

DATE: March 23, 2021

TO: Board of Trustees

FROM: Trustee Michael Janz

SUBJECT: Motion re: Establishment of an Independent Auditor

REFERENCE: [Trustees' Handbook – Section 5.2.2 – Notices of Motion](#)
[CO.BP Fiscal Oversight and Accountability](#)

ISSUE

Notice of motion was served at the March 9, 2021, Board meeting.

BACKGROUND

Good policy and governance transcend any individual elected official or administrator, but instead look to independent, transparent, and verifiable processes. Currently, there is a lack of an independent reporting mechanism to the Board of Trustees, aside from the annual audit, which is minimal in scope.

While I acknowledge that the Board of Trustees receives numerous reports and information from a variety of sources, very little of it is from an independent third party.

While we are fortunate to have the best Superintendent (who we have just renewed for another multi-year contract) and senior leadership team in Canada, we are facing unprecedented potential turnover in existing Trustees not seeking re-election. In the absence of institutional memory, independent reporting can serve as another “check and balance” to the community in our reporting and decision making.

In my experience as a Trustee, we are at a great point in our governance. However, we must be mindful of enhancements and look for sources of continuous improvement. The independence of a Division auditor could be of great utility, not only to the Trustees, but to the administration, especially when we are facing difficult choices. The ability to have independent, third party commentary, coordinated by an independent auditor could have been very helpful in the past. I can think of numerous previous and future examples where this could be an asset, including school closures, program placements, elimination, review of procurement processes, etc. Even if the consultant is a third party, the fact that it was selected by either the administration or the Board of Trustees has led to accusations of bias or interference in the experience.

Edmonton Public Schools embraces accountability as one of our cornerstone values. We have some of the most robust and transparent governance systems in Alberta, or Canada. We were the first to livestream our Board meetings (2010), and the first to appoint external members to our audit committee.

We already recognize the value in external review. We already pay an external auditor each year to review our audited financial statements at year end. While we have an internal auditor, they are directed internally to finance on specific functions, and they are a function of administration that reports to administration.

Enhanced public assurance and transparency are essential, especially in the tough economic times ahead for public education. The Edmonton Public School Board budget is over \$1.2 billion dollars, operates hundreds of buildings, programs, and has large contracts for technology, transportation, and major projects.

What is missing is the independent reporting structure from the administration to the Board of Trustees. Other orders of government have been able to establish external reviews and processes that function to provide review and accountability in a collaborative way to help remove and minimize the politics of these decisions.

The City of Edmonton has had an independent auditor since 1977. The City Auditor is appointed by City Council to provide internal audit services. The delegated powers, duties, and functions of this position are established under the [City Auditor Bylaw](#). In providing services to the corporation, the Office of the City Auditor performs the key roles of guardian and agent of change. There are a number of important initiatives that the auditor has performed to enhance compliance to policy. According to the city auditor in the 2019 Office of the City Auditor's Annual Report (attached as Appendix 1):

"Since 2015, the office of the city auditor has issued 51 reports and made 161 recommendations for change. According to the auditor, this has led to strengthened controls, improved efficiency, and reduced waste. Recommendations also help the administration achieve better outcomes and value for public funding. These have included projects, hotline activity and investigations, recommendations, governance, human resources, and much more."

It is time to establish an independent Division auditor.

Similar to the city auditor, the establishment of a Division auditor could review areas brought by Trustees or administration to review. This office would provide a different perspective, meeting independently and directly with the Board, funded by the Board, and making recommendations to the Board, administration, and the public at large, or other orders of government. An independent body could also assist with challenging change management decisions for a school Division, providing objective third-party feedback.

Assuming we agree with the need for independent audit, and recognize the value in objective review, the next step would be receiving a recommendation through administration, preferably from a governance consultant to make a recommendation to the Board of Trustees. In the short term, that individual could review with the Board and incorporate feedback from administration, staff, families, or other stakeholders an external audit plan. They could then subcontract as needed for reports required from the Board. Potentially, in the longer-term, such a body could also serve regional school boards such as the Toronto model to help enhance transparency and objectivity on an as needed basis.

RELATED FACTS

The role of the Division auditor could be modelled on the provincial auditor general (reporting to the Legislature), the Edmonton Municipal Auditor (reporting to City Council), or other independent governance bodies (The Toronto District School Board Regional Internal Audit Team) and build upon the steps already outlined in the Division's Board policy *CO.BP Fiscal Oversight and Accountability*. Options could range from one individual as a coordinator to the creation of an office for the region.



RECOMMENDATION

That, in order to provide greater transparency and objectivity for the Edmonton Public School Division, Administration bring forward a report on costing and considerations of establishing an independent Division auditor, who would report directly to the Board of Trustees.

OPTIONS

1. Approve the recommendation.
2. Provide feedback and request changes to the recommendation for approval.

NEXT STEPS

Next steps could include the Board Chair requesting an independent report to identify potential paths forward.

MJ:km