



AUDIT COMMITTEE MINUTES

2014 – 2015

Date: November 12th 2014

Time: 5.04 pm

In Attendance:

UMER FAROOQ (Chair)

JAMES HWANG (Proxy)

SHUBHAM GARG

BRENDAN FEDOSKI

Excused Absence:

ZHAOYI CHEN

SAMER SLEIMAN

AIMAN ZEINEDDINE

KEVIN JACOBSON

Others in Attendance:

SACHITHA KUSALADHARMA

1. CALL TO ORDER:

The meeting was called to order by FAROOQ at 5.04 pm.

2. APPROVAL OF AGENDA

FAROOQ amended the agenda to change the date to November 12, time to 5 pm, and the location to SUB 6-06.

HWANG moved to approve the agenda for November 12, 2014 as amended.

The motion was seconded by GARG.

Vote 4/0/0

CARRIED

3. APPROVAL OF MINUTES

GARG moved to approve the agenda for October 29, 2014 as tabled.

The motion was seconded by FEDOSKI.

Vote 2/0/2

CARRIED

4. ANNOUNCEMENTS

FAROOQ: We will go through the financial reviews of the faculty associations (FAs) prioritizing the ones with faculty association membership fees (FAMFs).

5. OLD BUSINESS

NUA Financial Review

FAROOQ: I'll read out the reply from Rebecca Taylor to the questions we had regarding the NUA's (Nursing Undergraduate Association's) financial review.

Sorry this took a while. There was more to sort out than I thought.

I've included responses to questions below that I think will clear up the issues we've had with the review, but it's a bit confusing so I'll summarize briefly. There's also their AGM minutes, a comparison budget, and debit/credit record attached.

The numbers under advertising, promotion were so high because it was paid to a design company for a clothing order. The cost was not only for design, but for the large volume of clothing ordered.

The total numbers under revenue and expenses will be higher than what you see in the comparison budget; this is because the reviewer factored in every single cheque in and out of the NUA bank account, while the comparison budget tracks general numbers. The NUA only included the small profit they made from clothing sales in the comparison budget because they took money from customers and gave it directly to the design company to pay for the clothing. They don't count it as revenue. While good budgeting practices would be to track the numbers anyways (and feel free to tell the NUA that) the numbers add up so money hasn't been added or gone missing. Their debit/credit record numbers should match the review numbers. Feel free to double-check though.

Finally, the reviewer and VP Finance are not dating, and his work was checked over by his superiors before the firm signed off on it, so there's no conflict of interest.

Here are the direct answers from the NUA and their accountant:

From the accountant:

1. Memberships in the review is \$10.00 higher than the budget because of Chq 317 of a SU Election fee. That was included in same category as the large membership dues.
2. The \$8,066 in advertising and promotion include the two payments made to Design Printing for \$6,323.48 (Chq 318) and \$1,742.12 (Chq 321). In the Operating budget you gave me the clothing cash received and the amounts paid are combined into a net amount of \$131.90. For the purpose of the review I separated the expense and the revenue component. I classified the expense component as advertising and promotion since clothing is typically a promotional type of thing.
3. The \$8,176 difference in revenue is partially because of what I was explaining above with the clothing revenue and expense split into two items, revenue and expense. Two clothing order deposits were received in the amounts of \$6,222 and \$1,975.50 for a total of \$8,197.50. When you subtract the advertising and promotion amount of \$8,065.60 you arrive at the amount of \$131.90 included on the budget. This explains \$8,065.60 of the difference pointed out by Rebecca. The remaining difference comes from miscellaneous deposits of \$88.00 on January 17, 2014 (NUA Discount Card Profits), an ATM deposit of \$200.00 and item sales of \$103.25. The total of these deposits is \$391.25 whereas the budget indicates other item sales of \$281.25. The additional \$110 dollars added to the \$8,065.60 difference relating to the clothing sales being reported separate from the expenses fully explains the \$8,175.60 difference pointed out by Rebecca.
4. Relating to the independence/conflict of interest issue I had to use other members of my firm to review the preparation work I had done which is a sufficient safeguard from any issues.

From Catherine:

I can confirm that the accountant I worked with, Brendon, is only a friend and we have never dated. He is just a "friend of a friend" that I meet with on occasion. As he is relatively new to the accounting company, he did also work with others at the firm/have them sign off on his work.

I was wondering where this SU election fee was coming from as well because I did not remember it. It turns out that this cheque for \$10 was written May 10, 2013 by Shawn and Lindsay - before I was elected in August! I apologize for not including it in the comparison budget, it seems that it slipped through the cracks between the previous year and this year. Unfortunately that was the time when Shawn and Lindsay were the only people running the NUA so other than the cheque stub there was not a really record of it. As for the cheques to Design Printing - this was the company that we used for our student clothing order of hoodies, sweatpants, etc. The profits made from this order are in the comparison budget under Sale of Items - Clothing. The reason the cheques made to Design Printing weren't included in the comparison budget is because the expense of the order was covered by student payments. All of the money was collected from students, deposited to the NUA bank, and then the cost of their orders was paid to Design Printing by cheque. I decided to include only the profit from the order under income to avoid confusion since the payment was not an out-of-pocket expense to the NUA.

FAROOQ: Does anyone want to recheck their math in the comparison budget?

HWANG: On the last page of their comparison budget under Student Group Services, it says 2010-2011. This might be a typo. They might have used an old template.

GARG: We should make sure before we approve.

