UPPER GRAND DISTRICT SCHOOL BOARD

500 Victoria Road North
Guelph, Ontario

Audit Committee Meeting

Tuesday, September 22, 2026 • 5:00pm
Committee Room 7 and Microsoft Teams

AGENDA

1. **Call to Order**
2. **Land Acknowledgment**
3. **Approval of Agenda**
4. **Declarations of Conflict of Interest – Form (Form Attached)**
5. **Approve Minutes of June 16, 2026 – Open Session (Minutes Attached)**
6. **External Auditors, KPMG (Materials Attached)**
   - 6.1 Audit Planning Report
7. **Regional Internal Audit Team (Materials Attached)**
   - 7.1 Regional Internal Audit Status Report
   - 7.2 West of Central Regional Internal Audit Team Annual Report 2025-26
   - 7.3 Appendix E – Limited Scope External Quality Assessment (EQA)
8. **Terms of Reference - Review**
9. **Dates of Future Meetings:**
   - November 10, 2026
   - March 23, 2027
   - June 15, 2027
10. **Other Business**
11. **Move to Audit Meeting Closed Session**
12. **Adjournment**

Declaration to the Chair of the Audit Committee of the Upper Grand District School Board by a Member of the Audit Committee as to Whether or Not the Member has a Conflict of Interest

1.) This Declaration applies to:
(check one)

☐ **a) my initial appointment to the Audit Committee;**

☐ **b) the first Committee meeting of the Audit Committee for the fiscal year September 1st 2026- August 31st 2027;**

☐ **c) any other time during my appointment.**

2.) I _____, declare that I do not have a conflict of interest as
(name of member)
defined by Subsection 4(2) of O. Reg 361/10, *Education Act,* RSO 1990 C.E-2.
(strike out if inapplicable)

3.) I _____, declare that I have a conflict of interest as defined
(name of member)
by Subsection 4(2) of O. Reg 361/10, *Education Act*, RSO 1990 C.E-2 because one or more of my: parent(s), child(ren)or spouse is/are employed by the Board at this time.
(strike out if inapplicable)

Dated at Guelph, Ontario this 22nd day of September, 2026.

_____
Audit Committee Member

Note: Subsection 4(2) O. Reg 361/10, *Education Act,* RSO 1990 C.E-2 states:

For the purposes of clause (1) (c), a person has a conflict of interest if his or her parent, child or spouse is employed by the board. O. Reg. 361/10, s. 4 (2).

UPPER GRAND DISTRICT SCHOOL BOARD

Audit Committee Meeting
Tuesday, June 16, 2026
MINUTES

The Audit Committee met in regular session this 16th day of June 2026, in Committee Room 7 at the Upper Grand District School Board in Guelph, in person and virtually via Teams, commencing at 5:02 p.m.

Present: Members
- Ralf Mesenbrink (Chair)
- Irene Hanenberg
- Martha MacNeil
- Mark Gilroy
- Ryan Delisle

Absent:
- None

Other Trustees Present:
- None

Administration Present:
- Peter Sovran, Chief Executive Officer
- Scott Keys, Chief Financial Officer

Guest:
- Andrea Eltherington, Regional Internal Audit Manager

1. Call to Order

Chair Mesenbrink presided and called the meeting to order.

2. Land Acknowledgment

Trustee Mesenbrink recognized that the Upper Grand District School Board is situated on the ancestral, treaty and title lands of two Anishinaabek Ojibwe Nations: the Michi Saagig of the Credit and the Saugeen Ojibway Nation. This land also includes a specified tract of land granted to the Six Nations of the Grand River. These Nations hold legal and specific rights in their respective territories. This area has been and continues to be home for Indigenous Peoples and non-Indigenous peoples.

3. Approval of Agenda

Moved by Mark Gilroy

That the Audit Committee agenda of June 16, 2026, be approved as presented.

CARRIED

4. Declarations of Conflict of Interest

No declarations of conflict of interest were declared.

5. Delegations

There were no delegations.

6. Minutes of December 2, 2025

Moved by Mark Gilroy

That the minutes of the December 2, 2025 Audit Committee, be approved.

CARRIED

7. Discussion Items

7.1 Regional Internal Audit Status Report

Andrea Eltherington, Regional Internal Audit Manager, presented a status report update of the Regional Internal Audit Team's (RIAT) work since November 18, 2025.

Moved by Mark Gilroy

That the Regional Internal Audit Status Report, be received.

CARRIED

7.2 2026-2027 Audit Plan

Andrea Eltherington, Regional Internal Audit Manager, presented the 2026-27 Internal Audit Plan Report, providing information on the audit projects proposed for inclusion in the 2026-2027 internal audit plan.

Moved by Trustee MacNeil

That the 2026-2027 Internal Audit Plan Report, be received.

CARRIED

7.3 Interim Financial Position

Chief Executive Officer Peter Sovran noted that following the completion of the financial statements and audit process, a more detailed review of the 2025-2026 estimates was undertaken, resulting in a comprehensive review of the Board's financial analysis processes. The interim financial position presented reflects the work completed through the enhanced analysis and aligns with the revised estimates submitted to the Ministry.

Moved by Mark Gilroy

That the verbal report respecting Interim Financial Position be received.

CARRIED

8. Closed Session

Pursuant to Section 207(2) of the *Education Act* a meeting of a committee of a board, including a committee of the whole, may be closed to the public when the subject-matter under consideration involves matters set out in 207(2)(a)-(e) of the *Education Act*.

Moved by Ryan Delisle

That the Audit Committee now convene in closed session.

CARRIED

The meeting convened in closed session at 5:33 p.m.

9. Adjournment

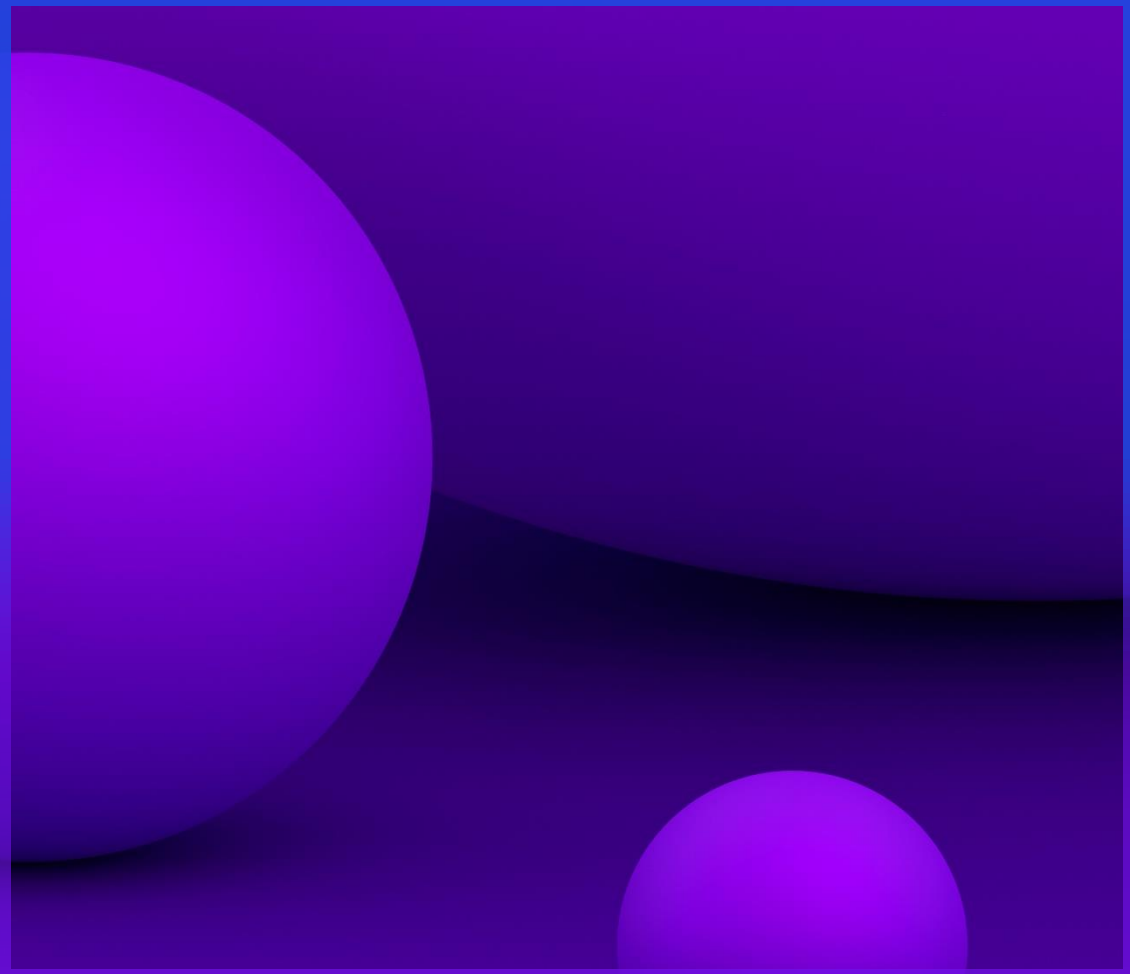
Moved by Ryan Delisle

That this meeting be adjourned.

CARRIED

The meeting adjourned at 6:44 p.m.

Upper Grand District School Board



OPEN SESSION

Audit Planning Report for the year ending August 31, 2026

KPMG LLP

Prepared as of August 31, 2026, for presentation to the Audit Committee on September 22, 2026

kpmg.ca/audit

KPMG contacts

Key contacts in connection with this engagement



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The purpose of this report is to assist you, as a member of the Audit Committee , in your review of the plan for our audit of the consolidated financial statements. This report is intended solely for the information and use of Management, the Audit Committee, and the Board of Trustees and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report to the Audit Committee has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Digital use information

This Audit Planning Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.

Click on any item in the table of contents to navigate to that section.

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Audit highlights

No matters to report Matters to report – see link for details

Scope

Our audit of the consolidated financial statements ("financial statements") of Upper Grand District School Board (the "School Board") as of and for the year ending August 31, 2026, will be performed in accordance with Canadian generally accepted auditing standards.

Engagement Letter

Audit strategy

Materiality for the group $9,000,000

Materiality for the Trust Fund $13,000

Involvement of others

Newly effective accounting standards

Accounting standards

- There are upcoming changes to accounting standards.
- We do anticipate that these changes will impact the School Board's financial statements and accordingly, our audit of the School Board.

Newly effective auditing standards

Auditing standards

- There are newly effective and upcoming changes to auditing standards to bring to your attention.

Risk assessment

Risk of management override of controls

Presumed risk of fraudulent revenue recognition

- This is a rebuttable significant risk. We have not identified any risk of material misstatement resulting from fraudulent revenue recognition.

Other significant risks

Other risks of material misstatement

Audit strategy - Group audit

Total	Total assets	Total revenue
Total tested	99%	96%

Involvement of non-KPMG firms

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Updates to our prior year audit plan

New significant risks

No new significant financial reporting risks identified.

Other significant changes

Future accounting standards

There are no changes to the accounting standards impacting the fiscal 2026 audit. Refer to Appendix C for future changes in accounting standards.

Current developments

Newly effective auditing standards

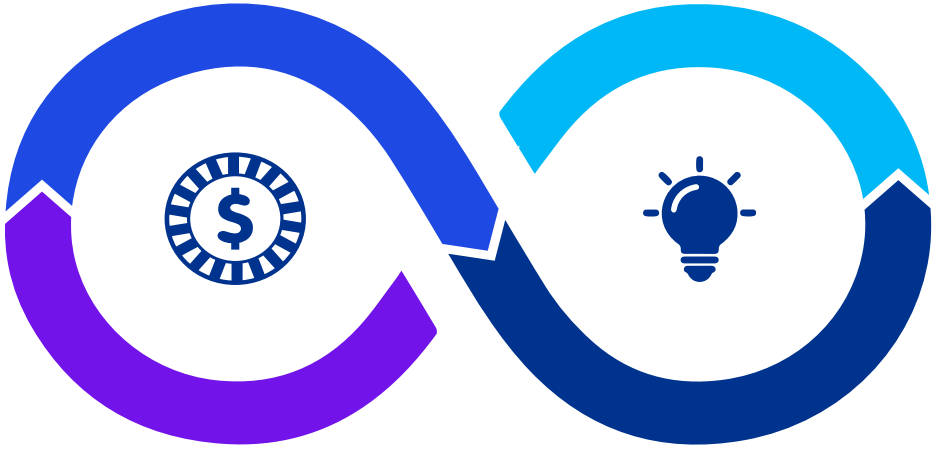
Refer to Appendix D for new standards impacting the fiscal 2026 audit.

Newly effective auditing standards



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Materiality



We ***initially determine materiality*** at a level at which we consider that misstatements could reasonably be expected to influence the economic decisions of users. Determining materiality is a matter of ***professional judgment***, considering both quantitative and qualitative factors, and is affected by our perception of the common financial information needs of users of the financial statements as a group. We do not consider the possible effect of misstatements on specific individual users, whose needs may vary widely.

