

AGENDA: 6:00pm

1. Call to Order/ Roll Call
2. HWDSB Land Acknowledgement
3. Approval of the Agenda
4. Review of March 10, 2026, Audit Committee Minutes Reported to Board
5. Review of the Committee Workplan
6. 2025-2026 Budget Details
7. Adjournment and Resolution into Private Session as per the Education Act, Section 207(2)
 - a) the security of the property of the board;
 - b) the disclosure of intimate, personal or financial information in respect of a member of the board or committee, an employee or prospective employee of the board or a pupil or his or her parent or guardian.

COMMITTEE REPORT

Presented to: Board

Date of Meeting: March 30, 2026

From: Audit Committee

Date of Meeting: March 10, 2026

The committee held a hybrid meeting on March 10, 2026, at 6:00pm with Trustee Dawn Danko presiding.

Members: Trustees Dawn Danko, Paul Tut ^(R) and Todd White*.

External Members: Angela Zehr* and John Larotta *

* Electronic participation, ^(R) Regrets

MONITORING ITEMS

A. External Member Recruitment

Committee welcomed John Larotta to the role of External Audit Committee member. His term commenced on March 10, 2026.

B. Regional Internal Audit Team (RIAT) Status Report

Andrea Eltherington provided a staffing update to the committee. RIAT welcomed Brad Sisson to the team on January 19, 2026.

Respectfully submitted,
Dawn Danko, Chair of the Committee

Reference: [Committee Package](#) and [Recording](#)

AUDIT COMMITTEE WORK PLAN 2025-2026	
Cmt Mtg Date	PUBLIC SESSION
Sept. 16	Review annual workplan Annual Report to the Board of Trustees and Ministry on 2024-2025 Annual Review of Audit Committee Terms of Reference Review Regional Internal Audit Mandate Regional Internal Audit Team Update
Nov. 11	Review of School Board Compliance Report 2024-2025
Mar. 10 TENTATIVE	Regional Internal Audit Team Update
May. 12	Regional Internal Audit Team Update Regional Internal Audit Annual Independence Certification



AUDIT COMMITTEE

May 12, 2026

Non-Structural Deficit Details – 2025-2026 Budget Update

Submitted By: Sheryl Robinson Petrazzini, Director of Education

Prepared By: Matthew Gerard, Associate Director, Business Services and Treasurer
Jagoda Kirilo, Senior Manager, Financial Services

Recommendation

That the 2025-2026 Budget Details Report be received for information.

Background

Quarterly, the Finance and Facilities Committee is presented with an Interim Financial Report. These reports are prepared throughout the school year based on information available at the time. Budget to actual trends are reviewed in order to forecast HWDSB's financial position as at August 31, 2026, the HWDSB fiscal year-end.

At the March 31, 2026 Finance and Facilities Committee, the [Quarter 2 Interim Financial Report](#) confirmed HWDSB is projected to have a non-structural deficit of \$4.67 M on August 31, 2026. The deficit is attributable to the following:

- Lower than projected enrolment;
- Ministry adjustment to previous years' enrolment;
- Lower than projected interest revenue;
- Increased use and cost of short-term supply costs; and
- Increased Accommodation costs.

In preparation for the May 12, 2026, Audit Committee, the Chair of the Audit Committee requested a report to support the Trustees' ongoing monitoring of the projected non-structural deficit and oversight of risks presented to HWDSB. The request asked that management detail steps being taken to address the deficit, the source of the deficit and cash flow considerations.

Status

The sources of the deficit, the reason for the variance, and the rationale for why there are large variances between budget to the projection are described below.

1. Enrolment and funding impact

1.1. What is it?

Enrolment has decreased by 510.23 average daily enrolment (ADE) from initial projections presented and passed as a part of the 2025-2026 Budget in June 2025. Elementary enrolment was 238.75 ADE lower than estimates and secondary enrolment was 271.48 ADE lower than estimates.

1.2. Why is there a variance?

Provincially, enrolment is declining and many boards have experienced a decrease in their enrolment relative to their estimates. Decreases in typical kindergarten enrolment trends and lower cohort sizes are contributing to the decrease in enrolment.

