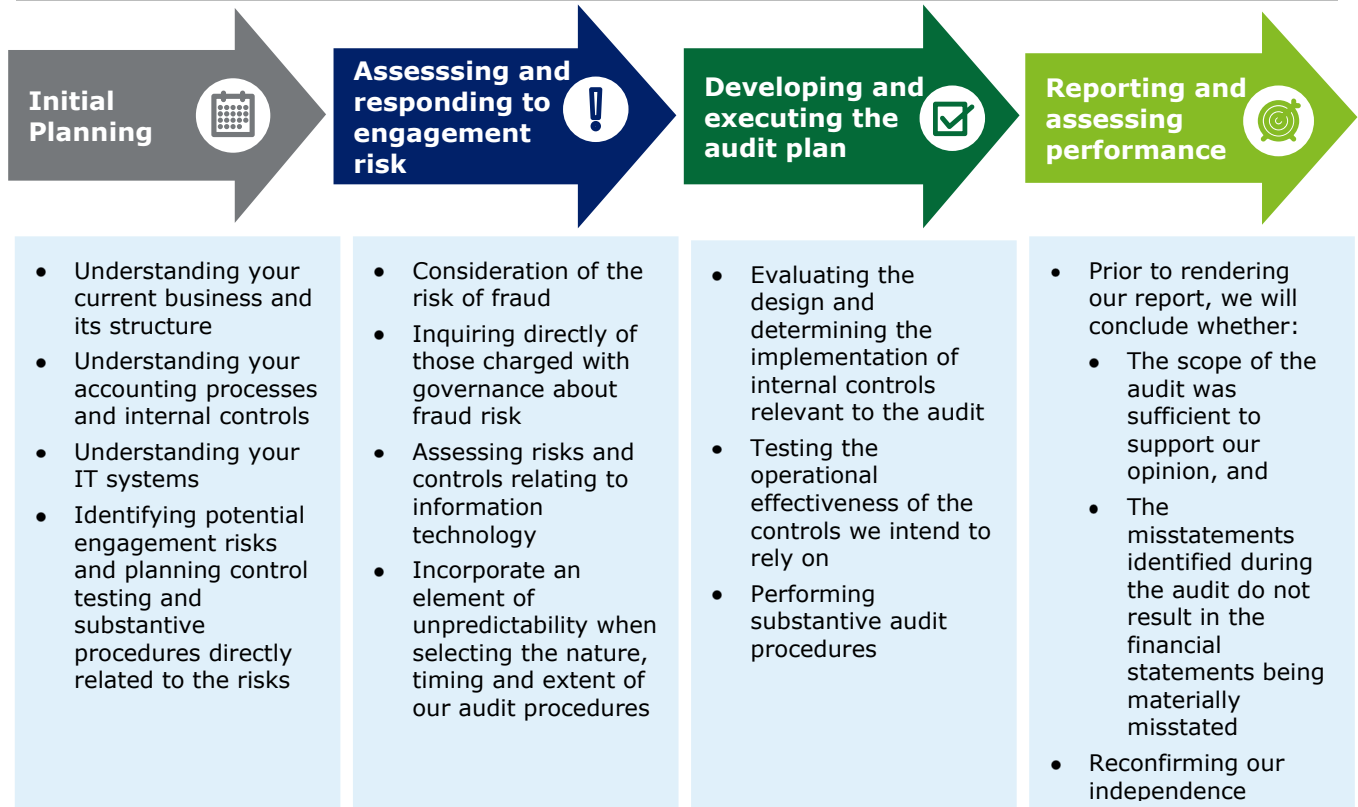
Appendix 1 – Audit approach

Deloitte’s audit approach is a systematic methodology that enables us to tailor our audit scope and plan to address the unique issues facing TVDSB.