We ***reassess materiality*** throughout the audit and revise materiality if we become aware of information that would have caused us to determine a different materiality level initially.

Plan and perform the audit

We ***initially determine materiality*** to provide a basis for:

- Determining the nature, timing and extent of risk assessment procedures;
- Identifying and assessing the risks of material misstatement; and
- Determining the nature, timing, and extent of further audit procedures.

We design our procedures to detect misstatements at a level less than materiality in individual accounts and disclosures, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Evaluate the effect of misstatements

We also ***use materiality*** to evaluate the effect of:

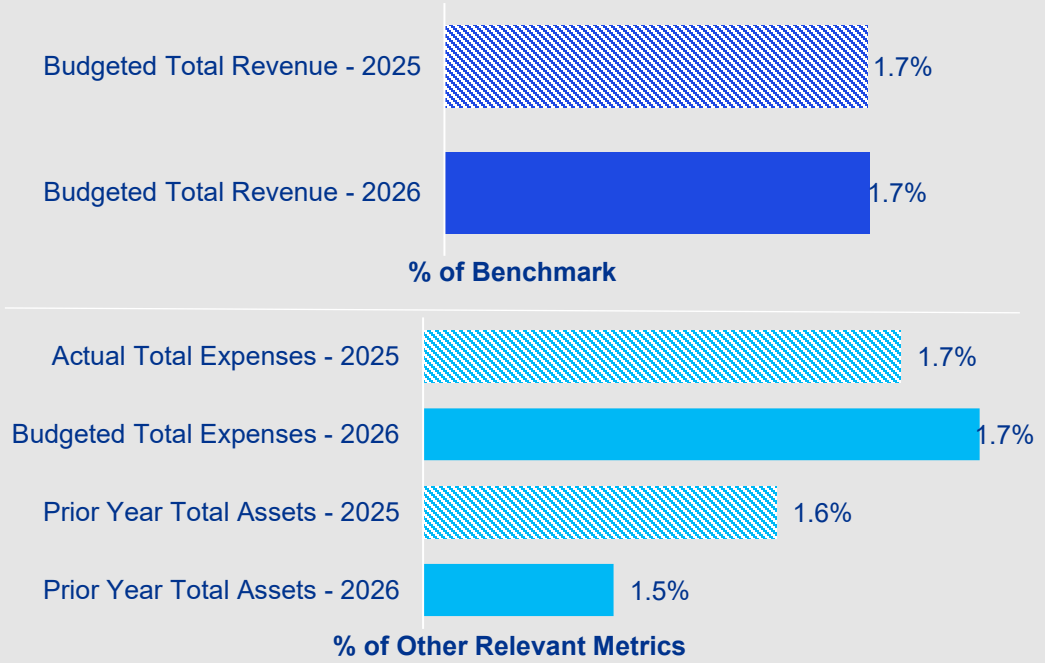
- Identified misstatements on our audit; and
- Uncorrected misstatements, if any, on the financial statements and in forming our opinion.

KPMG

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Initial materiality – Group

Materiality
$9,000,000
(2025: $9,100,000)



Budgeted Total Revenue
$525 Mil
(2025 actual : $534 Mil)

Budgeted Total Expenses
$525 Mil
(2025 actual: $545 Mil)

Prior Year Total Assets (actual)
$597 Mil
(2024 : $569 Mil)

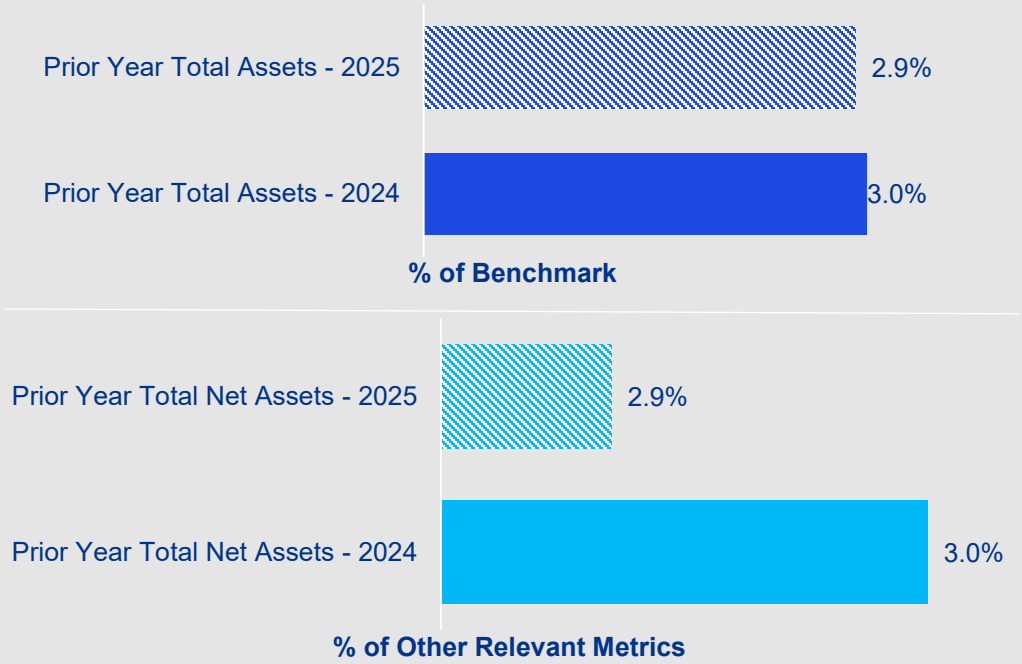
Component Materiality

School Board
$8,900,000
(2025: $9,000,000)

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Initial materiality – Trust Fund

Materiality
$13,000
(2025: $14,000)



Prior Year Total Assets
$445,000
(2024 : $467,000)

Prior Year Total Net Assets
$445,000
(2024 : $467,000)

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Involvement of others

The following parties are involved in the audit of the financial statements:

Involved party	Nature and extent of planned involvement
Management's specialist – SBCI	SBCI prepares the Employee Future Benefits Accounting Actuarial Valuation Report as at year end in accordance with Sections 3250 and 3255 of the Chartered Professional Accountants of Canada Public Sector Accounting Handbook. KPMG will assess the competence and capabilities of the expert, along with the assumptions used in the report. KPMG will rely on the report prepared by SBCI.
Management's specialist – HCI Consulting Inc.	HCI Consulting Inc. prepares an evaluation of payroll and employee related liabilities. KPMG will assess the competence and capabilities of the expert, along with any significant assumptions used in the report. KPMG will rely on the report prepared by HCI Consulting Inc.

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Group audit – Scoping

We respond to identified and assessed risks of material misstatement to the group by performing further audit procedures.

Further audit procedures to be performed by:	Total assets	Total revenue
Upper Grand District School Board	99%	96%
Total tested	**99%**	**96%**
Not subject to further audit procedures (i.e. untested for group audit) -Service de Transport de Wellington Dufferin Student Transportation Services	1%	4%
Total consolidated	**100%**	**100%**

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Total group auditor

Components of the Group where further audit procedures are planned to be performed by the Group Auditor	Subject to further audit procedures	
Component	Total assets*	Total revenue*
Upper Grand District School Board, unconsolidated - Includes school generated funds	$568,382,622	$528,463,542
Service de Transport de Wellington Dufferin Student Transportation Services	$nil	$nil
Total for Group Auditor ($)	$568,382,622	$528,463,542
Total for Group Auditor (%)	99%	96%

**Based on F2025 balances*

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Risk assessment summary

Our planning begins with an assessment of risks of material misstatement in your financial statements.

We draw upon our understanding of the School Board and its environment (e.g. the industry, the wider economic environment in which the business operates, etc.), our understanding of the School Board's components of its system of internal control, including our business process understanding.

		Risk of fraud	Risk of error	PY risk rating
●	Management Override of Controls	✓		Significant
●	Asset retirement obligations		✓	Base
●	Provincial grant revenue and deferred revenue		✓	Base
●	Other revenue		✓	Base
●	Tangible capital assets and deferred capital contributions		✓	Base
●	Salary, wages and employee benefits		✓	Base
●	Accounts payable and accrued liabilities and expenses		✓	Base
●	Cash and school activity funds		✓	Base
●	Long-term debt and interest expense		✓	Base

● SIGNIFICANT RISK ● PRESUMED RISK OF MATERIAL MISSTATEMENT ● OTHER RISK OF MATERIAL MISTATEMENT



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Significant risks

Management Override of Controls (non-rebuttable significant risk of material misstatement)

RISK OF FRAUD

Presumption of the risk of fraud resulting from management override of controls

Why is it significant?

Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.

Our planned response

As this presumed risk of material misstatement due to fraud is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- testing of journal entries and other adjustments,
- performing a retrospective review of estimates
- evaluating the business rationale of significant unusual transactions.

We also make enquiries of senior management personnel and the Audit Committee related to their awareness of fraud risk factors of the organization and whether the organization is currently dealing with any suspected, alleged or known fraudulent activity.

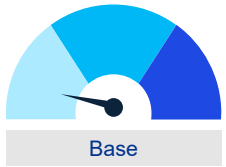
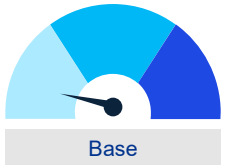
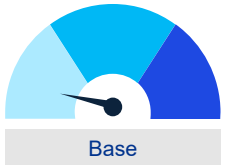
Advanced technologies

Our **KPMG Clara Journal Entry Analysis Tool** assists in the performance of detailed journal entry testing based on engagement-specific risk identification and circumstances. Our tool provides auto-generated journal entry population statistics and focusses our audit effort on journal entries that are riskier in nature.

Click to learn more

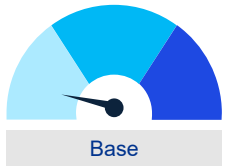
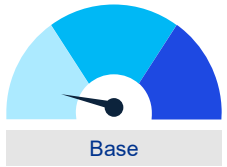
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Other risks of material misstatement

Areas	Level of risk due to error	Our planned response
Asset retirement obligations (ARO)		• Obtain an understanding of the approach taken by Management to update in-scope ARO and identify new ARO, as appropriate. • Perform substantive testing over significant changes to in-scope ARO during the year, if any. • Review financial statement note disclosure in accordance with PSAS.
Provincial grant revenue and deferred revenue		• Update our understanding of the activities over the initiation, authorization, processing, recording and reporting of transactions within this process. • Perform substantive testing, including confirming student focused grant funding with the province, performing substantive analytical procedures or tests of details over select programs for other government grants and vouching significant deferred contributions to supporting documentation. • Review financial statement note disclosures in accordance with Public Sector Accounting Standards (PSAS).
Other revenue		• Update our understanding of the activities over the initiation, authorization, processing, recording and reporting of transactions within this process. • Perform substantive procedures over other revenue, as required. • Obtain and perform an assessment over management's memo on the impact of the new revenue standard. • Review financial statement note disclosure in accordance with PSAS.

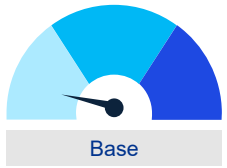
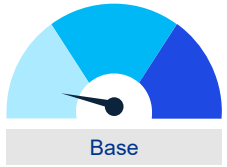
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Other risks of material misstatement

Areas	Level of risk due to error	Our planned response
Tangible capital assets and deferred capital contributions	 Base	• Update our understanding of the activities over the initiation, authorization, processing, recording and reporting of transactions within this process. • Perform substantive testing over capital additions, including the determination of when capital expenditures are transferred from capital in progress and amortization begins. • Review management's determination of the useful lives of capital assets and the related amortization rates and evaluate the recognition of any amounts of deferred revenue for capital expenditures to ensure that recognition is appropriate. • Review financial statement note disclosure in accordance with PSAS.
Salary, wages and employee benefits	 Base	• Update our understanding of the activities over the initiation, authorization, processing, recording and reporting of transactions within this process. • Perform substantive procedures over salaries, wages and benefits expense, including attribute test over completeness, accuracy and validity of the payroll register. • Obtain collective agreements ratified during the year, if any. Assess significant accruals relating to outstanding collective agreements as necessary. • Perform substantive procedures, over employee future benefits and payroll related accruals including review of assumptions, as well as assess and rely on management's experts. • Review financial statement note disclosure in accordance with PSAS.

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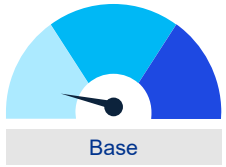
Other risks of material misstatement

Areas	Level of risk due to error	Our planned response
Cash and school activity funds		• Update our understanding of the activities over the initiation, authorization, processing, recording and reporting of transactions within this process. • Confirmation with third parties for cash and bank balances. • Review of bank reconciliations and agree significant reconciling items to supporting documentation. • Testing of a sample of school fund bank accounts. • Review financial statement note disclosure in accordance with PSAS.
Long-term debt Interest expense		• Update our understanding of the activities over the initiation, authorization, processing, recording and reporting of transactions within this process. • Confirmation of debt balances with third parties. • Reasonability of interest expense on long-term debt including the interest accrual at year end. • Review financial statement note disclosure in accordance with PSAS.