1.3. What measures are staff taking for 2026-2027?

Long-term enrolment projections and trends have been updated to reflect actual enrolment in the 2025-2026 school year. Enrolment projections for the 2026-2027 school year have been estimated in a conservative manner to limit the risk of over staffing for students who do not enrol at the HWDSB.

2. Ministry of Education's assessment of previous year's enrolment and funding impact

2.1. What is it?

The Ministry of Education conducts enrolment audits as part of the Ministry's broader financial accountability and oversight framework. HWDSB was selected for an enrolment audit of the 2022-2023 school year. The audit objective was to obtain reasonable assurance that the schools selected were in compliance with enrolment recording requirements.

On an annual basis, Ministry staff also review HWDSB's financial statements to ensure they accurately reflect enrolment counts provided through Ontario Student Information System (OnSIS). The Ministry's review of the HWDSB's 2023-2024 financial statement identified variances in the enrolment reported.

2.2. Why is there a variance?

Through the audit it was determined that school staff, although generally organized, did not fully follow the register instructions. This resulted in a reduction of approximately \$236k in funding. Similarly, there was a reduction of approximately \$543k of Continuing Education revenue.

2.3. What measures are staff taking for 2026-2027?

Board staff are working with schools to ensure compliance to enrolment registers. Financial Services staff are providing training to schools both in group sessions and

individual training. Financial Services staff will also increase their school visits to provide additional direct support. Financial Services staff are working closely with the Continuing Education department to ensure enrolment reporting requirements are met and variances are minimized.

3. Interest revenue

3.1. What is it?

HWDSB maintains sufficient cash flow to fund its daily operational needs. HWDSB's regular bank account earns interest comparable to market rates for similar low risk investments. The Education Act limits a school board's investments to low-risk instruments (i.e. guaranteed income certificates).

3.2. Why is there a variance?

Between estimates and revised estimates, interest rates were reduced a nominal amount (e.g. 0.50%). Further, pre-approved capital acquisitions were made which effectively reduced principle available for investment.

3.3. What measures are staff taking for 2026-2027?

Board staff will work closely with school facilities to determine capital projects and impacts on cashflow. Staff will also monitor the interest rate market closely to project the appropriate rate to use in projecting interest revenue.

4. Short-term supply cost

4.1. What is it?

Short-term supply costs represent the cost of replacing staff for short-term absences. Absences may result from sick time and statutory leave (i.e. bereavement).

4.2. Why is there a variance?

Short-term supply costs are higher than projected due to an increase in use. The increase is two-fold, the cost of a supply day is higher than in previous years due to contractual increases, and sick time is trending higher than estimated in the budget.

4.3. What measures are staff taking for 2026-2027?

Employee Support and Wellness will continue to support staff when sick time utilization exceeds thresholds. This support is employee centred and seeks to ensure staff receive the support they need to attend the workplace. Additionally, short-term supply cost budgets will be increased for the 2026-2027 school year to more adequately reflect the increased use in short- & long-term supply costs.

5. Accommodation Costs

5.1. What is it?

Accommodation costs include the costs of operating school facilities. Costs include custodial maintenance costs, utilities, cleaning supplies, and external maintenance costs such as grass cutting and snow removal.

5.2. Why is there a variance?

The weather in winter 2026 was worse than expected. Cleaning, snow removal, snow clearing, and utility costs were higher than projected based on recent trends. The cost to maintain schools is increasing as HWDSB school infrastructure ages. This has been a trend over the last several years and is compounded because the year over year cost increases are greater than the 2% increase in non-personnel funding received through Core Education funding.

5.3. What measures are staff taking for 2026-2027?

Staff are reviewing opportunities to manage costs and to identify the appropriate budget level to be allocated to facilities to ensure proper maintenance and operation of schools. Proceeds of disposition (POD) of \$8M is planned to be utilized to help offset maintenance operating costs as presented to the Finance & Facilities committee on March 31, 2026. Staff is also analyzing trends in how weather affects costs and how this can be managed.