Delivering professional excellence

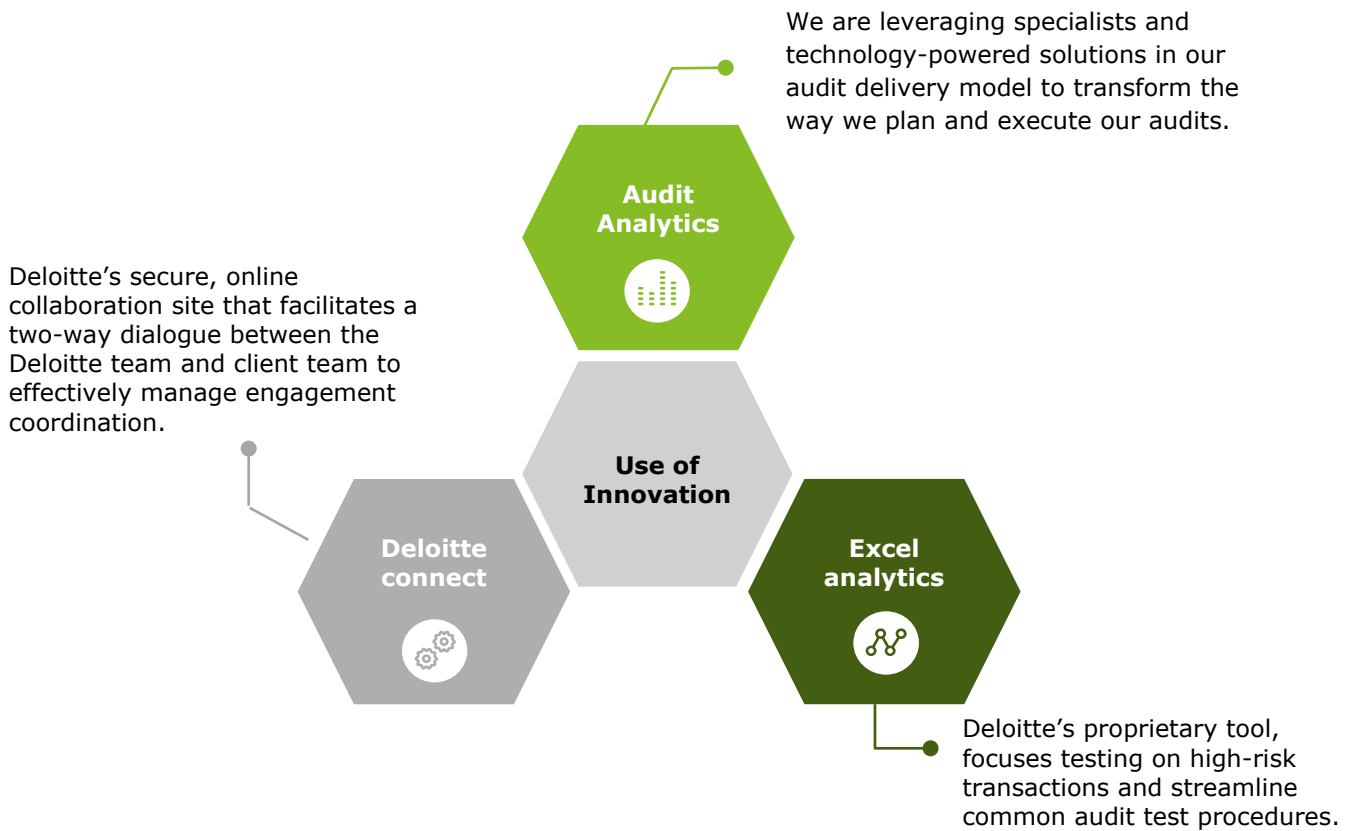
Focus area	
Risk based audit	<ul style="list-style-type: none"> Deliver a customized risk assessment, focusing our attention and resources on the audit areas that are most relevant to TVDSB.
Confidential Information	<ul style="list-style-type: none"> Protecting the privacy and confidentiality of our clients and the firm is a cornerstone of the professional standards every Deloitte partner and practitioner commits to upholding every day. Deloitte employs technical, physical, and procedural safeguards, including our Confidential Information Program, to appropriately safeguard your data before, during, and after the course of the engagement.
Professional skepticism	<ul style="list-style-type: none"> Obtain a thorough understanding of the relevant facts and information available concerning, analyze reasonable alternatives, apply a questioning mindset and challenge management’s assumptions. Perform a more rigorous review of potential contradictory evidence.



Innovating our audit approach

Focus area

Audit technology	<ul style="list-style-type: none"> • Deloitte Connect – Use Deloitte’s secure, online collaboration site to facilitate a two-way dialogue between the Deloitte team and TVDSB team to effectively manage engagement coordination and provide greater transparency allowing both management and auditor visibility over client request status. • Gen.D – Use Deloitte’s in-house generative AI tool for efficient accounting research.
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Focus area

Processes	<ul style="list-style-type: none"> • Optimizing interim - Proactively shift work forward from peak periods, including journal entry testing, to our interim visit. • Project management - Enhance project management oversight and effective communications between the audit team and management.
Audit Committee reporting	<ul style="list-style-type: none"> • Audit Committee communications – Dale Zorgdrager and Greg Bevan to meet with the Audit Committee to discuss audit approach.