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Other risks of material misstatement

Areas	Level of risk due to error	Our planned response

Accounts payable and accrued liabilities and expenses	 Base	• Update our understanding of the activities over the initiation, authorization, processing, recording and reporting of transactions within this process.
		• Agree significant accruals to supporting documentation.
		• Perform a search for unrecorded liabilities.
		• Perform substantive analytical procedures and substantive test of details over non-payroll expenses
		• With regards to contingent liabilities:
		  ◦ Update our understanding of management's process for identifying contingent liabilities, including legal accruals.
		  ◦ Obtain corroborative evidence to support management's assumptions, where possible.
		  ◦ Send legal letters to external legal counsel, review the School Board meeting minutes and make inquiries of management to identify any potential unrecorded liabilities.
		  ◦ Review financial statement note disclosure in accordance with PSAS.

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Required inquiries of the audit committee



Inquiries regarding risk assessment, including fraud risks

- What are the Audit Committee's views about fraud risks, including management override of controls, in the School Board? And have you taken any actions to respond to any identified fraud risks?
- Is the Audit Committee aware of, or has the Audit Committee identified, any instances of actual, suspected, or alleged fraud, including misconduct or unethical behavior related to financial reporting or misappropriation of assets?
  - If so, have the instances been appropriately addressed and how have they been addressed?
- How does the Audit Committee exercise oversight over management's assessment of fraud risk and the establishment of controls to address/mitigate fraud risks?
- Is the Audit Committee aware of any instances of actual or possible violations of laws and regulations, including illegal acts (irrespective of materiality threshold)?
- Is the Audit Committee aware of any correspondence with regulators or licensing authorities?
- Is the Audit Committee aware of any additional matters relevant to the audit?



Inquiries regarding School Board's processes

- Is the Audit Committee aware of or have they received tips or complaints regarding the School Board's financial reporting (including those received through the Audit Committee's internal whistleblower program, if such programs exist)? If so, what was the Audit Committee's responses to such tips and complaints?
- Has the School Board complied with all covenants during the financial statement period and before the date of the auditor's report?
- Have there been any events of default during the financial statement period and before the dates of the auditor's report?



Inquires regarding related parties and significant unusual transactions

- Is the Audit Committee aware of any instances where the School Board entered into any significant unusual transactions?
- What is the Audit Committee's understanding of the School Board's relationships and transactions with related parties that are significant to the School Board?
- Is the Audit Committee concerned regarding relationships or transactions with related parties? If so, what is the substance of those concerns?

KPMG

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Key milestones and deliverables

August 2026

Planning & Risk Assessment

- Debrief prior year with management
- Kick-off with management
- Planning and initial risk assessment procedures, including:
  - Involvement of others
  - Identification and assessment of risks of misstatements and planned audit response for certain processes
- Obtain and update an understanding of the School Board and its environment
- Inquire of management and others within the School Board about risks of material misstatement

August/September 2026

Risk assessment & Interim work

- Evaluate the School Board's components of internal control, other than the control activities component
- Complete group audit scoping
- Perform process walkthroughs for business processes
- Identify process risk points for business processes
- Complete initial risk assessment
- Identify IT applications and environments
- Evaluate design and implementation of controls for business processes (control activity component)
- Perform TOE of controls for certain
- Perform interim substantive audit procedures
- Inquire of the Audit Committee, about risks of material misstatement

October - November 2026

Final Fieldwork & Reporting

- Complete year-end data extraction and processing activities
- Complete TOE for remaining controls
- Perform remaining substantive audit procedures
- Evaluate results of audit procedures, including control deficiencies and audit misstatements identified
- Review financial statement disclosures
- Present audit results to the Audit Committee and perform required communications
- Issue audit reports on financial statements of the School Board and Trust Funds
- Closing meeting with management

KPMG

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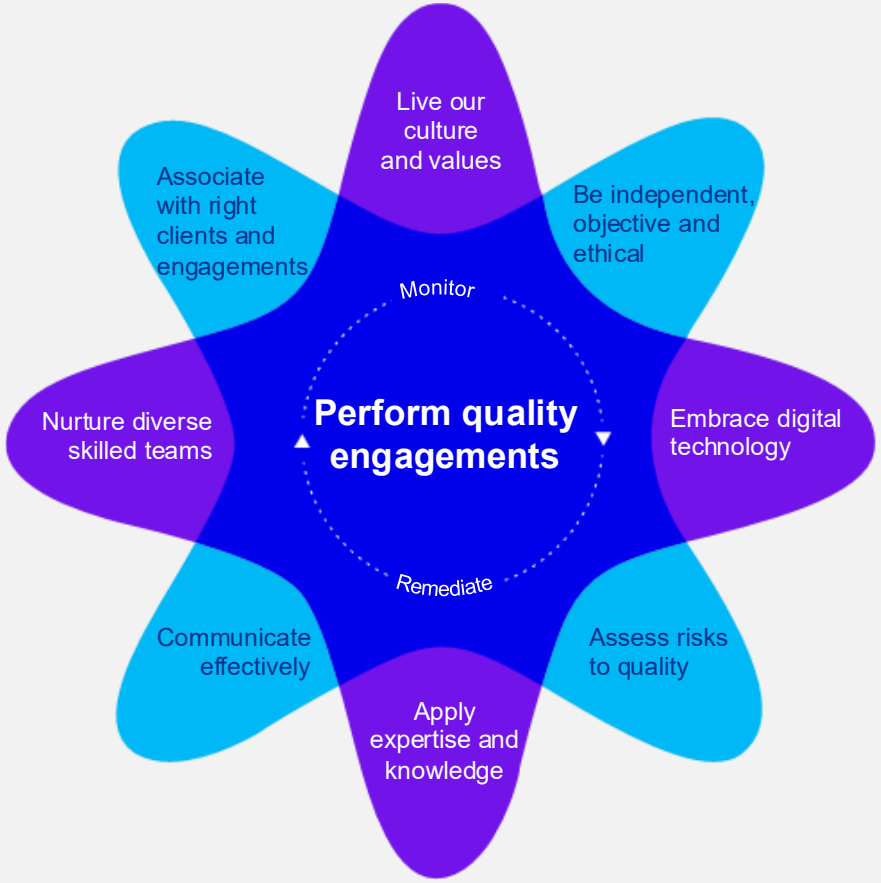
How do we deliver audit quality?

Quality essentially means doing the right thing and remains our highest priority.

We have strengthened the consistency and robustness of our system of quality management to meet the requirements of ISQM 1 (CSQM 1), issued by the International Audit and Assurance Standards Board. Foundational for quality management, KPMG's globally consistent approach to ISQM 1 drives compliance with the standard and our efforts to strengthen trust and transparency with clients, the capital markets and the public we serve.

Aligned with ISQM 1 (CSQM 1), our SoQM meets the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements.

Our **Global Quality Framework** outlines how we deliver quality and how every KPMG professional contributes to its delivery.



Doing the right thing. Always.

- **'Perform quality engagements'** sits at the core, along with our commitment to continually monitor and remediate to fulfil our quality drivers.
- Our **quality value drivers** are the cornerstones to our approach underpinned by the **supporting drivers** and give clear direction to encourage the right behaviours in delivering audit quality.

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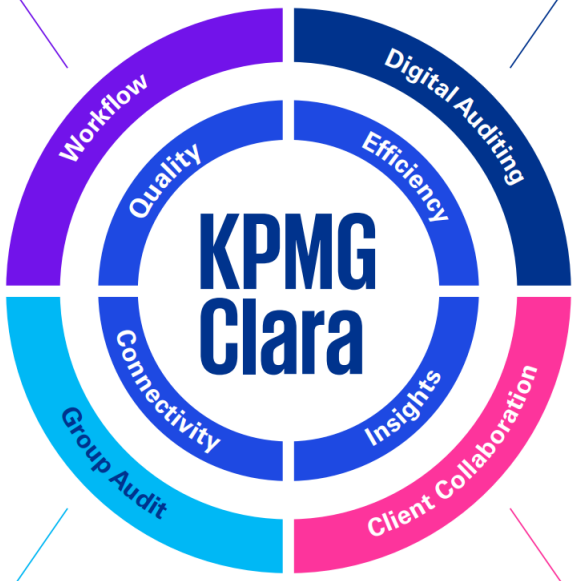
The KPMG Audit

Globally consistent audit and assurance methodology and tools

As a scalable, intuitive cloud-based platform, KPMG Clara is driving globally consistent execution across all KPMG member firms. It enables delivery of KPMG audit and assurance methodologies through data-enabled workflows, which align with the applicable audit and assurance standards and provide an improved experience to audit and assurance professionals.

- Data and AI-driven
- Audit & Assurance including ESG
- Global, risk-based methodology

- "Risk-to-response" analytics
- Gen AI integration
- Search knowledge base



- Enhanced two-way communication
- Tailored scoping
- Group audit connectivity

- Real-time alerts and task tracking
- Interaction with audit team
- Access to insights

- Methodology aligned with professional standards, laws and regulations
- Standardised methodology and guidance
- Deep technical expertise and knowledge
- Quality and risk management policies

- Meeting the applicable standards, including International Standards on Auditing (ISA), standards issued by the Public Company Accounting Oversight Board (PCAOB) and the American Institute of CPAs (AICPA) – supplemented by KPMG firms to comply with additional local auditing standards and regulatory or statutory requirements.
- Identifying risks of material misstatements and the necessary audit response.

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Indicators of audit quality (AQIs)

The objective of these measures is to provide more in-depth information about factors that influence audit quality within an audit process. Below are the AQIs that we have agreed with management are relevant for the audit. We would like to obtain agreement of the Audit Committee that these are the relevant AQIs.

We will communicate the status of the below AQIs on an annual basis.

Team composition

Experience of the team

- Role – number of years experience in the industry, number of years on this engagement

Technology in the audit

Implementation of Technology in the Audit

- Increase in use of technology in the audit year over year

Timing of prepared by client (PBC) items

Timeliness of PBC items

- Number of timely and overdue items received by the audit team.

Quality reviews

Results of internal and external reviews

- Number and nature of findings specific to the audit engagement

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Independence: Shared responsibilities

Auditor independence is a shared responsibility and most effective when management, audit committees, and audit firms work together in considering compliance with relevant independence rules. In order for KPMG to fulfill its professional responsibility to maintain and monitor independence, management, the audit committee, and KPMG each play an important role. We apply the following ethical requirements, including independence requirements, in:

- the rules of professional conduct / code of ethics applicable to the practice of public accounting issued by various professional accounting bodies in Canada("CPA code") that are relevant to audits of financial statements of reporting issuers; and
- the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA independence rule") that are relevant to audits of financial statements of public interest entities.



The firm maintains a system of quality control over compliance with independence rules and firm policies. Timely information before the effective date of transactions or other business changes is necessary to effectively maintain the firm's independence in relation to:

- New related entities
- Any former KPMG professional who are directors, officers, or employee in a position to exert significant influence over the preparation of the client's accounting records or the financial statements.



- The CPA Code and IESBA independence rules require the audit committee to pre-approve all audit and permitted non-audit services to be provided by the auditor.
- IESBA also has requirements to obtain the audit committee's concurrence with the provision of non-assurance services and the auditor's conclusion on the impact to independence.



- We are required report to the audit committee all relationships that may reasonably be thought to bear on our independence, including fees charged, and discuss the potential effects of such relationships on our independence. We are also required report to the related safeguards that have been applied, as applicable, to eliminate identified threats to independence or reduce them to an acceptable level.
- This communication will be provided during our year-end communications.

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Appendices

A Engagement letters

B Regulatory communications

C New accounting standards

D New auditing standards

E Insights

F Technology



Appendix A: Engagement letters

The following engagement letters will be presented to the Audit Committee in the closed session:

- Audit of the consolidated annual financial statements of Upper Grand District School Board for the year ended August 31, 2026
- Audit of the annual financial statements of Upper Grand District School Board Trust Funds for the year ended August 31, 2026
- Audit of the schedule of revenue and expenditures of the Adult Language Training Program (ESL) for the year ended August 31, 2026

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Appendix B: Regulatory communications



CPAB communication protocol

CPAB Communications Protocol

The reports available through the following links were published by the Canadian Public Accountability Board (CPAB) to inform Audit Committees and other stakeholders about the results of quality inspections conducted over the past year:

- CPAB Audit Quality Insights Report: 2024 Interim Inspections Results
- CPAB Regulatory Oversight Report: 2024 Annual Inspections Results
- CPAB Audit Quality Insights Report: 2025 Interim Inspections Results
- CPAB Regulatory Oversight Report: 2025 Annual Inspections Results

CPAB Public Inspection Report

The report available through the following link was published by CPAB and includes firm specific inspection results:

- 2025 Public Inspection Report - KPMG LLP

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Appendix C: Changes in accounting standards

Standard	Summary and implications
Concepts Underlying Financial Performance	• The revised Conceptual Framework is effective for fiscal years beginning on or after April 1, 2026 with early adoption permitted. • The framework provides the core concepts and objectives underlying Canadian public sector accounting standards. • The ten chapter conceptual framework defines and elaborates on the characteristics of public sector entities and their financial reporting objectives. Additional information is provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts are introduced.