Other Funding Pressures

In addition to the cost pressures above, HWDSB has been under funded in the following areas:

- Special Education
- Statutory benefits (i.e. Canada Pension Plan, Employment Insurance)
- Classroom materials and resources (i.e. classroom supplies, textbooks, technological devices)
- Supply costs for short and long-term absences
- Temporary accommodation (i.e. portables and portapacks)

Addressing the 2025-2026 deficit

Financial Services staff have met with all departmental budget holders (budget holders) and presented at Executive Council to discuss the projected deficit and the associated budget pressures. During these meetings, budget holders were asked to hold on any discretionary spending, where possible. Budget holders were also asked to look at current vacancies or anticipated vacancies and determine whether those vacancies need to be filled immediately. Financial Services is meeting again with all budget holders throughout May to identify cost savings for the 2025-2026 school year.

Funding the Deficit

HWDSB has sufficient accumulated surplus to fund the 2025-2026 projected deficit. The projected remaining accumulated surplus will be sufficient for the HWDSB's needs, and no further action is expected in the 2026-2027 school year (e.g. no top required). Through routine year-end procedures, a reconciliation of the accumulated surplus will be included in the 2025-2026 Audited Financial Statements presented to the Audit Committee in November 2026.

Cash Flow

The current deficit is the result of lower than projected revenue and higher than expected expenses. The board has sufficient cash flows to support the current operations of HWDSB. HWDSB's cash flow is supported by accumulated surplus and short-term borrowing (if necessary).

Appendix A provides details on the working capital (short term assets less short-term liabilities) at February 28, 2026, in comparison to August 31, 2025. HWDSB has a positive working capital of approximately \$45.1M. This indicates that the Board can meet its short-term obligations and has good liquidity and financial flexibility. On August 31, 2025, HWDSB also had a positive working capital of approximately \$48.8M.

Staff will continue to monitor cash flows and report to the Finance and Facilities Committee on any elevated risk or material changes to cash flows.

Looking forward to the 2026-2027

Enrolment, the primary driver of revenue for HWDSB, was projected conservatively using the most current actual data available. Principals were given the opportunity to review these projections and provide input based on the knowledge of their respective community. Finally, Executive Council members provided final review and sign off of enrolment projections prior to Elementary and Secondary staffing processes.

The Elementary and Secondary staffing processes have addressed the decline in enrolment, with reductions, where possible, in both school-based staffing and non-school based staffing. These reductions were made intentionally to minimize any impact on service delivery to students.

Short-term supply cost (e.g. staff replacement costs) budgets will increase to account for the upward trend in employee sick time and other absenteeism. Human Resources and Staff Well-Being Services continues to manage sick leave costs through the work of the Employee Support & Wellness department.

Financial Services staff continues to meet with budget holders to develop 2026-2027 budgets. During these meetings, staff are developing budgets that will align with (and not exceed) funding provided through the anticipated 2026-2027 Core Education Funding.

Next Steps

At the May 26, 2026, Finance and Facilities Committee meeting, staff will bring forward an Interim Financial Report as at April 30, 2026. This report will provide the Committee with an updated deficit projection and provide details about the ongoing efforts to manage the 2025-2026 projected non-structural deficit.

Financial Implications

HWDSB is **projected to have non-structural deficit of \$4.6M** at August 31, 2026. Staff will continue to monitor expenditures closely and implement mitigation strategies to find cost savings. As with all forecasts, as new information is received or as assumptions change, the resulting Interim Financial Reports will be updated accordingly.

Strategic Directions**Building a sustainable Education system.**

We will adapt to a rapidly changing world through responsible fiscal management, investing equitably in accessible and sustainable facilities, and supporting a robust workforce.

Appendix A - Working capital

	As at February 28, 2026	As at August 31, 2025	Change
	(\$000's)	(\$000's)	(\$000's)
Short Term Assets			
Cash	\$ 60,184	\$ 46,786	\$ 13,398
Accounts Receivable - Other	\$ 3,013	\$ 24,499	-\$ 21,486
Prepaid Expenses	\$ 1,741	\$ 6,617	-\$ 4,876
Total Short Term Assets	\$ 64,938	\$ 77,902	-\$ 12,964
Short Term Liabilities			
Accounts Payable and Accrued Liabilities	\$ 19,849	\$ 29,102	-\$ 9,253
Total Short Term Liabilities	\$ 19,849	\$ 29,102	-\$ 9,253
Working Capital	\$ 45,089	\$ 48,800	-\$ 3,711