Appendix 2 – Communication requirements

Required communication	Reference
Audit service plan	
1. Our responsibilities under Canadian GAAS, including forming and expressing an opinion on the financial statements	CAS ¹ 260.14
2. An overview of the overall audit strategy, addressing: <ol style="list-style-type: none"> Timing of the audit Significant risks, including fraud risks Names, locations, and planned responsibilities of other independent public accounting firms or others that perform audit procedures in the audit 	CAS 260.15
3. Significant transactions outside of the normal course of business, including related party transactions	CAS 260 App. 2, CAS 550.27
Enquiries of those charged with governance	
4. How those charged with governance exercise oversight over management's process for identifying and responding to the risk of fraud and the internal control that management has established to mitigate these risks	CAS 240.21
5. Any known suspected or alleged fraud affecting TVDSB	CAS 240.22
6. Whether TVDSB is in compliance with laws and regulations	CAS 250.15
Year-end communication	
7. Modification to our audit plan and strategy	CAS 260.A26
8. Fraud or possible fraud identified through the audit process	CAS 240.40-.42
9. Significant accounting policies, practices, unusual transactions, and our related conclusions	CAS 260.16 a.
10. Alternative treatments for accounting policies and practices that have been discussed with management during the current audit period	CAS 260.16 a.
11. Matters related to going concern	CAS 570.25
12. Management judgements and accounting estimates	CAS 260.16 a.
13. Significant difficulties, if any, encountered during the audit	CAS 260.16 b.
14. Material written communications between management and us, including management representation letters	CAS 260.16 c.
15. Circumstances that affect the form and the content of the auditor's report	CAS 260.16d.
16. Modifications to our opinion(s)	CAS 260.A21
17. Our views of significant accounting or auditing matters for which management consulted with other accountants and about which we have concerns	CAS 260.A22

¹ CAS: Canadian Auditing Standards – CAS are issued by the Auditing and Assurance Standards Board of CPA Canada

Required communication	Reference
18. Significant matters discussed with management	CAS 260.A.22
19. Matters involving non-compliance with laws and regulations that come to our attention, unless prohibited by law or regulation, including Illegal or possibly illegal acts that come to our attention	CAS 250.23
20. Significant deficiencies in internal control, if any, identified by us in the conduct of the audit of the consolidated financial statements	CAS 265
21. Uncorrected misstatements and disclosure items	CAS 450.12-13,
22. Any significant matters arising during the audit in connection with TVDSB’s related parties	CAS 550.27
23. Other Information	CAS 720

Appendix 3 – New and revised accounting and auditing standards

The following is a summary of certain new standards, amendments and proposals that will become effective in 2024 and beyond.

To review all recent amendments that will impact your organization in the foreseeable future, we invite you to review our revamped [Standard section of iasplus.com](#).

Public Sector Accounting Standards

Title	Description	Effective Date
Section PS 3160 - Public Private Partnerships	This Section establishes standards on how to account for and report on public private partnership arrangements.	Effective for fiscal years beginning on or after April 1, 2023. Earlier adoption is permitted.
Section PS 3400 - Revenue	This Section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.	Fiscal years beginning on or after April 1, 2023.
Guidelines PSG 8 – Purchased Intangibles	This new Guideline explains the scope of the intangibles now allowed to be recognized in financial statements given the removal of the recognition prohibition relating to purchased intangibles in Section PS 1000.	Fiscal years beginning on or after April 1, 2023.

Appendix 4 – Deloitte resources a click away

At Deloitte, we are devoted to excellence in the provision of professional services and advice, always focused on client service. We have developed a series of resources, which contain relevant and timely information.

Register [here](#) to receive practical insights, invitations to Deloitte events/webcasts, and newsletters via email and other electronic channels. You will be able to select business topics and industries that align with your interests.

<p>Canada’s Best Managed Companies (www.bestmanagedcompanies.ca)</p> <p>Target audience Directors and CEO/CFO</p>	<p>The Canada's Best Managed Companies designation symbolizes Canadian corporate success: companies focused on their core vision, creating stakeholder value and excelling in the global economy.</p>
<p>Centre for financial reporting (https://www.iasplus.com/en-ca/standards)</p> <p>Target audience</p> <ul style="list-style-type: none"> • Directors and CEO/CFO • Controller and Financial reporting team 	<p>Web site designed by Deloitte to provide the most comprehensive information on the web about financial reporting frameworks used in Canada.</p>
<p>Deloitte Viewpoints (https://www.iasplus.com/en-ca/tag-types/deloitte-viewpoints)</p> <p>Target audience</p> <ul style="list-style-type: none"> • CFO • Controller and Financial reporting team 	<p>Electronic communications that helps you to stay on top of standard-setting initiatives impacting financial reporting in Canada.</p>
<p>CFO's corner (https://www.iasplus.com/en-ca/cfos-corner)</p> <p>Target audience</p> <ul style="list-style-type: none"> • CFO and VP Finance • Controller and Financial reporting team 	<p>Editorial providing insights into key trends, developments, issues and challenges executives face, with a Deloitte point of view.</p>
<p>Deloitte Dbriefs (https://www.iasplus.com/en-ca/dbriefs/webcasts)</p> <p>Targeted audience</p> <ul style="list-style-type: none"> • CFO and VP Finance • Controller and Financial reporting team 	<p>Learning webcasts offered throughout the year featuring our professionals discussing critical issues that affect your business.</p> <p>Recent publications (ASPE)</p> <ul style="list-style-type: none"> • Revenue (Jan 13, 2020) • Accounting for shares issued in tax planning arrangements (ROMRS) (Dec, 18, 2019) • Agriculture (Dec 18, 2019)