Financial Statement Presentation	• The proposed section PS 1202 *Financial statement presentation* will replace the current section PS 1201 *Financial statement presentation*. PS 1202 *Financial statement presentation* will apply to fiscal years beginning on or after April 1, 2026 to coincide with the adoption of the revised conceptual framework. Early adoption is permitted.
	• The proposed section includes the following:
	  • Relocation of the net debt indicator to its own statement called the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained.
	  • Separating liabilities into financial liabilities and non-financial liabilities.
	  • Restructuring the statement of financial position to present total assets followed by total liabilities.
	  • Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities).
	  • Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called “accumulated other”.
	  • A new provision whereby an entity can use an amended budget in certain circumstances.
	  • Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position.

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Appendix C: Changes in accounting standards (continued)

Standard	Summary and implications

Employee Benefits	• The Public Sector Accounting Board has issued proposed new standard PS 3251 *Employee benefits* which would replace the current sections PS 3250 *Retirement benefits* and PS 3255 *Post-employment benefits, compensated absences and termination benefits*.
	• After evaluating comments received about the July 2021 exposure draft, a new re-exposure draft was released in October 2024. The re-exposure draft continues to use principles from International Public Sector Accounting Standard 39 *Employee benefits* as a starting point to develop the Canadian standard.
	• The proposed standard would result in public sector entities recognizing the impact of revaluations of the net defined benefit liability (asset) immediately on the statement of financial position.
	• The re-exposure draft also proposes that fully funded post-employment benefit plans use a discount rate based on the expected market-based return of plan assets and unfunded plans use a discount rate based on the market yield of government bonds, high-quality corporate bonds or another appropriate financial instrument. A simplified approach to determining a plan's funding status is provided.
	• For most other topics, the re-exposure draft is consistent with the original exposure draft. A few exceptions are:
	  • Deferral provisions – Remeasurement gains and losses will be presented as part of accumulated remeasurement gains and losses.
	  • Valuation of plan assets – Public sector entities may continue to recognize non-transferable financial instruments that meet the definition of plan assets under existing PS 3250 guidance.
	  • Joint defined benefit plans – Defined benefit accounting will be used for measurement of the proportionate share of the plan, instead of previously proposed multi-employer plan accounting which was based on defined contribution plan concepts.
	  • Disclosure of other long-term employee benefits and termination benefits – The re-exposure draft does not include prescriptive disclosure requirements for other long-term employee benefits and termination benefits.
	• The proposed section PS 3251 *Employee benefits* will apply to fiscal years beginning on or after April 1, 2029. Early adoption will be permitted and guidance applied retroactively, with or without prior period restatement.
	• Comments on the re-exposure draft were due on January 20, 2025. The re-exposure draft can be viewed at the following link: Click here

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Appendix C: Changes in accounting standards (continued)

Standard	Summary and implications
Intangible assets	• The Public Sector Accounting Standards Board has issued proposed new standard PS 3155 *Intangible Assets* which would replace Public Sector Guideline 8 *Purchased Intangibles*. The new standard would be effective for fiscal years beginning on or after April 1, 2030 with early adoption permitted. • The standard will include foundational guidance on acquired and internally generated intangibles. It excludes intangible assets addressed in other public sector accounting standards and other intangible items such as exploration and extraction costs for non-renewable resources or intangible assets related to insurance contracts. • The definition of "intangible assets" requires an intangible resource to be separate and identifiable from goodwill. It also requires that the entity has control over the intangible resource, future economic benefits flow from the intangible resource, and the intangible resource is the result of a past transaction and/or other events. • An intangible resource is recognized when it meets the definition of an intangible asset and the asset's cost can be measured in a faithfully representative way. The generation of the asset is classified into a research phase and a development phase. Expenditures from the research phase of an internally generated project are expensed. An intangible asset arising from the development phase can be recognized if it meets certain requirements. • Intangible assets are initially measured at cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses. Intangible assets acquired through a non-exchange transaction are measured at fair value as of the date it is acquired. • Comments on the exposure draft are due on May 30, 2025. The exposure draft can be viewed at the following link: Click here
Cloud computing arrangements	• As part of its intangible assets project, the Public Sector Accounting Standards Board is also developing guidance on cloud computing arrangements. To ensure the development of this accounting guidance reflects current practices and needs, a survey has been launched to gather insights. The survey will inform the Public Sector Accounting Board about the types of cloud computing arrangements being encountered, magnitude of costs, key arrangement terms, current accounting policies and unique challenges in practice. • We encourage all entities to complete the survey by May 30, 2025, which is at the following link: Click here

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Appendix D: Fiscal 2026 auditing standard changes

Effective for periods beginning on or after December 15, 2024 (applicable for year ended August 31, 2026)

ISA 260/CAS 260

Communications with those charged with governance

Summary of Changes:

New requirements for the auditor to communicate:

- about the relevant ethical requirements, including those related to independence, that the auditor applied to the audit of the financial statements; and
- any enhanced independence requirement that the auditor applied specific to the audit of financial statements of certain entities.

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Appendix D: Future auditing requirements

Effective for periods beginning on or *after* December 15, 2026 (August 31, 2028)

ISA 570/CAS 570 (Revised)

Going Concern

Summary of Changes:

- Strengthens the auditor's risk assessment including identifying events or conditions before any related mitigating factors included in management's plans for future actions;
- Strengthens the evaluation of the period of management's going concern assessment, which includes changing the period of assessment to at least 12 months from the date of approval of the financial statements;
- Enhances the evaluation of management's going concern assessment and adequacy of disclosures, which includes evaluating the appropriateness of methods, significant assumptions and data used by management in their assessment, the adequacy of disclosures in the financial statements and whether judgements/decisions made by management are indicators of management bias; and
- Going concern section in the auditor's report now describes how the auditor evaluated management's assessment of the entity's ability to continue as a going concern when a material uncertainty exists or significant judgments were made in concluding no material uncertainty exists.

ISA 240/CAS 240 (Revised)

The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements

Summary of Changes:

- Clarifies the auditor's responsibilities including reinforcing the importance of appropriately exercising professional skepticism throughout the audit;
- Promotes consistent behaviour including when performing risk assessment procedures to identify and assess a risk of material misstatement due to fraud – this includes obtaining an understanding of the entity's program for reporting fraud (e.g. a whistleblower program);
- Promotes effective responses to identified risks of material misstatement due to fraud, including understanding whether the entity has implemented remedial actions; and
- Enhances transparency within the auditor's report, including that matters relating to fraud are likely to be key audit matters

ISA 620/CAS 620 (Revised)

Using the Work of an Auditor's Expert

Summary of Changes:

- Requires auditors to consider whether relevant ethical requirements include provisions related to using the work of an expert
- Prohibits the auditor from using the work of an auditor's expert if the auditor concludes that the expert does not have the necessary competence or capabilities, or that threats to the expert's objectivity cannot be eliminated or reduced to an acceptable level.

* Forthcoming auditing standards may have an impact on audit effort and therefore impact audit fees (where and if applicable). We are still assessing the impact of forthcoming audit requirements – further details will be communicated.

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Appendix E: Audit and assurance insights

Our latest thinking on the issues that matter most to Audit Committees, board of directors and management.

KPMG Audit & Assurance Insights

Curated research and insights for audit committees and boards.

Board Leadership Centre

Leading insights to help board members maximize boardroom opportunities

Current Developments

Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Assurance & Related Services, Canadian Securities Matters, and US Outlook reports.

Accelerate - The key issues driving the audit committee agenda

Discover the most pressing risks and opportunities that face audit committees, boards and management teams.



Sustainability Reporting

Resource centre on implementing the new Canadian reporting standards

Government and public sector - KPMG Canada

KPMG in Canada's Government & Public Sector practice aims to deliver meaningful results through a deep understanding of the issues, an intimate appreciation of how the public sector works, and global and local insight into the cultural, social and political environments.

Audit Committee Guide – Canadian Edition

A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.

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Appendix E: Thought leadership and insights (continued)

KPMG research shows that:

Eighty-seven percent of IT decision makers believe that technologies powered by AI should be subject to regulation.

- Of that group, 32 percent believe that regulation should come from a combination of both government and industry.
- Twenty-five percent believe that regulation should be the responsibility of an independent industry consortium.

Ninety-four percent of IT decision makers feel that firms need to focus more on corporate responsibility and ethics while developing AI solutions.

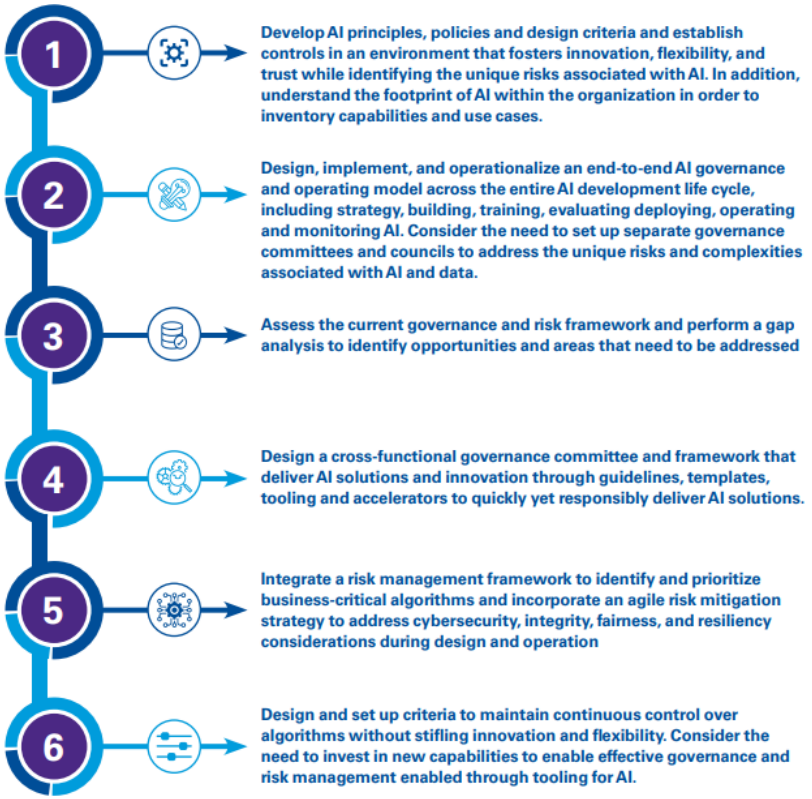
Source:

Per a study of 300 ITDMs from the UK and the US, conducted by Vanson Bourne on behalf of SnapLogic:

https://www.businesswire.com/news/home/20190326005362/en/AI-Ethics-Deficit-%E2%80%94-94-Leaders-Call

For AI solutions to be transformative, trust is imperative. This trust rests on four main anchors: integrity, explainability, fairness, and resilience. These four principles (enabled through governance) will help organizations drive greater trust, transparency, and accountability.

1. **Integrity** — algorithm integrity and data validity including lineage and appropriateness of how data is used
2. **Explainability** — transparency through understanding the algorithmic decision-making process in simple terms
3. **Fairness** — ensuring AI systems are ethical, free from bias, free from prejudice and that protected attributes are not being used
4. **Resilience** — technical robustness and compliance of your AI and its agility across platforms and resistance against bad actors



home.kpmg/ShapeofAIGovernance

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Appendix F: Our technology story

Technology underpins our risk-based, data-driven audit approach and is supported by robust governance and professional standards.

Responsible use of technology, including artificial intelligence, is core to how we deliver high-quality audits. We apply strict governance, transparency, and human oversight to ensure that AI-enabled tools enhance, rather than replace, professional judgment.

Streamlined client experience

And deeper insights into your business, translating to a better audit experience.

