



AUDIT COMMITTEE MINUTES

2012 – 2013 #

Date: February 21st 2013

Time: 5.13 pm

In Attendance:

CORY HODGSON (Chair)

GLENN GENSLER

RAPHAEL MLYNARSKI

VICTORIA PHAM

Excused Absence:

KELSEY MILLS

Others in Attendance:

SACHITHA KUSALADHARMA

**1. CALL TO
ORDER:**

The meeting was called to order by HODGSON at 5.13 pm.

**2. APPROVAL OF
AGENDA**

HODGSON amended the agenda to include *February 21, 2013* as the date, instead of *February 14, 2013*.

HODGSON: Any other amendments?

PHAM: Did you have a meeting on Tuesday?

HODGSON: No. We didn't have quorum.

The amended agenda for *February 21, 2013* approved as friendly.

Vote 4 / 0 / 0

CARRIED

**3. APPROVAL OF
MINUTES**

HODGSON: Any objections to the minutes?

MLYNARSKI: There was a question on how they will find the student auditor for NAIT. Was there any follow up to that?

HODGSON: No. I have not followed up on that yet. I will make sure I will do that. I have been focused on the next two that we are doing.

PHAM: Josh is on leave. Does he appoint a proxy?

HODGSON: He can't appoint a proxy due to the recent DIE board ruling. We

have 5 people in the committee now. We will be meeting every Thursday at 5 pm from now on. We'll be cancelling meeting if we have caught up.

Tabled minutes for *January 16, 2013* approved as friendly.

Vote 3/ 0 / 1 (*abstention by GENSLER*)
CARRIED

4.
ANNOUNCEMENTS

HODGSON: We have these two reports to go through. They should be pretty straightforward. All DFUs have professional audits. I will read out their mandate to you. One thing, we are supposed to have a member from the board here, according to our standing orders. We don't have a board representative from CJSR or SLS. I didn't bother inviting them because we had quorum issues lately. I didn't want other people to turn up when we weren't sure about quorum. I also really don't see the point of having them here. We've done it twice before. The only one where it was contentious was about APERC. It didn't necessarily have anything to do with the report itself. It was more regarding talking about APERC, and what they do. We don't really have too much authority concerning the mandate of DFUs.

The other thing is that we have scheduled meeting on Thursdays at 5.00 pm from now. I hope everyone is okay with that. It will be in this room. I will email you guys if there is any change.

HODGSON moved to suspend item a-i-1, in section 3 of the Standing Orders, concerning a student council representative on the dedicated fee board being present while approving the financial package for a particular DFU.

Vote 4/ 0 / 0
CARRIED

5. NEW BUSINESS

Review of Student Legal Services (SLS) financial report

HODGSON: I'll start with SLS. Does anyone have any questions? Here's like the overarching description of what SLS is, if anyone wants to have a look.

PHAM: "*Deferred contributions – Casino*". Does this mean how much the casino is giving to them?

HODGSON: I believe the casino is a grant. It's from the provincial government. A certain amount of profit from casinos goes into a granting pool where not-for-profit organizations can take it. CJSR uses it as well. So, this is a grant they get. Either they got less, or they haven't received it yet.

PHAM: They probably received less.

HODGSON: This would be that they haven't received it yet.

MLYNARSKI: It's in *Note 4*, if you go to the notes of the financial statements. Basically they have that money. They don't have the money in their accounts, but they have access to it. It says here "*the funds can only be*

utilized for specific purposes as approved by the attorney general...". If they want access to that \$81000, they have to ask for permission, and describe what they are going to use the money for.

PHAM: So, they have only used \$5000.

HODGSON: That's all they have used that year.

PHAM: SO, does that carry over to the next year?

HODGSON: I don't know. That would depend on how the granting would work.