FAROOQ: I bet it's a typo. But, it's better to confirm from Rebecca Taylor.

HWANG: It also says that it was last updated on July 8, 2010!

FAROOQ: Does anyone have any issues with point 3 of what the accountant said?

GARG: It's pretty difficult to understand.

FAROOQ: The numbers do check out. It's just that they have been split apart in an odd way. Other than that, it's fine. I don't see any issues other than the dating of the last page of the comparison budget.

We should make a note to tell the NUA to keep a track of numbers and to keep copies of cheques.

Here is Rebecca Taylor's answer to our question:

1) The NUA comparison budget is titled 2010-2011 and last updated July 8 2010. We just want to make sure if this was a typo or not as this is concerning if it's that old and then irrelevant to us now.

Pretty sure it's a typo. Half of it is labelled 2013/14, and the file is labelled 2014. The numbers also match the bank statements the reviewer was using to check their finances.

FAROOQ moved to approve the Nursing Undergraduate Association's financial review.

The motion was seconded by GARG.

Vote 4/0/0

CARRIED

6. NEW BUSINESS

ASA (Augustana Students' Association) Financial Review

FAROOQ: Their meeting minutes are not really relevant. I don't know what

they mean by “deficiency for publication” under Draft Financial review.

They have around 1000 students. If they get around \$170,000 as student fees, their fee for each student seems to be pretty large. I’m sending this query to Rebecca Taylor.

1) We noticed that the ASA gets a substantial amount of money from student fees each semester. We were wondering if this is b/c of high student fees that they charge students or what? Also the change from semester to semester...was it due to higher enrollment?

The numbers are high for ASA because they collect both a FAMF and a CATP. The number is higher for the fall semester because they get more money per student from the catp for that semester. You can find the exact numbers in the bylaw 8200 schedule.

FAROOQ: Their rental revenue increased by \$400. But, their revenue stayed pretty much the same. I don’t know why they put “net of expenses” for the “Used book store revenue”.

In their Statement of Financial position, the cash they have has almost doubled from 2013 to 2014. I guess we should ask Rebecca about that.

HWANG: According to Note 3, I guess they got money for scholarships.

FEDOSKI: It’s included in the asset, but they can’t spend it.

GARG: Where does the number \$145,929 come from?

FAROOQ: I think the numbers are bunched up. But, I’ll clarify from Rebecca. It’s somewhat confusing.

2) Can you clear up why there is such a large difference between 2013 and 2014 for Cash (Note 3) on page 3 of the financial review? We read the note and believe that the scholarships were just part of the cash to be given out but would like clarification on what the number is for.

I believe the number attached to scholarships in the note is indeed the cash to be given out as scholarships. As for why the difference is so large, I would have to ask them. They put away about \$17,000 last year, and had about \$500 in retained earnings, according to their comparison budget, so it's not unusual for their cash assets number to jump large amounts from year to year. Are you comparing the review with their budget? I noticed the email you sent the other day regarding this audit meeting didn't have their full report attached, so I'm not sure if you have it tonight or not.

FAROOQ: I’m somewhat confused about the student centre referred to in Note 6 too. I don’t know whether they are budgeting and setting aside money for that purpose.

According to their Statement of changes in Net Assets, they started with \$45,893 in their unrestricted budget, and ended up with \$38,214. In their internally restricted budget, they end up with \$147, 772. They are saving up quite a bit of money. Because the amount is so high, I’d like to confirm that the money is actually in their bank accounts.

GARG: They are a not-for-profit entity. Unless it’s for a special purpose, they shouldn’t be having so much.

FAROOQ: The note is not very clear. It doesn’t say that they have made any contractual obligations.

GARG: They are not spending enough either. So, their student services may go down too.

FAROOQ: Exactly. I want to clarify what it exactly means, and make sure that if such an amount is left over, it is set aside contractually. If it is just lying

there, it should be used for student services.

GARG: There's nothing in the meeting minutes about the student centre.

FAROOQ: I'll ask Councillor Gruhlke at council about it too.

I would also like to know what "Council honorarium" under Administrative Expenses means.

HWANG: Yes. It's good to clarify things about it such as whether it's in their constitution or not. This would equate to around \$100 per councillor since they have 10 councillors.

FAROOQ: They have another item titled "Honorariums". I'd like to know about the difference between the two.

HWANG: I want to know what Hospitality means. "Operating supplies" is vague too.

GARG: There's no budget for next year.

FAROOQ: Yes. We'll ask about that. There's no comparison for the previous year too. Let's hold off approving this till we get the answers to our questions.

Other questions/notes about ASA's financial review:

3) We would also like some clarification on Internally Restricted (Note 6) under Net Assets on page 3. Are they setting aside money just for the student centre? What is its purpose/function?

4) What are the definitions for "Council honorarium", "Honorariums", "Hospitality", and "Operating supply"? What are their budgets for? To whom does it go to exactly? Is it in the constitution or the bylaws that the aforementioned things are administrative expenses? We would like to see the receipts.

5) A budget is required for the 2014/2015 year.

6) There's a lack of a comparison of projected vs. actual expenditures for 2013/2014.

7. REPORTS *None.*

8. CLOSED SESSION *NIL*

9. NEXT MEETING *November 26, 2014 at 5.00 pm.*

10. ADJOURNMENT ***FAROOQ moved to adjourn the meeting.***

The motion was seconded by GARG.

Vote 4/0/0

CARRIED

The meeting was adjourned by FAROOQ at 5.57 pm.