Secure

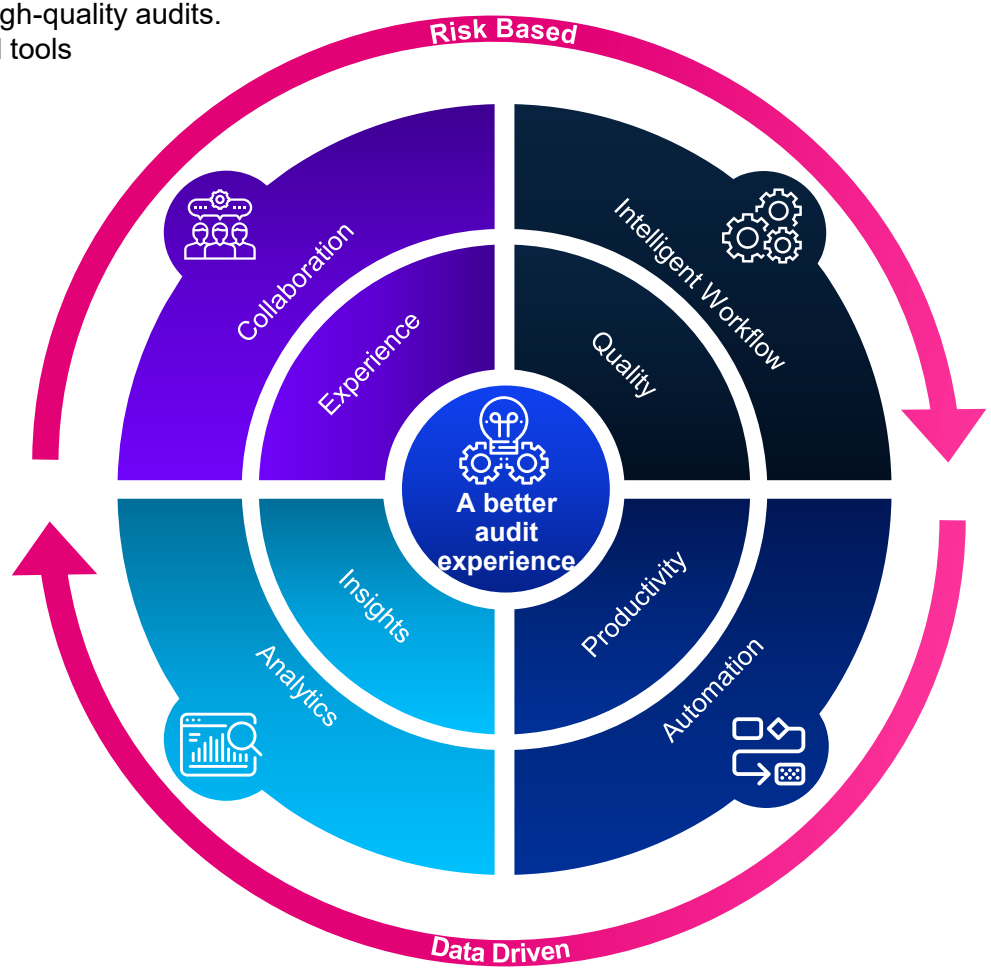
A secure client portal provides centralized, efficient coordination with your audit team.

Intelligent workflow

An intelligent workflow guides audit teams through the audit.

Increased precision

Advanced data analytics and automation facilitate a risk-based audit approach, increasing precision and reducing your burden.



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Appendix F: Expanding the use of audit technology

Analytics

- AI Transaction Scoring
- Audit Routine Catalogue
- Data Visualization
- Group Scoping Tool
- Matching Routines
- Process Mining Analytics
- KPMG Forecast Analytics Suite

Automation

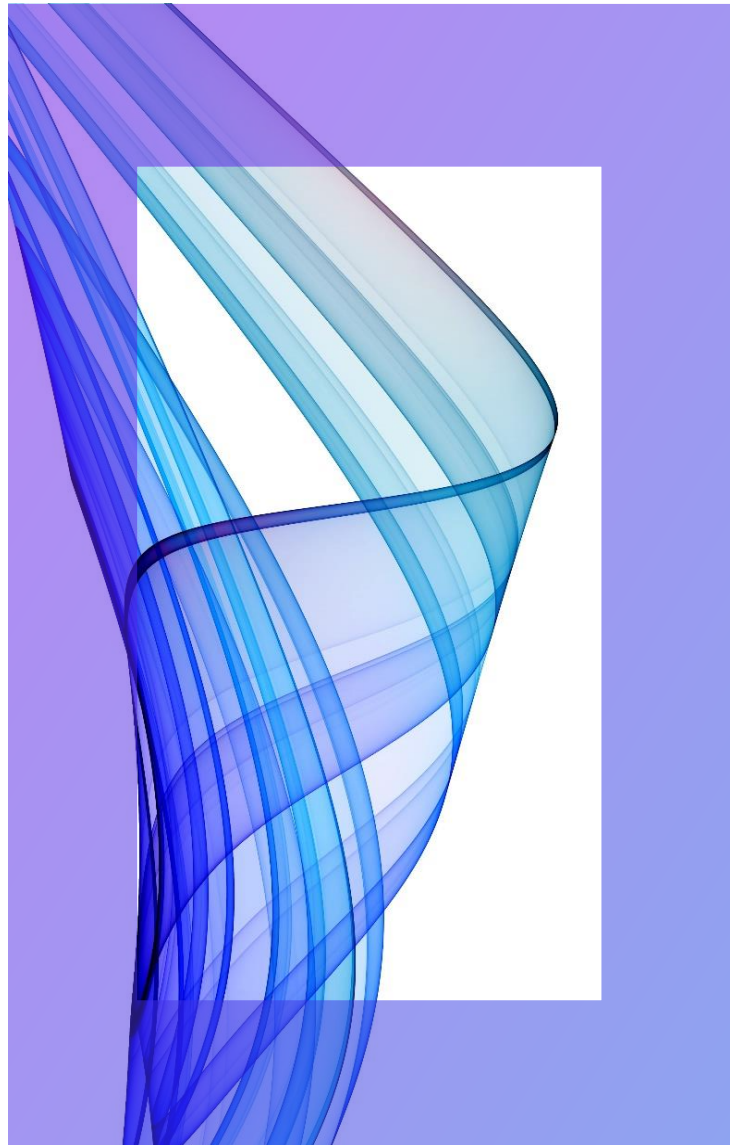
- Agentic AI with Clara AI - Chat
- Automated Industry Routines
- Confirmation
- Data Extraction Scripts
- DataShare
- DataSnipper
- Inventory Counter App
- iRadar and iNav
- Offset Remover

Collaboration

- DocuSign™
- KPMG Clara for Clients

Workflow

- KPMG Clara Workflow
- Account Analysis
- Journal Entry Analysis
- Planning Analytics



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Appendix F: Continuous evolution

Our continued investment

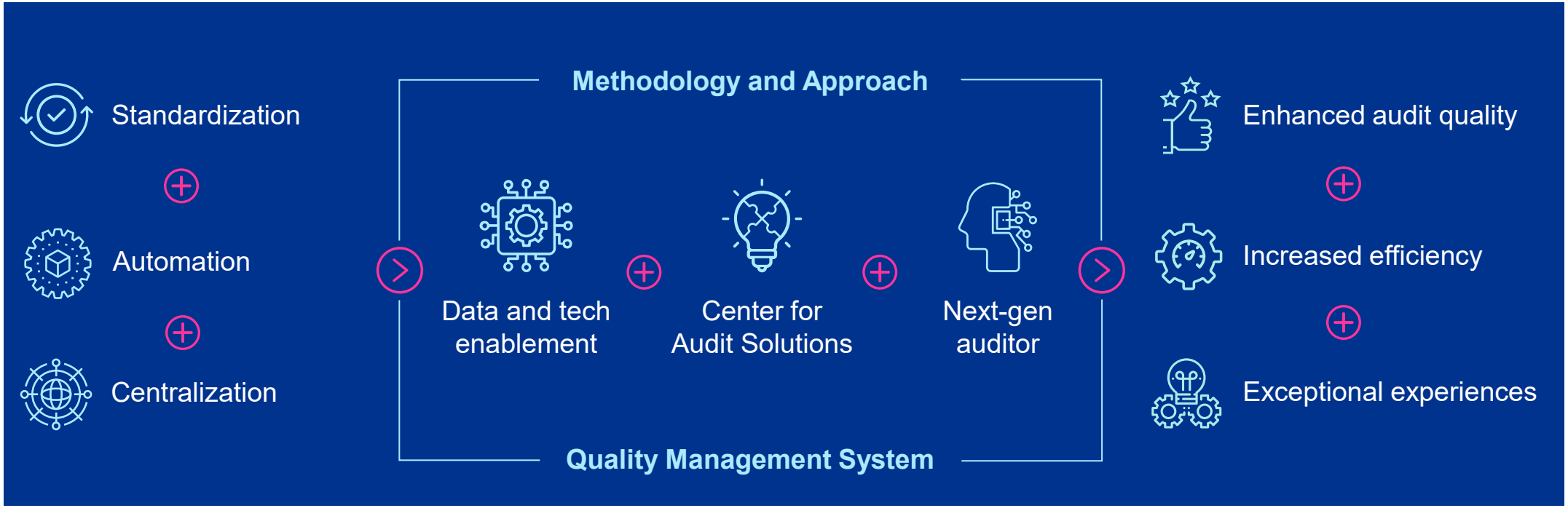
We continue to expand our strategic alliance partnerships with Microsoft and MindBridge to bring AI to the future of audit.

Responsive delivery model

Tailored to you to drive impactful outcomes around the quality and effectiveness of our audits.

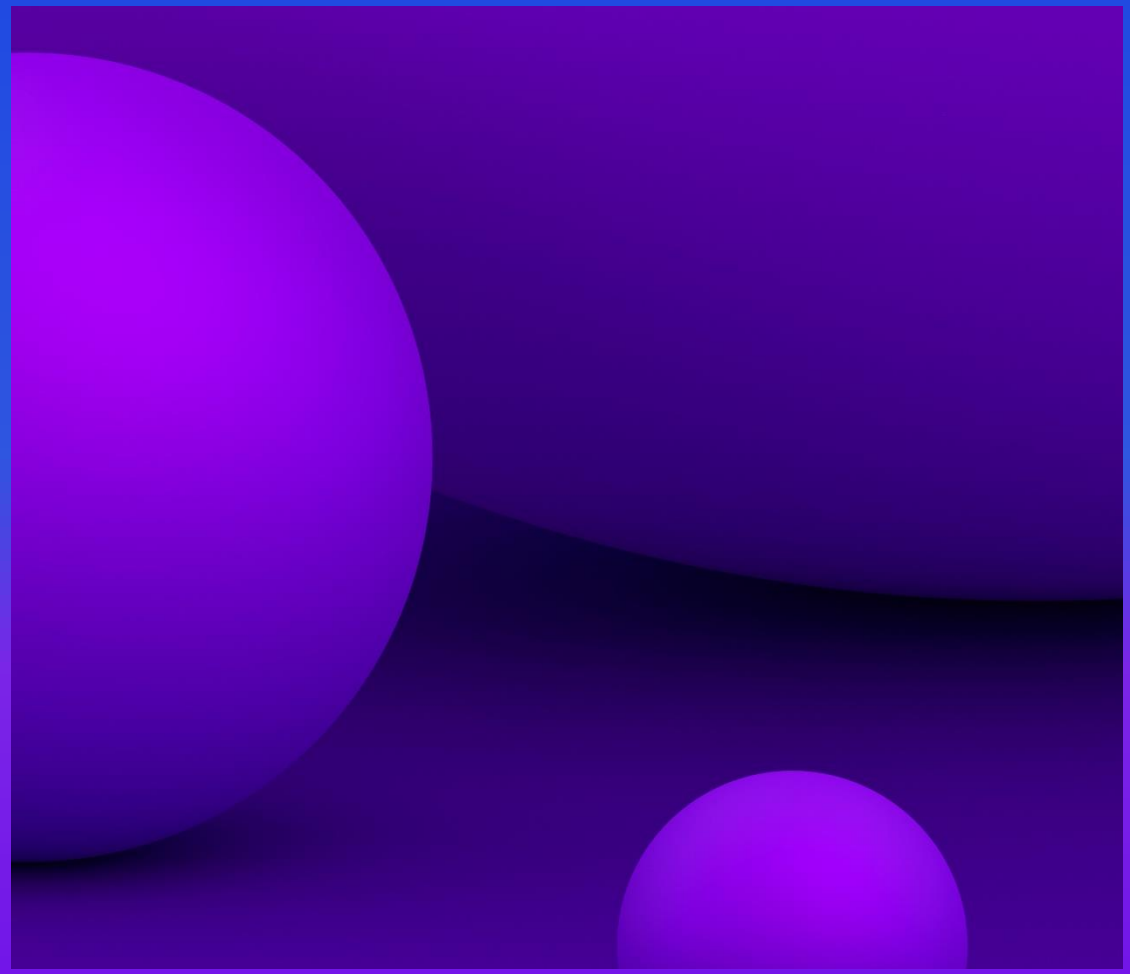
Result: A better experience

Enhanced quality, reduced disruption, increased focus on areas of higher risk, and deeper insights into your business.



AI is integrated into our audit process in a controlled and responsible way. Clear governance and human oversight ensure these tools strengthen audit quality while keeping professional judgment firmly in the hands of our people.

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INTERNAL AUDIT TEAM
West of Central Region

MEMO

TO: Upper Grand District School Board Audit Committee
FROM: Andrea Eltherington, Regional Internal Audit Manager
DATE: September 22, 2026
SUBJECT: Regional Internal Audit Status Report – Open Committee Session

---

This memorandum will serve to update the Audit Committee of the Regional Internal Audit Team's (RIAT) work since June 16, 2026.

A. RIAT Annual Report

As part of the International Professional Practices Framework (IPPF), RIAT is required to report to the audit committee on their activities. Please see attached the RIAT annual report.

