



# AUDIT COMMITTEE MINUTES

2010 - 2011 # 4

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**Date:** *October 17, 2011*

**Time:** *1510h*

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**In Attendance:**

**Scott Nicol (Chair)**

**Su Su Liang**

**Kim Ferguson**

**Mallory McMurtrie**

**Brett MacGillivray (arrival at 1513h)**

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**Absence:**

**Amélie Roberto-Charron**

**Avinash Karuvelil**

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**Others in Attendance:**

**Andy Cheema**

**Peter Ta**

**John Stelter (KPMG)**

**Alisha Wong (KPMG)**

**Jennifer Boleski (KPMG)**

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**1. CALL TO ORDER:** The meeting was called to order by NICOL at approximately 1510h.

**2. APPROVAL OF AGENDA** *NICOL* moved to approve the agenda as tabled.  
Seconded by *UNKNOWN* (information lost prior to minutes being reviewed).  
Vote on Motion 5/0/0.  
*CARRIED.*

**3. SPECIAL ORDERS** Item 5.1: “Approval of the Students’ Union Audited Financial Statements” as several individuals were in attendance for this item.  
Some highlights from the discussion with the auditor are highlighted below.  
Executive summary:  
• Waiting on signed representation letter, approval of financial statements by Audit Comm and Students’ Council

Scope of the Audit – p 4

- Brief overview of what was completed – audit procedures and check
- Looking at Council resolutions; investment account that doesn't flow through the income statement
- Student fee revenue confirmed with the University

Results – p 5

- A few small matters noted in the current year audit
- Errors in financial position classification – presentation item that doesn't affect net income
  - Noted in the past, showed up again this year
- “Control deficiency” – recommendations to management
- Leases – capital versus operating leases; management should be looking at lease criteria upfront
- Reliance on the University of Alberta; should have some independent check
- Last year there was a concern regarding studentcare.net/works and having reliance on them that once students have been enrolled, that they have appropriately bought insurance to cover the students – something to think about
- Realized gains and losses had an error in the prior year that flowed through – sitting uncorrected at the end of the year
  - Corrected in the current year
  - Not enough to go back and change the previous year
- SU -> SIEF; only impacted SIEF statement - \$2.8m revenue eliminated on consolidation

Other matters – p 6

- Accounting policies – appropriately described
- No illegal or fraudulent activity noted
- Management worked with the auditor

*NICOL*, responding to a prompt by the accountants from KPMG, mentioned that we have not found any instances of fraud; mentioned speeding ticket as closest example of an instance which did not amount to fraud or criminal activity, but simply an error.

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- Materiality – the threshold where a matter is determined to be significant enough to affect someone who is looking at the statements; based on a balance sheet or income statement measure.

Control deficiencies – p 8

- No significant control deficiencies that would have a material impact
- A few performance improvement suggestions – most fully implemented in the year

Appendix 1 – engagement letter

Appendix 2 – independence letter

Appendix 3 – management representation letter

Appendix 4 – management letter

Only change to the statements – adding the management representation and reporting letter; no number changes

Question: who should sign the financial statements – right now president and vice-president operations and finance. Typically the statements are provided by management who run the day to day operations; signed by management and the auditor signs the report.

Not required to have the management accountability statement – provides a good opportunity for Peter and Marc to directly sign to Counsel.

Best solution – someone entirely independent of the executive would sign on behalf of Students' Council.

- One of the typical signors would be the Audit Committee chairman

Financial statements: In the basic same format as last year.

There are some dramatic changes in accounting standards coming down the road – because of IFRS. Now multiple sets of rules depending on the type of organization you are.

- Public – IFRS
- Private – ASPE
- Not-for-profit – Public sector accounting standards existing for fed, prov, and local governments along with university like organizations
  - Now, those that are part of government
  - And those that are private entities
- Pension plan
- If you are in the United States, another set of rules

Will have to decide what type of not-for-profit we are. Will affect how things are presented.

Most sources of data won't change – it is things on a balance sheet itself and how they are put together

#### Financial Statements:

Statement of Financial Position

- Nothing significant has changed;
- Big amount of cash in the bank is largely because of fee collection at this time

- A/R – doesn't know the significant receivables
  - Peter: Coca Cola is about \$100,000
  - Sponsorship arrangements
- Merchandise inventory – all the various stores
  - Not significantly different
  - Did do some test counts
- Investment portfolio
  - A little bit of stock and bonds that are relatively conservative
  - Capital assets – generally this building and its contents

#### Liabilities

- A/P – outstanding bills at the end of the year; nothing special
- Deferred revenue – amounts collected relating to future years - e.g. a deposit for pre-paid rent
- Remaining debt on the building itself – will be paid off in another two years
- Fund balances (RE) – approximately \$15m
  - Invested in the building itself
  - Three blocks of restricted funds – resources placed aside for some future use
  - At the end of last year, \$2.3m not dedicated to a future use
- Year over year, amount of RE up by about \$0.5m

#### Income Statement

- Nothing there in terms of day to day operations changes from what is seen every month from management

Additional descriptions in the financial statement notes; but generally a pretty typical year; nothing unusual that is noteworthy.

*STELTER*: satisfied that the statements tell a fair story.

*FERGUSON* moved to go in-camera.  
The motion was seconded by *NICOL*.

Vote on Motion 5/0/0.  
*CARRIED*.

*NICOL* moved to go ex-camera.  
The motion was seconded by *FERGUSON*.

Vote on Motion 5/0/0.  
*CARRIED*.

*NICOL* moved to approve the financial statements and present them to council,  
recommending that Students' Council approve the same.  
The motion was seconded by *LIANG*.

Vote on Motion 5/0/0.  
*CARRIED*.

**4. APPROVAL OF  
MINUTES**

*NICOL* moved that the September 26 minutes be approved.  
The motion was seconded by *LIANG*.

Friendly amendments:

1. Names should be in italics.
2. Change times to the 24-hour clock.
3. Correct spelling of Mallory and Amélie's names.

Vote on Motion 5/0/0.  
*CARRIED*.

**5. ANNOUNCEMENTS**

NIL

**6. REVIEW OF  
ACTION ITEMS**

NIL

**7. OLD BUSINESS**

- 1. Review of credit card statements March to July 2011.**

Packages reviewed and had significant number of explanation documents but all transactions were accounted for. All packages were reviewed and did not raise concerns with audit committee.

- 2. Review of credit card statements July to August 2011,  
if available.**

The statements were unavailable.

**8. NEW BUSINESS**

- 2. Approval of the Augustana Students' Association fee disbursement.**

Documents were unavailable and will be brought to the next meeting.

- 3. Discussion of the ISSS report.**

Documents were unavailable and will be brought to the next meeting.

**9. DISCUSSION AND  
INFORMATION ITEMS**

**10. REPORTS**

NIL

**11. CLOSED SESSION**    NIL

**12. NEXT MEETING**    October 24, 2011 at 1500h.

**13. ADJOURNMENT**    *NICOL* moved that the meeting be adjourned.  
The motion was seconded by *MACGILLIVARY*.  
Vote on Motion 5/0/0.  
*CARRIED*.  
Meeting adjourned at 1649h.