To go really quickly on what they need to submit to us;

In order for a dedicated fee recipient to receive funds from the Students' Union reserve, it must include in its bylaws for the appointment to its board of directors at least one student council elected member. For SLS, it's Mario Babic. For CJSR, I don't know who it is. We have suspended that portion of our standing orders, and therefore it's not relevant. But, that's one thing they have to do. They have done it. For us, they have to provide a budget on how the money from the SU reserve will be spent in the coming year, audited financial statements from the previous fiscal year, evidence of compliance with all contracts with the SU, evidence of fulfilling their mandates as described, and such other information as required by the audit committee to determine if it is fulfilling its mandate under the bylaw.

For SLS, I don't see a budget. If everyone is okay, I propose to approve it on the condition of receiving their budget.

PHAM: Wouldn't an auditor have to look at their budget?

HODGSON: Yes. You can see bits and pieces of their budget from the auditor's report. We know that it obviously exists, and is in good shape because they had an audit, and it came back unqualified. This is the best an audit can come back. So, there were no issues at all. I assume it came back unqualified. It doesn't really say. I would assume that because it doesn't say, it's fine.

MLYNARSKI: The opinion says it is good.

HODGSON: So, they have everything except for the budget?

MLYNARSKI: Do they have any outstanding contracts with the SU? They have to provide evidence that they are complying with contracts.

HODGSON: Yeah. Right there.

This is what they have instead of a budget. I'll read it out. The wording in bylaw is:

"A budget illustrating how funds received from the SU reserve will be spent during the coming year"

Their answer to that is:

"In 2010, SLS started using SU funding to build up a reserve fund. The purpose of this fund is to provide a safety net for the organization in the case of any liabilities or unforeseen costs. This fund will continue to provide this crucial service in allowing SLS to provide services to undergraduate students as well as the general public. This will be the last year that SU funds contribute to this fund. Our board of directors has just passed a resolution to use next year's funds for the salaries of 3 summer student contracts totaling

\$33000.”

I'll leave it up to you guys' discretion on how to interpret that. If you look in the audit report, it does say how much they receive. In 2010, 2011, and 2012 it was \$35000. So there have been 3 years where they have taken that money and put it into a reserve. So, they will now have about \$100000 as a safety net. That's not the part we are really reviewing though. In the coming year, they have put \$33000 to allow for some flexibility. We don't have a budget saying that. But, their board of directors mandated that that money should go there. Do you guys think that's sufficient? If we do get a budget, there would be 1 item line because it's all going to one place. So, I'll leave this up to you guys.

MLYNARSKI: The bylaw clearly states that a budget is needed. This isn't a budget.

HODGSON: Yeah. SO, what we can do is approve it, but with a condition of sending the budget. Are people okay with us doing that?

PHAM: Wouldn't it be an issue? Approving it without getting everything?

MLYNARSKI: Is it common practice? If their budget comes back, and if there's something in that budget that would cause us not to approve it, can we retroactively go back and change our decision to approve it? Does that make sense?

HODGSON: It's not breaking bylaw for us to do that. In item 2 of bylaw 6000,

“No funds shall be dispersed to an external dedicated fee recipient from the SU reserve, dedicated for its support, until such a time as the SU audit committee has approved the dispersal.”

MLYNARSKI: Did it say we can postpone dispersal?

HODGSON: Yes, we can postpone dispersal.

MLYNARSKI: We meet next week. Is there any reason they wouldn't be able to get it back then?

HODGSON: We can. But, we are really behind on these two. CJSR has contacted me and asked me when they were getting their money. It was a while ago. Regarding SLS, there's less of a pressing need. I would like to get it off our plate, but I would really want CJSR's to be passed today. They submitted quite a while ago to us. We do things on the order of receipt with a bit of an adjustment for priority. They really need the money, and I don't want to hold them hostage on something that they didn't send in. SLS less so. Just based on what they are using the money for, they can probably wait another week.

PHAM: If an auditor reviewed their budget, then it's up to date. They can send it to us. There probably isn't a problem.

HODGSON: Yes. But, as per your question; no. But basically, if there was something really bad, we will burn them badly next year. We will make a note in such a case that SLS should not be approved without extreme caution. We will be hard on them. I know it's a gamble. The budget could come back and have terrible things in it.