West of Central Regional Internal Audit Team
Annual Report – 2025-26

Introduction

The West of Central Regional Internal Audit Team (RIAT) provides independent and objective assurance and advisory services to ten school boards: (1) Halton Catholic District School Board, (2) Halton District School Board, (3) Hamilton-Wentworth Catholic District School Board, (4) Hamilton-Wentworth District School Board, (5) Niagara Catholic District School Board, (6) District School Board of Niagara, (7) Waterloo Catholic District School Board, (8) Waterloo Region District School Board, (9) Wellington Catholic District School Board, and (10) Upper Grand District School Board.

RIAT's work is guided by two main sources:

- The Regional Internal Audit Charter (Charter) (see Appendix A)
- Mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), including the Global Internal Audit Standards[1] (Standards) and Topical Requirements (containing mandatory requirements for evaluating and assessing the effectiveness of governance, risk management, and control processes on specific risk topics[2]).

The IIA's newest standards came into effect on January 9, 2025. The West of Central RIAT has been working toward full implementation in 2025/26 having identified gaps between the current and previous versions of the standards.

In following this guidance, the West of Central RIAT has prepared an Annual Report to the Audit Committee for 2025-26. This report communicates information required by the Charter and/or IPPF (along with other relevant information), including:

- A description of RIAT's mandate and function
- RIAT's mission, vision and strategy
- Annual confirmation of RIAT's independence
- Professional development undertaken
- Quality assurance activities undertaken and results of these

[1] Further details on the IPPF and its mandatory elements can be found on the IIA website.
[2] As of October 31, 2025, Topical Requirements have been issued for Cybersecurity and Third Party

Further, it supports the Audit Committee's duties related to internal audit, as outlined in subsection 9(3) of Ontario Regulation 361/10 (Audit Committees)[3].

Purpose Statement, Mandate and Charter

RIAT's purpose statement and mandate are defined in the charter adopted by all English-language RIATs across the province. The charter has been revised to incorporate the new Standards and is based on the model public sector charter developed by the IIA (with modifications made based on RIAT's specific circumstances). The updated charter has been presented for agreement/approval by the Audit Committee.

The charter will also be presented annually as a refresher (Appendix A) and should be re-signed where there is a change in one or more of the charter's signatories (Audit Committee Chair, Chief Executive Officer (CEO) and/or Regional Internal Audit Manager).

Mission, Vision and Strategy

IIA Standard 9.2 (Internal Audit Strategy) now requires RIAT to develop and implement a strategy for the regional internal audit function and present this to the Audit Committee and senior management periodically.

A province-wide strategic plan was developed for RIAT, including common goals, based on work previously completed by MNP on behalf of the RIATs.

See Appendix B for the Strategic Plan, which captures RIAT's mission, vision and strategy.

Annual Independence Confirmation

In accordance with IIA Standard 7.1 (Organizational Independence) and RIAT's charter, we confirm that RIAT is organizationally independent and free from interference in determining the scope of internal audits, performing work, and communicating results.

To ensure organizational independence, RIAT reports:

- Functionally to each Audit Committee of the ten boards in the West of Central Region; and
- Administratively to the Senior Business Official of the Hamilton-Wentworth District School Board (the host board).

In addition to the above reporting structure, the Regional Internal Audit Manager meets with the ten School Business Officials (SBO's) 1-2 times a year to assist in the coordination of the regional internal audit initiative for the West of Central boards and to facilitate discussions and action where required. Two meetings were held in 2025-26.

[3] Ontario Regulation 361/10: Audit Committees

INTERNAL AUDIT TEAM
West of Central Region

RIAT Structure & Staffing

RIAT consists of the:

- Regional Internal Audit Manager – Andrea Eltherington, CIA, CRMA, CISA
- Senior Regional Internal Auditor – Cathy DeLuca, CPA, CA
- Senior Regional Internal Auditor – Don Luce CIA, CISA, CRISC, CISM, CC, PMP
- Senior Regional Internal Auditor – Brad Sisson, CIA candidate
- Internal Audit Consultant (through Mason staffing) – John Mocarski

All staff are appropriately qualified. The senior auditors report directly to the manager.

Beginning in the 2025-26 fiscal year, the Ministry of Education has increased the annual funding for regional internal audit teams provincially. As a result, the West of Central expanded its headcount, as follows:

- One FTE for a Senior Regional Internal Auditor (permanent)

This position was filled in January 2026 by Brad Sisson.

In addition to the staff noted above, RIAT allocates a portion of its budget toward consulting fees, which allows the flexibility to co-source or outsource when a specialist or additional capacity is required. In 2025-26, RIAT engaged the following consultant to complete or assist in the following engagements:

- MNP – Business Continuity Planning (outsourced)
- MNP – 2 Strategic Risk refreshes (outsourced)

Annual funding from the Ministry of Education was sufficient to support the West of Central RIAT's approved audit plans in 2025-26 which are resource based. However, as the budget is set by the Ministry there is no opportunity to increase funding or resources as required by IIA standard 10.1 and 10.2 creating a limitation for these standards.

Professional Development and Memberships

IIA Standard 3.2 (Continuing Professional Development) requires internal auditors to maintain and continually develop their competencies to improve the effectiveness and quality of internal audit services through continuing professional development. This includes fulfilling the requirements applicable to certifications held by auditors (minimum number of continuing professional development hours annually, including an ethics training requirement). All RIAT staff have confirmed that they met the continuing education requirements of their respective certifications for 2025-2026. RIAT staff in 2025-2026 participated in a variety of courses that

covered a number of relevant topics. Training courses listed by staff member are listed in Appendix C.

Staff continue to be members of the OASBO Internal Audit Committee, the Municipal Internal Auditors Association (MIAA) and the IIA.

Quality Assurance and Improvement Program

Both the charter and Standards require RIAT to report on the quality assurance and improvement program (QAIP), which includes ongoing internal assessments and a periodic external assessment to assess conformance with the Standards. The following is an update on RIAT's progress in these areas:

- Internal Assessments – Quality is assessed internally through ongoing monitoring and review activities, both at the engagement level and overall. Annually, RIAT undertakes an internal self-assessment on its conformance with the Standards. The current year's self-assessment took the form of an update to the gap assessment to the new Standards. This involved comparing existing operations to the updated requirements and developing action plans to close gaps and achieve conformance. There was a gap presentation to each of the ten Audit Committees between January and June 2025. An update to the gap assessment was presented to the 10 boards' School Business Officials in February 2026.
    - The were three significant gaps noted that affect conformance with three of the fifty-two standards. Action plans have been developed to address these. See Appendix D.
- External Assessment – A contractor was engaged to perform an assessment for the common RIAT elements (see Appendix E). The result of the assessment is that we are in general conformance with the standards which is a pass. The RIAMs are investigating becoming QA trained to be able to perform file reviews between the regions. This is likely to occur in 2026-2027.

RIAT Plan & Activities

The Ministry of Education issued guidance in May 2016 (memorandum 2016: B10), requiring that each school board receive a minimum of two assurance or advisory engagements a year from the RIAT (or a comprehensive engagement covering at least two processes), in addition to follow-up activities on recommendations or management's action plans from previously issued reports. For each board in the region, RIAT prepares an annual audit plan based on a risk assessment that also considers feedback from management and the Audit Committee. The plan is presented to the Audit Committee for recommendation to the Board of Trustees for approval.

An update is provided at each Audit Committee meeting to communicate the progress toward completing planned engagements, as well as an update on any follow-up activities.

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Engagements Completed Across the Region in 2025-26

RIAT was impacted by a staffing shortage in 2025-26 (down 1.0 FTE). Given the additional funding announced (as noted above), this has now been addressed.

The following engagements were started/completed in the West of Central Region in 2025-26:

- Entity Level Assessment
- Business Continuity (outsourced)
- Legislative Compliance
- Equity Audit Readiness Assessment
- Strategic Risk Assessment Refresh (outsourced) - 2
- Human Resources and Payroll
- Student Mental Health
- Community Use of Schools
- Attendance Support
- Strategic Risk Assessment (outsourced) – deferred until 26/27
- Staff Mental Health & Wellness

Some of the audits listed above were deemed the equivalent of two audits as they addressed multiple risks. In addition to the engagements listed above, RIAT completed follow-up procedures, risk assessments and audit plans at each of the ten boards.

Based on the approved audit plans, 14 audit or advisory engagements are expected to be completed across the region in 2026-27, along with follow-up activities at each board. In year audit plan approvals could occur if necessary.

INTERNAL AUDIT TEAM
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Appendix A – Regional Internal Audit Charter

Purpose

The purpose of the regional internal audit team is to strengthen the ability of the district school boards in the West of Central Region to create, protect, and sustain value by providing the Audit Committee of the Board of Trustees (Audit Committee) and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The regional internal audit function enhances the district school board's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

The regional internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with The IIA's Global Internal Audit Standards™, which are set in the public interest.
- The regional internal audit team is independently positioned with direct accountability to the Audit Committee.
- Regional internal auditors are free from undue influence and committed to making objective assessments.

Commitment to Adhering to the Global Internal Audit Standards

The regional internal audit team will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The Regional Internal Audit Manager will report annually to the Audit Committee and senior management regarding the regional internal audit team's conformance with the Standards, which will be assessed through a quality assurance and improvement program.

Mandate

Authority

The regional internal audit function is established by the Ministry of Education through the annual Core Education Funding. The role of the Audit Committee towards the regional internal audit function is established by Ontario Regulation 361/10, "Audit Committees", subsection 9(3).

The regional internal audit team's authority is created by its direct reporting relationship to the Audit Committee. Such authority allows for unrestricted access to the Audit Committee.

The Audit Committee authorizes the regional internal audit team to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Regional internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the regional internal audit function's objectives.
- Obtain assistance from the necessary personnel of the district school board and other specialized services from within or outside the district school board to complete internal audit services.

Independence, Organizational Position, and Reporting Relationships

The internal audit function follows a regional model. The function consists of a Regional Internal Audit Manager responsible to district school boards in one of the eight regions in the province of Ontario as identified by the Ministry of Education.

The Regional Internal Audit Manager (acting as the Chief Audit Executive (CAE) and/or Head of Internal Audit) will be positioned at a level in the school board that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the regional internal audit team. (See "Mandate" section.) The Regional Internal Audit Manager will report functionally to each audit committee in the region and be administratively (for example, day-to-day operations) supported by a host school board Senior Business Official. This positioning provides the organizational authority and status to bring matters directly to senior management and escalate matters to the Audit Committee, when necessary, without interference and supports the regional internal auditors' ability to maintain objectivity.

The functional reporting relationship between the Regional Internal Audit Manager and each Audit Committee will be further demonstrated by each Audit Committee performing the following functions for their Board:

- Approve the regional internal audit charter;
- Recommend for approval the risk based internal audit plan;
- Receive information from the Regional Internal Audit Manager about the internal audit activity performance to plan and other relevant matters;
- Inquire of the Regional Internal Audit Manager whether there are resource or scoping limitations; and
- Review annually the performance of the regional internal audit activity and provide the Board of Trustees with their comments regarding the performance of the Regional Internal Audit Manager.

The Regional Internal Audit Manager will interact directly with the Audit Committee, including in-camera sessions and between audit committee meetings as appropriate.

The Regional Internal Audit Manager will confirm to the Audit Committee, at least annually, the organizational independence of the regional internal audit team. If the governance structure does not support organizational independence, the Regional Internal Audit Manager will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The Regional Internal Audit Manager will disclose to the Audit Committee any interference regional internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the regional internal audit team's effectiveness and ability to fulfill its mandate.

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the Regional Internal Audit Manager, Audit Committee, and senior management on the regional internal audit mandate or other aspects of the regional internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant reorganization within the district school board.
- Significant changes in the Regional Internal Audit Manager, Audit Committee, and/or senior management.
- Significant changes to the district school board's strategies, objectives, risk profile, or the environment in which it operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

Audit Committee Oversight

To establish, maintain, and ensure that the regional internal audit function has sufficient authority to fulfill its duties, the oversight role of the Audit Committee over the regional internal audit function is outlined in Ontario Regulation 361/10, "Audit Committees", subsection 9(3).

Further, subsection 10(c) of the regulation allows private meetings between the regional internal audit team and the Audit Committee members without senior management present.

Note: Funding for the regional internal audit function is determined by the Ministry of Education annually through the Core Education Funding.

Regional Internal Audit Manager Roles and Responsibilities

Ethics and Professionalism

The Regional Internal Audit Manager will ensure that regional internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organization and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organization.
- Report organizational behavior that is inconsistent with the organization's ethical expectations, as described in applicable policies and procedures.

Objectivity

The Regional Internal Audit Manager will ensure that the regional internal audit function remains free from all conditions that threaten the ability of regional internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the Regional Internal Audit Manager determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Regional internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Regional internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, regional internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for the district school board or its affiliates.
- Initiating or approving transactions external to the regional internal audit function.
- Directing the activities of any district school board employee that is not employed by the regional internal audit function, except to the extent that such employees have been appropriately assigned to the regional internal audit team or to assist regional internal auditors.

