AUDIT COMMITTEE MINUTES

Date: October 15th 2014             Time: 5.06 pm

In Attendance:
UMER FAROOQ (Chair)
JAMES HWANG (Proxy for SAMER SLEIMAN)
SHUBHAM GARG
BRENDAN FEDOSKI

Excused Absence:
Others in Attendance:
SACHITHA KUSALADHARMA

1. CALL TO ORDER:
The meeting was called to order by FAROOQ at 5.06 pm.

2. APPROVAL OF AGENDA
HWANG moved to approve the agenda for October 15, 2014 as tabled.
The motion was seconded by FAROOQ.
Vote 4/0/0
CARRIED

3. APPROVAL OF MINUTES
GARG moved to approve the agenda for September 30, 2014 as tabled.
The motion was seconded by FAROOQ.
Vote 4/0/0
CARRIED

4. ANNOUNCEMENTS
FAROOQ: We will go through the answers from the Law Students’ Association (LSA). If we find the answers satisfactory, we can approve their financial statements. After that, we will go through NUA’s (Nursing Undergraduate Association’s) and ESA’s (Education Students’ Association’s) financial reviews.
FAROOQ: The answers to our questions are:

(1) Why “Sports” under “Operations” is over budget in the 2013/2014 budget?
- Sports was over budget for the 2013/2014 year because of increased participation and promotion of intramural sports. As a result, we increased the number of teams that we registered for the 2013/2014 year. Increased participation is evident in that we went from 7th in faculty intramural cup standings for the 2012/2013 year to 3rd for the 2013/2014 year. The LSA values the ability of law students to participate in intramural sports and was therefore willing to spend the necessary amount of money to ensure all students had the opportunity to participate if they wished to do so.

This seems fair. The faculty association is not there to make money. It’s there to enhance student life.

(2) Why “El-Hacko” under “Events” is over budget in the 2013/2014 budget?
- In 2013/2014 year the El-Hacko tournament was revamped from a 9 hole tournament with 60 participants to an 18-hole shot gun start tournament with 100 participants. This led to a few unexpected costs as we were running the new tournament set up. As a result, this year’s tournament is in a better position to run within budget.

It seems that they learnt from their mistakes.

(3) Why “Carbolic Smoke Ball” under “Events” is over budget in the 2013/2014 budget?
- The operating costs of carbolic have increased each year as we continue to change venues. We failed to have enough funds in contingency for unexpected costs that occurred at the venue during the course of the evening. As a result, a more realistic figure was budgeted for carbolic for the 2014/2015 year.

I’m not sure what these unexpected costs were. It’s interesting to know why they keep changing venues. But, I think that’s out of the Audit Committee’s reach. I guess we can pass that by. But, it is concerning.

(4) Why “Ave in the Gav” under “Events” is over budget in the 2013/2014 budget?
- Ave in the Gav was a new event that was introduced this past year. We experienced unexpected numbers which resulted in incurring additional expenses the day of the event. Also, we had problems with the karaoke machine that was rented which resulted in increased expenses as well. We are planning to run the event again this year and have developed a plan to ensure the event stays on budget even with increased participation.

(5) Where the additional revenue came from “Miscellaneous Revenue” under “Operations” in the 2013/2014 budget?
- The additional revenue from “Miscellaneous Revenue” totalling $7713.13 was comprised of the following:
  - $600 Canadian Bar Association
  - $2000 from the Faculty Financial Support
  - $1149.80 from the profit-sharing agreement with Images of Distinction for grad photos
  - $163.33 from the Students’ Union
  - $3800 from the Urban Spark for hosting events at their chain of bars

All that seems fair to me. Are there any questions about the answers? We do
have the right to request documentation. Our major problem was that they were over budget. However, they seem to have rectified that this year.

GARG: It looks good to me.

FAROOQ: If the numbers were bigger, we should request backup documentation. It’s not a point of checking them out, but more a point of keeping documents to back up numbers.

I got an email from Peter Ta that the Students’ Union (SU) hasn’t received the money they give to faculty Associations (FAs) yet from the University.

GARG: We might as well ask for documentation if we have to wait anyway to pay the FAs.

FAROOQ: Sure. It’s not that we don’t trust them. It’s a point of having the documents.

FEDOSKI: There ought to be more of an explanation about “Miscellaneous Revenue”.

FAROOQ: Yes. For example, I don’t know why the Canadian bar Association is giving them money.

_The committee decided to ask LSA to provide backup documents._

### 6. NEW BUSINESS

_FEDOSKI: There may be a conflict of interest because I was on ESA’s board last year._

FAROOQ: Yes. We will postpone this till the next meeting when we get another member for quorum.