MLYNARSKI: I'm sure their budget would be fine. It's just that the bylaw

states that they need to submit a budget.

PHAM: Is their budget available online?

HODGSON: In bylaw 8200 there's a clause specifically that says "*All determinations in this bylaw are to be made by the audit committee in consultation with the VP-academic*".

This bylaw should say the same thing. I thought it did, but it doesn't.

MLYNARSKI: What would be easiest is to vote on it next week.

HODGSON: The fact that it's not in this bylaw really worries me. I don't think audit committee can do a lot. We basically don't have as much authority as everyone thinks we do.

PHAM: Is this regarding approving without a budget?

HODGSON: No. Concerning audit committee's powers in general, and the amount of authority over what we can say is okay and what's not. Let me tell you the main issue. They complied with everything else. The budget is a bit of an issue. This is their mandate:

"The mandate of the SLS of Edmonton is to assist undergraduate students not enrolled in Augustana faculty, and members of Edmonton's low income community with legal issues free of charge."

They do that. Yes. I don't like that part. CJSR's is worse. CJSR's mandate is to have an FM radio station. The mandates in bylaw 6000 severely limit our ability to investigate. I don't know if that falls under audit committee's portfolio. The reason I like parts of bylaw 3000 as it is now, is that it keeps DFUs accountable. Ryan and "The Gateway" didn't like the 5 year referendum clause and the unconditional online opt-out. Ryan's counter argument was that audit committee holds them accountable. I don't think that's true. I don't think we have enough power to hold organizations accountable.

There should be room for the audit committee to interpret this bylaw and decide how to act. Our hands are tied. We can't approve it because they don't have a budget.

MLYNARSKI: We should table it. Glenn, what do you think?

GENSLER: Why not.

MLYNARSKI moved to table the approval of SLS's financial report pending the receipt of their budget.

The motion was seconded by PHAM.

Vote 4/0/0

CARRIED

Review of FRACA financial report

HODGSON: This is exactly the clause I was talking about. That should be in bylaw 6000. Bylaw 6000 and 8200 are essentially identical. One deals with finances of FAs, and the other deals with DFUs.

MLYNARSKI: You should bring that up.

HODGSON: I have been part of a couple of meeting on fees in general at the

SU. Hopefully, there might be a task force on this at the next council meeting. Bylaws 3000, 6000, 8100, and 8200 will all need to be rewritten. Especially between bylaw 6000 and 8200, there are so many inconsistencies. We should have the same standards for the FAs and DFUs. Part of that is from bylaws and part of that is from precedent.

So, regarding CJSR, they have a budget. It's about how they spend the money. It's an operating budget. In my opinion that's fine.

PHAM: They say that they have a representative, but don't say the name.

GENSLER: We have already suspended the standing orders. It doesn't really matter at all.

HODGSON: They have audited financial statements. Regarding evidence of compliance with all contracts with the SU, they have a big contract document. For evidence they are fulfilling their mandate, their mandate is that they have an FM radio. They have that. You can read that. It is things like that I really don't like.

PHAM: It's not specific.

HODGSON: What is being University of Alberta focused? What content defines that? What does it mean? Does that mean students? Does that mean they talk about the university?

PHAM: It could be anything. Do student listen to it generally?

HODGSON: I don't know.

GENSLER: The only following they really have is with alumni, and people in the area.

HODGSON: So, this is their mandate. It's vague enough that it's impossible for them not to meet it! I have an issue with that, but I'm fairly confident that is not under our authority to say that their mandate is vague. I will be bringing it up.

They have a budget, audited financial statements, they have a pretty long contract document because they have a renting agreement, and they are fulfilling their mandate. Does anybody have any comments or questions?

HODGSON moved to approve FACRA's financial package.

Vote 4/0/0

CARRIED

6. REPORTS *None*

7. CLOSED SESSION *NIL*

8. NEXT MEETING *February 28, 2013 at 5.00 pm*

9. ADJOURNMENT GENSLER moved that the meeting be adjourned.
The motion was seconded by HODGSON.

Meeting adjourned at 5.47 pm.