Regional internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the Regional Internal Audit Manager, Audit Committee, management, or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

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Managing the Regional Internal Audit Function

The Regional Internal Audit Manager has the responsibility to:

- At least annually, develop a risk-based regional internal audit plan that considers the input of the Audit Committee and senior management. Discuss the plan with the Audit Committee and senior management and submit the plan to the Audit Committee for review and approval.
- Communicate the impact of resource limitations on the regional internal audit plan to the Audit Committee and senior management.
- Review and adjust the regional internal audit plan, as necessary, in response to changes in the district school board's business, risks, operations, programs, systems, and controls.
- Communicate with the Audit Committee and senior management if there are significant interim changes to the regional internal audit plan. Submit all proposed major changes to the regional internal audit plan to the Audit Committee for approval.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Audit Committee and senior management as available.
- Ensure the regional internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfill the regional internal audit mandate.
- Identify and consider trends and emerging issues that could impact the district school board and communicate to the Audit Committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the regional internal audit function.
- Ensure adherence to the district school board's relevant policies and procedures unless such policies and procedures conflict with the regional internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Audit Committee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the Regional Internal Audit Manager cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Audit Committee.

Communication with the Audit Committee and Senior Management

The Regional Internal Audit Manager will report annually to the Audit Committee and senior management regarding:

- The regional internal audit function's mandate.
- The regional internal audit plan and performance relative to its plan.
- Significant revisions to the regional internal audit plan.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the regional internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the regional internal audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Audit Committee that could interfere with the achievement of the district school board's strategic objectives.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to risk that the regional internal audit function determines may be unacceptable or acceptance of a risk that is beyond the district school board's risk appetite.

Quality Assurance and Improvement Program

The Regional Internal Audit Manager will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the regional internal audit function. The program will include external and internal assessments of the regional internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the regional internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the regional internal audit function's deficiencies and opportunities for improvement.

Annually, the Regional Internal Audit Manager will communicate with the Audit Committee and senior management about the regional internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the district school boards served by the regional internal audit team; qualifications must include at least one assessor holding an active Certified Internal Auditor® credential.

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Scope and Types of Internal Audit Services

The scope of internal audit services covers the entire breadth of the district school board, including all of the district school board's activities, assets, and personnel. The activities and processes within the scope are captured in the audit universe. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Audit Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for the district school board.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the regional internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of the district school board's strategic objectives are appropriately identified and managed.
- The actions of the district school board's officers, directors, management, employees, and contractors or other relevant parties comply with the district school board's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.
- Operations and programs are being carried out effectively, efficiently, ethically, and equitably.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the district school board.
- The integrity of information and the means used to identify, measure, analyze, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

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Approved by the Audit Committee of the *(name of school board)* at its meeting on [date].

Acknowledgments/Signatures

_____	_____
(insert your title here)	Date
_____	_____
Audit Committee Chair	Date
_____	_____
~~Director of Education~~ Chief Executive Officer (CEO) or designate	Date

INTERNAL AUDIT TEAM
West of Central Region

APPENDIX B – RIAT Strategic Plan, as developed province-wide for RIAT that includes Mission, Vision and Strategy (as per IIA Standard 9.2)

Mission Statement: The mission of the RIAT model is to provide independent, objective assurance and advisory services that support the achievement of each school board's objectives by providing them with reasonable assurance on the reliability of their internal controls, the management of their risks and the quality of governance processes.

Vision Statement: Increase collaboration and information sharing across all RIATs to increase efficiency, ensure timely, high-quality service delivery and demonstrate our value as a key partner to the school boards we serve, as well as to Audit Committees.

Strategy:

The West of Central Team has developed 5 goals (see below) and a detailed action plan for each goal.

1. Develop common tools and methodologies that can be utilized by all RIATs.
2. Identify and develop collaboration opportunities with school boards and Audit Committees.
3. Develop a shared schedule of professional development activities for all RIATs.
4. Enhance the timeliness of engagement completion, while clearing the backlog of prior-year engagements.
5. Achieve general conformance with the Global Internal Audit Standards.

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APPENDIX C – Training by RIAT Staff Member in 2025/26

Objective:

1. To report on RIAT compliance to Global Internal Audit Standards, January 2024, Standard 3.2 Continuing Professional Development.
2. To define training plans to develop and maintain professional competencies.

Completed 2025-26

Auditor	Training Focus	Date
All Auditors	1. OASBO Internal Audit 2. Relevant seminars/websites on fraud, ethics, privacy and IT Security offered by the various institutes.	On-going and when relevant throughout the year
Andrea Eltherington	1. Maximizing Internal Audit Quality, Performance and Value 2. Harnessing the Power of AI in Internal Audit 3. Emerging Trends and Strategic Opportunities that Maximize Internal Audit's Value 4. MIAA Fall Conference 5. Guardians of Integrity: The Critical Role of Internal Audit in Ethics and Fraud 6. RIAT Conference 7. Strategic Insights into Audit Planning and Risk Assessments in the Public Sector 8. Transforming Internal Audit with Intelligent Analytics 9. OASBO Finance Conference 10. Innovative Procurement Auditing: Third Party Risks 11. Health Sleep Habits 12. 2026 AI CyberSecurity Summit 13. MIAA Spring Conference 14. Closing the Decision Gap: How Risk-Informed Decisions build Digital Trust 15. ISACA Toronto Annual Summer Conference 16. HWDSB Leadership Learning Lab (focussed on AI)	1. September 17, 2025 2. September 23, 2025 3. September 23, 2025 4. October 22-24, 2025 5. November 20, 2025 6. December 3-5, 2025 7. January 21, 2026 8. February 10, 2026 9. March 5, 2026 10. April 15, 2026 11. April 20, 2026 12. April 21, 2026 13. April 27, 2026 14. May 28, 2026 15. June 17-18, 2026 16. August 27, 2026
Dondon Luce	1. Certified Information Security Manager Exam	1. September 14, 2025

	2. Cybersecurity for Critical Infrastructure Protection	2. November 7, 2025
	3. Understanding AI Audits: Key Risks and Best Practices	3. November 10, 2025
	4. Implementing a Central AI Management System: Navigating ISO 42001 Compliance	4. November 11, 2025
	5. Scenario Planning 101: From uncertainty to actionable insight and executive buy-in	5. November 12, 2025
	6. The Road Ahead: Top Five Cybersecurity Predictions for 2026	6. November 12, 2025
	7. Responsible AI: Navigating Privacy, Security, and Accountability in Modern AI Systems	7. December 16, 2025
	8. Strategic Insights into Audit Planning and Risk Assessments in the Public Sector	8. January 21, 2026
	9. Cybersecurity: From Cost Center to Competitive Advantage	9. January 27, 2026
	10. AI and Cybersecurity in 2026: What Auditors, Implementers, and Organizations Must Prepare For	10. January 29, 2026
	11. Navigating the New Risk Landscape: AI, Governance and the Path to Maturity	11. February 4, 2026
	12. Smarter Audit Reports in the Age of AI	12. February 18, 2026
	13. Project Management Professional Exam Preparation	13. March 22, 2026
	14. Applying AI to Streamline Communication and Reporting	14. March 26, 2026
	15. Project Management Professional Certification	15. March 31, 2026
	16. Stop Chasing Alerts: Automating Email Security with Behavioral AI Roundtable	16. April 9, 2026
	17. Securing Remote and Hybrid Workforces Without Killing Productivity	17. April 15, 2026
	18. Planning and Performing Audits of Suppliers and Contractors	18. April 15, 2026
	19. IIA Topical Requirements: Tips and Tricks from CAEs for Conforming and Performing	19. April 15, 2026
	20. Beyond the Cybersecurity Topical Requirement: What Public Sector Internal Auditors Should be Asking	20. April 29, 2026
	21. Ethical Resilience in Internal Auditing: A Research-Based Framework to Reduce Bias	21. May 21, 2026
	22. Mastering Presentation Skills for Auditors & Managers	22. June 9, 2026

	23. Agentic AI: How Internal Audit Should Be Preparing 24. Resilience in Action: From Compliance Checkbox to Strategic Continuity 25. The agentic blueprint: Architecting secure multi-agent workflows for modern GRC 26. Governing the autonomous enterprise: Balancing AI agent innovation with accountability 27. Beyond the heat map: Transitioning to continuous and proactive risk reporting 28. The continuous chain: Managing third-party risk in an interconnected ecosystem 29. Implementing and Reporting on AI Governance 30. AI for NIST, ISO 27001, and CMMC Compliance: Opportunities and Pitfalls 31. The Authentic Auditor: Elevating Value through Inclusion 32. Algorithmic Accountability- What Internal Auditors Need to Know About Auditing AI Systems	23. June 10, 2026 24. July 8, 2026 25. July 8, 2026 26. July 8, 2026 27. July 9, 2026 28. July 9, 2026 29. July 28, 2026 30. July 30, 2026 31. August 4, 2026 32. August 20, 2026
Cathy DeLuca	1. Nudging your way to faster and more effective improvements to internal controls 2. Cybersecurity and IIA Standards: A Practitioner's Perspective 3. Beyond automation: The role of AI in modern internal auditing 4. 2025 MIAA fall workshop 5. Microsoft 365 Copilot QuickStart 6. Understanding AI audits: Key risks and best practices 7. Internal controls: What works, what doesn't and how to plug the holes 8. It's 2026! Five internal audit resolutions to navigate the year ahead 9. Automating the grind: Transforming control testing with innovative IA solutions 10. The top 5 GenAI use cases for internal audit	1. September 24, 2025 2. September 30, 2025 3. October 7, 2025 4. October 23 & 24, 2025 5. October 30, 2025 6. November 10, 2025 7. November 18, 2025 8. January 7, 2026 9. January 14, 2026 10. January 21, 2026

	11. How small audit teams can achieve big results 12. AI-generated audit evidence: The digital counterfeit 13. Navigating 2026: Top emerging risk for audit, risk, and compliance executives 14. 2026 MIAA spring workshop 15. Beyond audit: How leading organizations are connecting audit, risk, compliance, and cyber 16. Anatomy of a breach 17. Bill 72, Buy Ontario Act: What this means for Ontario DSBs and the road ahead 18. Workplace law update: AI, criminal records, and more! 19. Mastering presentation skills for auditors and managers 20. Ethics in action: real decisions, real consequences 21. From quiet potential to bold impact: unlocking leadership in internal audit	11. January 22, 2026 12. March 5, 2026 13. March 31, 2026 14. April 27, 2026 15. May 6, 2026 16. May 14, 2026 17. May 14, 2026 18. May 14, 2026 19. June 9, 2026 20. June 29, 2026 21. July 14, 2026
Brad Sisson	1. CIA Designation Part 1 a. Foundations of Internal Auditing b. Ethics and Professionalism c. Governance, Risk Management, and Control d. Fraud Risks 2. CIA Designation Part 2 a. Engagement Planning b. Information Gathering, Analysis, and Evaluation c. Engagement Supervision and Communication 3. OASBO Finance and IA Workshop	CIA Part 1 - completed May 2026 CIA Part 2 – ongoing March 4, 2026 – March 5, 2026

Planned 2026-27

Auditor	Training Focus	Date
All Auditors	1. OASBO Internal Audit 2. Relevant seminars/webinar on fraud, ethics, privacy and IT Security offered by the various institutes. 3. MIAA fall training	On-going and when relevant throughout the year

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Acronyms

ACFE – Association of Certified Fraud Examiners
IIA – Institute of Internal Auditors
ISACA – Information System Audit and Control Association
CIA – Certified Internal Auditor
CPA – Chartered Professional Accountant
CISA – Certified Information Systems Auditor
MIAA – Municipal Internal Auditors Association
AICPA – Association of International Certified Professional Accountants
IMA – Institute of Management Accountants

INTERNAL AUDIT TEAM
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APPENDIX D – RIAT Gap Analysis to Latest Institute of Internal Auditors Standards

Per presentation to SBO's, February, 2026:

Gap	Standard	Proposed Action	Update as of September 2026
External Quality Assessment	4.1 Conformance with the Global Internal Audit Standards 4.2 Due Professional Care 8.3 Quality 8.4 External Quality Assessment 11.2 Effective Communication 12.1 Internal Quality Assessment	Investigate the cost of an External Quality Assessment	This is underway and the common elements report is included as Appendix E.
RIAM meets with the AC independently – not at all boards	6.3 Board and Senior Management Support 7.1 Organizational Independence	Work with SBO's to ensure that there a mechanism to fulfill this requirement	In progress
Resource Limitations	10.1 Financial Resource Management 10.2 Human Resources Management	Document limitation as per Public Sector exceptions to the Standards	**Complete.** Documented in the **RIAT Structure & Staffing** section of this document.

