

**AUDIT
COMMITTEE****Tuesday, August 18, 2015****7.30pm****SUB 0-55****AGENDA (AC 2015-05)****2015-05/1 INTRODUCTION****2015-05/1a Call to Order****2015-05/1b Approval of Agenda****2015-05/1c Approval of Minutes****2015-05/1d Chair's Business**

Allocation of FA financial statements to review.

Fall Semester Meeting Schedule

Standing Order Template.

Please see AC 15-05.01

2015-05/2 QUESTION/DISCUSSION PERIOD**2015-05/3 COMMITTEE BUSINESS****2015-05/4 INFORMATION ITEMS****2015-05/5 ADJOURNMENT****2015-05/5a Next Meeting:** To be decided.

COMMITTEE

(Last Approved - __DATE__)

- 1) MANDATE
- 2) MEETINGS
- 3) MEMBERSHIP
- 4) PROCEDURE FOR ELECTING A CHAIR
- 5) CHAIR'S RESPONSIBILITIES & DUTIES
- 6) MEMBER RESPONSIBILITIES & DUTIES
- 7) PROXIES / GEUSTS
- 8) NON-MEMBERS
- 9) ADMINISTRATION
- 10) RECORDS
- 11) RULES OF ORDER
- 12) STRUCTURE OF SESSIONS
 - a. START-UP MEETING LOGISTICS
 - b. START-UP MEETING ORDER OF BUSINESS
 - c. LAST MEETING ADDITIONAL ORDERS OF BUSINESS
 - d. ADDITIONAL MEETINGS
- 13) ORDERS OF THE DAY
 - a. RIGHT OF SUBMISSION BY COMMITTEE MEMBERS
 - b. ORDER OF ORDERS OF THE DAY
 - c. DEADLINE FOR SUBMISSION
 - d. LATE ADDITIONS
 - e. DEADLINE FOR PUBLISHING
 - f. DEADLINE EXEMPTION
 - g. SPECIAL ORDERS
 - h. CHAIR MADE SPECIAL ORDERS
 - i. COUNCIL MADE SPECIAL ORDERS
- 14) STANDING ORDERS
- 15) COMMITTEE RECORDS
 - a. "REPORT TO STUDENTS' COUNCIL"
 - b. REPORT TO BE CIRCULATED PRIOR TO SUBMISSION
 - c. APPROVAL OF "REPORT TO STUDENTS' COUNCIL"
 - d. MEMBERS MAY IDENTIFY ERRORS
 - e. CONTENT OF REPORT TO STUDENTS' COUNCIL
 - f. PUBLICATION
- 16) CONFIDENTIALITY
- 17) MISCELLANEOUS

AUDIT COMMITTEE

Tuesday July 21, 2015

7.30 pm

SUB 0-55

ATTENDANCE

NAME	PROXY	PRESENT
Robyn Paches (Chair)		Y
Donald Ademaj		Y
Thomas Patrick	Victoria DeJong	Y
Ahona Mostafiz		N
Ben Angus	Levi Flaman	Y
Sam Cheng		N
Hannah Schlamp		Y
John Stetler (KPMG)		Y
Vanessa Paulencu (KPMG)		Y

AGENDA/MINUTES (ACRONYM 2015-04)

2015-04/1 INTRODUCTION

The meeting was called for KPMG's presentation on SU audit procedure

2015-04/1a Call to Order

Meeting was called to order at 7.39 pm

2015-04/1b Approval of Agenda

PACHES/ADEMAJ move to approve the agenda.

5/0/0

CARRIED

2015-04/1c Approval of Minutes

PACHES/ADEMAJ move to approve the minutes.