_NUA Financial Review_

FAROOQ: Their FAMF (Faculty Association Membership Fee) expired on August 31. I’m not sure whether they renewed it or not.

They have provided a copy of their bylaws which govern the FAMF.

The chartered accountant they used was Brendan De Hann.

GARG: Is it common for a chartered accountant to have a ualberta email?

FAROOQ: We can ask them about it.

FEDOSKI: He’s a friend of the NUA’s Vice President-Finance too.

FAROOQ: If colleagues were involved, it should be fine. I can double check with Rebecca Taylor.

I wish that all different FAs had a consistent format for their financial statements.
**Statement of Revenues and Expenditures:**
HWANG: I think the columns titled 2013 and 2014 make one fiscal year when they are added together.
FAROOQ: Ok. I have never seen that before. They have pretty much doubled their expenses in 2014 compared to 2013.
GARG: The advertising has gone up by 8 times.
FAROOQ: We’ll make a note of that and ask the following about the “Statement of Revenues and Expenditures” (page 2):

- How is it formatted?
- Why is the revenue in 2014 double the one of 2013?
- Why do the expenses have such a large gap?
- Why is the advertising expense so large in 2014?

Did they have a slow Fall semester? Or are we reading it wrong? This is a very poorly drawn up report.

**Statement of Changes in Net Assets:**
FAROOQ: I don’t understand how this has been done.
GARG: They had zero assets at the start of 2013? Didn’t they have anything carried over from before that?
FAROOQ: The numbers in the Statement of Changes in Net Assets adds up with the amount in the Statement of Revenues and Expenditures. I guess they had a really slow year.
FEDOSKI: Maybe their memberships went up a lot. In some of these FAs students are not necessarily automatically buying memberships.
FAROOQ: We’ll make a point about that. We’ll ask:

- What does the NUA’s membership actually constitute of?
- What is the definition of “membership” in the NUA?
- Is the FAMF part of the membership fee? Or is it different?

**Statement of Financial Position:**
FAROOQ: I’m not sure where the amount $5735 is coming from.
GARG: They are adding the accounts payable to the assets. Why would they do that?
FAROOQ: We’ll ask that.

- Why is the liability in 2014 added to the assets?
- Need documents and receipts to back these numbers.

**Statement of Cash Flows:**
FAROOQ: From where does $2917 come from?
GARG: They added the excess of revenue to the accounts payable. That doesn’t make any sense. That should be subtracted.
FEDOSKI: They don’t show the comparison between what they budgeted for, and the actual expense they incurred. They just give us one lump sum.
FAROOQ: The person in charge of their financials wasn’t very good. They are adding up numbers wrong. Vice-president Hodgson said that we need a standardized method for financial reviews. I’m meeting him on Friday to talk about that.

**2014/2015 Projected Budget:**
FAROOQ: They should be clarifying what the acronym CNSA stands for.
GARG: There’s a mistake under expenses. They have put 150x2 for Bake Sales, and the total as $150.
For the Bar Night, they seem to be expecting only 5 people to show up.
FAROOQ: The numbers are very wrong.

FAROOQ: There’s nothing else to do other than send it back and ask them to do it again properly. We’ll give the questions we have to Rebecca Taylor.
FEDOSKI: They haven’t included a comparison of projected vs. actual expenditures for 2013/2014.
FAROOQ: Yes, they don’t have that. Also, the reviewer is barely qualified regarding conflict of interest.
FEDOSKI: There should definitely be a standardized way.
FAROOQ: We can have Vice-president Hodgson to give us a presentation during next meeting to tell us his plans regarding that.
I think we should just motion to reject this. It’s not a discussion point anymore.

**FAROOQ moved to reject the Nursing Undergraduate Association’s financial review and send it back to be redone based on the following facts:**
1) Brendan De Haan has a conflict of interest with the Nursing Undergraduate Association,
2) no comparison of projected vs. actual expenditures for 2013/2014 has been given, which is a requirement of their report,
3) revenues and expenses are given in lump sums which makes it difficult to ascertain what they actually spent their money on.
Vote 4/0/0
CARRIED

7. REPORTS

None.

8. CLOSED SESSION

NIL

9. NEXT MEETING

October 29, 2014 at 5.00 pm.

10. ADJOURNMENT

**FAROOQ moved to adjourn the meeting.**
The motion was seconded by FEDOSKI.
Vote 4/0/0
CARRIED
The meeting was adjourned by FAROOQ at 5.47 pm.