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APPENDIX E – Common Elements QA report

Ontario Regional Internal Audit Teams (RIATs)

Limited Scope External Quality Assessment (EQA) Report (focused on common documents)

Date of Evaluation: September 2026
Prepared By: Neel Shah, Independent Consultant

ASSESSMENT CONCLUSION – Strengths, Opportunities, and Next Steps

Conformance Assessment on the Common Documents

OVERALL RATING – Common elements only

GENERALLY CONFORMS

Under the IIA standards, the rating of "Generally Conforms" is considered a pass. The common documents reviewed as part of this assessment are in general alignment with the IIA Global Internal Audit Standards. Minor opportunities exist to enhance documentation and fully operationalize the Global Internal Audit Standards.

An external quality assessment (EQA) is intended to cover both design and implementation. For these common elements, details around implementation will be managed by the RIATs themselves as part of a peer review approach.

Key Strengths

- Most individual requirements assessed as part of this limited scope assessment were at the "Fully Conforms" level.
- Strong adherence to IIA standards despite the unique and challenging regulatory obligations and structure applicable to the RIATs.
- The intent and goals of the RIAT model have been considered in depth.

Key Opportunities

- The approach around advisory engagements should be clarified, with any deviations in the approach that differ from IIA standards being clearly articulated.
- The role of the RIAT and the role of internal auditors or other compliance professionals at an individual board level could be clarified.
- The identification and inclusion of sample performance metrics would encourage individual RIATs to measure performance in a more comparable manner.

Next Steps

- As part of the planned peer review process, each RIAT must consider the full breadth of IIA standards, including the ones covered in this report, to ensure that implementation is present at both the function and engagement level.

SCOPE & EVALUATION METHODOLOGY

EQA-Mirror Assessment Approach

Scope of Review

- All 5 Domains, 15 Principles, and 52 Standards of the Institute of Internal Auditors' (IIA) Global Internal Audit Standards (GIAS) were assessed, and then limited to the items that were most closely aligned to the common elements. The full list of standards reviewed is covered in Appendix A, along with the corresponding achievement rating.
- Evaluation of the common templates for the Internal Audit Manual (including mandate and charter) provided by the RIAT, and Ontario Regulation 361/10.
- The scope of review was limited to the above key common documents, and did not include interaction with all RIATs. Assessment of implementation at each RIAT will be covered through a peer review model. Interviews were conducted with Andrea Eltherington, RIAM, West of Central and Paula Hatt, Sr. RIAM, Toronto and Area to gain a high-level understanding of how the documents work within the RIAT model.

Methodology & Stakeholder Inputs

To ensure absolute objectivity, this External Quality Assessment was executed using the identical criteria and rigor of an independent External Quality Assessment (EQA), referencing the latest IIA Quality Assessment Manual (QAM), but limited to the noted scope.

An external quality assessment (EQA) is intended to cover both design and implementation. For these common elements, details around implementation will be managed by the RIATs themselves as part of a peer review approach.

CORRECTIVE ACTION PLAN & ROADMAP

Path to the achievement to strengthen Conformance, specific to the common documents

Action Item 1: Performance Metrics

The RIATs will research applicable performance metrics and include the results in the annual report as appropriate.

Owner: Paula Hatt, Sr. RIAM, Andrea Eltherington, RIAM | Target Date: Q4 2027 | Priority: Medium

Action Item 2: Standards Alignment

The RIATs will review all of the items identified as general conformance is Appendix A and update the manual/charter as appropriate to enhance the value of RIAT to the School Boards and to address key opportunities to strength alignment with the IIA Standards.

Owner: Paula Hatt, Sr. RIAM, Andrea Eltherington, RIAM | Target Date: Q4 2027 | Priority: Medium

APPENDIX A: List of requirements covered in this assessment

Requirements and ratings (limited to review of common documents only)

6.1.b	In those jurisdictions and industries where the internal audit function's mandate is prescribed wholly or partially in laws or regulations, the internal audit charter must include the legal requirements of the mandate.	Generally Conforms
6.1.d	The chief audit executive must document or reference the mandate in the internal audit charter, which is approved by the board.	Fully Conforms
6.2.a	The chief audit executive must develop and maintain an internal audit charter that specifies, at a minimum, the internal audit function's: • Purpose of Internal Auditing. • Commitment to adhering to the Global Internal Audit Standards. • Mandate, including scope and types of services to be provided, and the board's responsibilities and expectations regarding management's support of the internal audit function. (See also Standard 6.1 Internal Audit Mandate.) • Organizational position and reporting relationships. (See also Standard 7.1 Organizational Independence.)	Fully Conforms

APPENDIX A: List of requirements covered in this assessment

Requirements and ratings (limited to review of common documents only)

7.1.a	The chief audit executive must confirm to the board the organizational independence of the internal audit function at least annually. This includes communicating incidents where independence may have been impaired and the actions or safeguards employed to address the impairment.	Fully Conforms
7.1.b	The chief audit executive must document in the internal audit charter the reporting relationships and organizational positioning of the internal audit function, as determined by the board.	Fully Conforms
7.1.c	The chief audit executive must discuss with the board and senior management any current or proposed roles and responsibilities that have the potential to impair the internal audit function's independence, either in fact or appearance.	Fully Conforms
7.1.d	The chief audit executive must advise the board and senior management of the types of safeguards to manage actual, potential, or perceived impairments.	Fully Conforms
7.1.e	When the chief audit executive has one or more ongoing roles beyond internal auditing, the responsibilities, nature of work, and established safeguards must be documented in the internal audit charter.	Fully Conforms
7.1.f	If those areas of responsibility are subject to internal auditing, alternative processes to obtain assurance must be established, such as contracting with an objective, competent external assurance provider that reports independently to the board.	Fully Conforms
7.1.g	When the chief audit executive's nonaudit responsibilities are temporary, assurance for those areas must be provided by an independent third party during the temporary assignment and for the subsequent 12 months.	Fully Conforms
7.1.h	Also, the chief audit executive must establish a plan to transition those responsibilities to management.	Fully Conforms
7.1.i	If the governing structure does not support organizational independence, the chief audit executive must document the characteristics of the governing structure limiting independence and any safeguards that may be employed to achieve this principle.	Fully Conforms

APPENDIX A: List of requirements covered in this assessment

Requirements and ratings (limited to review of common documents only)

9.1.a	To develop an effective internal audit strategy and plan, the chief audit executive must understand the organization's governance, risk management, and control processes.	Fully Conforms
9.1.b	To understand governance processes, the chief audit executive must consider how the organization: • Establishes strategic objectives and makes strategic and operational decisions. • Oversees risk management and control. • Promotes an ethical culture. • Delivers effective performance management and accountability. • Structures its management and operating functions. • Communicates risk and control information throughout the organization. • Coordinates activities and communications among the board, internal and external providers of assurance services, and management.	Fully Conforms

9.3.a	The chief audit executive must establish methodologies to guide the internal audit function in a systematic and disciplined manner to implement the internal audit strategy, develop the internal audit plan, and conform with the Standards.	Fully Conforms
9.3.b	The chief audit executive must evaluate the effectiveness of the methodologies and update them as necessary to improve the internal audit function and respond to significant changes that affect the function.	Generally Conforms
9.3.c	The chief audit executive must provide internal auditors with training on the methodologies.	Fully Conforms

APPENDIX A: List of requirements covered in this assessment

Requirements and ratings (limited to review of common documents only)

11.1.a	The chief audit executive must develop an approach for the internal audit function to build relationships and trust with key stakeholders, including the board, senior management, operational management, regulators, and internal and external assurance providers and other consultants.	Fully Conforms
11.1.b	The chief audit executive must promote formal and informal communication between the internal audit function and stakeholders, contributing to the mutual understanding of: • Organizational interests and concerns. • Approaches for identifying and managing risks and providing assurance. • Roles and responsibilities of relevant parties and opportunities for collaboration. • Relevant regulatory requirements. • Significant organizational processes, including financial reporting.	Fully Conforms
11.4.a	If a final engagement communication contains a significant error or omission, the chief audit executive must communicate corrected information promptly to all parties who received the original communication. Significance is determined according to criteria agreed upon with the board.	Fully Conforms

APPENDIX A: List of requirements covered in this assessment

Requirements and ratings (limited to review of common documents only)

12.3.a	The chief audit executive must establish and implement methodologies for engagement supervision, quality assurance, and the development of competencies.	Generally Conforms
13.2.a	Internal auditors must develop an understanding of the activity under review to assess the relevant risks. For advisory services, a formal, documented risk assessment may not be necessary, depending on the agreement with relevant stakeholders.	Fully Conforms
13.3.a	Internal auditors must establish and document the objectives and scope for each engagement.	Fully Conforms
13.4.a	Internal auditors must identify the most relevant criteria to be used to evaluate the aspects of the activity under review defined in the engagement objectives and scope. For advisory services, the identification of evaluation criteria may not be necessary, depending on the agreement with relevant stakeholders.	Fully Conforms
13.5.a	When planning an engagement, internal auditors must identify the types and quantity of resources necessary to achieve the engagement objectives.	Fully Conforms
13.6.a	Internal auditors must develop and document an engagement work program to achieve the engagement objectives.	Fully Conforms

APPENDIX A: List of requirements covered in this assessment

Requirements and ratings (limited to review of common documents only)

14.1.a	To perform analyses and evaluations, internal auditors must gather information that is: • Relevant – consistent with engagement objectives, within the scope of the engagement, and contributes to the development of engagement results. • Reliable – factual and current. Internal auditors use professional skepticism to evaluate whether information is reliable. Reliability is strengthened when the information is: o Obtained directly by an internal auditor or from an independent source. o Corroborated. o Gathered from a system with effective governance, risk management, and control processes. • Sufficient – when it enables internal auditors to perform analyses and complete evaluations and can enable a prudent, informed, and competent person to repeat the engagement work program and reach the same conclusions as the internal auditor.	Fully Conforms
14.2.a	Internal auditors must analyze relevant, reliable, and sufficient information to develop potential engagement findings. For advisory services, gathering evidence to develop findings may not be necessary, depending on the agreement with relevant stakeholders.	Generally Conforms
14.3.a	Internal auditors must evaluate each potential engagement finding to determine its significance.	Fully Conforms

APPENDIX A: List of requirements covered in this assessment

Requirements and ratings (limited to review of common documents only)

14.4.a	Internal auditors must determine whether to develop recommendations, request action plans from management, or collaborate with management to agree on actions to: • Resolve the differences between the established criteria and the existing condition. • Mitigate identified risks to an acceptable level. • Address the root cause of the finding. • Enhance or improve the activity under review.	Fully Conforms
14.5.a	Internal auditors must develop an engagement conclusion that summarizes the engagement results relative to the engagement objectives and management's objectives.	Fully Conforms
14.6.a	Internal auditors must document information and evidence to support the engagement results.	Fully Conforms
15.1.a	For each engagement, internal auditors must develop a final communication that includes the engagement's objectives, scope, recommendations and/or action plans if applicable, and conclusions.	Fully Conforms
15.2.a	Internal auditors must confirm that management has implemented internal auditors' recommendations or management's action plans following an established methodology, which includes: • Inquiring about progress on the implementation. • Performing follow-up assessments using a risk-based approach. • Updating the status of management's actions in a tracking system.	Generally Conforms
15.2.b	The extent of these procedures must consider the significance of the finding.	Generally Conforms

APPENDIX B: IIA Quality Assessment Manual 4-point Achievement (Conformance) Rating Scale

Rating scale

The Institute of Internal Auditors (IIA) uses an External Quality Assessment (EQA) rating scale to evaluate an internal audit function's conformance with the Global Internal Audit Standards. This scale is used at the individual standard level and aggregated into an overall rating.

Quality Rating	For Conclusions on Achieving Overall Conformance	For Conclusions on Achieving Each Principle	For Conclusions on Conforming with Each Standard
Full Achievement (or Full Conformance)	The internal audit function is fully achieving all 15 principles and the Purpose of Internal Auditing.	The internal audit function is fully achieving all the standards related to the principle and the principle's intent.	The internal audit function is fully conforming with all requirements of the standard and the standard's intent.
General Achievement (or General Conformance)	The internal audit function is not fully achieving at least one principle or aspect of Domain I but is achieving the Purpose of Internal Auditing.	The internal audit function is not fully achieving at least one standard but is achieving the principle's intent.	The internal audit function is not fully conforming with at least one requirement but is achieving the standard's intent.
Partial Achievement (or Partial Conformance)	The internal audit function is not fully achieving at least one principle or aspect of Domain I, and the impact is significant enough to rate the function's overall achievement as partially achieving. The CAE may not include in final reports that engagements were performed in conformance with the Standards if the overall achievement conclusion is partial achievement.	The internal audit function is not fully conforming with at least one standard, and the impact is significant enough to rate the function as partially achieving the principle.	The internal audit function is not fully conforming with at least one requirement, and the impact is significant enough to rate the function as partially conforming with the standard's intent.
Nonachievement (or Nonconformance)	The internal audit function is not fully achieving at least one principle, and the impact is significant enough to rate the function's overall conclusion as nonachievement.	The internal audit function is not fully conforming with at least one standard, and the impact is significant enough to rate the function as not achieving the principle's intent.	The internal audit function is not fully conforming with at least one requirement, and the impact is significant enough to rate the function as not achieving the standard's intent.