5/0/0

CARRIED

2015-04/1d Chair's Business

PACHES

Introduces the guests, John Stelter and Vanessea Paulencu, from KPMG, and gives them the floor to talk

STELTER

Introduces himself as Partner with KPMG, a long-time ago graduate from the University of Alberta, and tells that he is currently working with the Student Union (SU);

Starts his talk by giving handouts to the Audit Committee members and by stating that he would accept questions as he talks;

States that:

Audit will be conducted by KPMG on April 30th, and that one important thing is who you are reporting to; and that there will be opportunities for the Audit Committee members to ask questions and to provide relevant information that will serve to guide KPMG, and that way KPMG's audit will not come as surprise;

Indicates points within the hand-out he distributed;

Says that first thing is risk, and that KPMG starts by understanding what has changed;

Indicates that SU made significant investments in building construction activities, and that has an impact on places KPMG focuses;

States that:

Dollar amounts are made sure to be appropriate; and among other areas is audit in an ongoing basis;

Mentions certain items, as follows:

Audit business risks; cash sales; and SU run business (a number of them) related activities and various operations, in order to manage itself;

States that:

SU has a fair amount of cash, and KPMG makes sure that SU takes care of the cash; inventory is accounted for the various activities; cash and inventories are checked in the year end; and Submart, etc. want to make sure that those area are captured at the year-end; complete ESS of the accounts, and do that in the financial statements;

Says that KPMG looks at all invoices , capital assets acquisitions, etc. and makes sure that they are all recorded;

States that, for risks and controls, they, as auditors trust their management and check everything by asking for and making sure that it makes sense; that they check internal controls, check that all processes are followed; and that everything is happening on an on-going basis;

States that, for financial reporting, 99% of what you have is SU itself; and investments are taken care of to make sure that not all money is in cash but also in stocks and bonds;

States that another area is insurance program, in which there is flow of funds through SU to the program, and that KPMG watches that flow;

States that other matters are in the summary.

States that:

The concept of materiality is a measure of sample sizes or the amount of work; if there are unadjusted matters, a decision in financial statement would change and it would tell the right story, the results there then would not be correct but would be fair; and that KPMG doesn't anticipates these this year;

States that if unadjusted matter is about 10 % or less, or some invoice is not recorded, then KPMG takes care of that.

2015-04/2

QUESTION/DISCUSSION PERIOD

FLAMAN

Asks if there was any in the last 8 years?

STELTER

Answers by stating that there were none, but that last year when the building was financed there was long-term debt, and lot of activities and therefore some mistakes were made;

States that for materiality, KPMG audits to 95 or so percent, in order to have the required level of confidence;

States that for communication strategy they talk to Peter and Mark; they chart out a plan, conduct audit by August and then they get organized here again, when student get ready to start school again; if anything comes out as a result of audit it is concern to them but they don't have that concern; they talk to SU right away and that is their communication plan;

States that, it basically is this handed-out document is all about;

PACHES

Asks, what the internal controls are for inventory and cash;

PAULENCU

Answers by stating that for inventory they can't do anything, and that if there are controls then that has to be set at the year-end if the numbers are right, and that cash will actually be in the flow and therefore internal control will be in the document;

STELTER

States that there are two issues with internal controls, which are: (1) controls will not achieve the objective, and (2) controls are not designed properly.

Explains that even well designed controls, if rules are not followed there could be issues, and it can be like reconciling bank accounts.

States that control points would say: read online and sign off; KPMG thinks of all those kind of things, and SU is a relatively small organization from management control stand-point and therefore is well controlled;

States that a few years ago, when SU was saying that its management was controlled, KPMG was doing a lot of manual processes for controlling;

ADEMAJ

Asks about education and finances.

PAULENCU

Answers by stating that investments are made by investment makers and ensured if they are consistent.

2015-04/3 COMMITTEE BUSINESS

- 2015-04/3a**
- STELTER talks about the audit procedure with SU
 - STELTER explains about how communication is of essence in order to avoid surprises and explains how audit procedure with SU is conducted and works
 - STELTER and PAULENCU answer questions about internal controls

2015-04/4 INFORMATION ITEMS

2015-04/5 ADJOURNMENT

2015-04/5a Next Meeting: August 4, at 7.30 pm, and will be held at SUB 0-55.

2015-04/5b PACHES/ADEMAJ move to adjourn.

5/0/0
CARRIED

Meeting adjourned at 8.04 pm.

SUMMARY OF MOTIONS

MOTION	VOTES
PACHES/ADEMAJ move to approve the agenda	5/0/0 – CARRIED
PACHES/ADEMAJ move to approve the minutes	5/0/0 – CARRIED
PACHES/ADEMAJ move to adjourn the meeting at 8.04 pm	5/0/0 – CARRIED