

NICOLA VALLEY INSTITUTE of TECHNOLOGY

Board of Governors

MINUTES

Audit & Risk Management Meeting #2015/05 – November 2, 2015

Teleconference Call, 4:00pm

[1-877-385-4099, passcode: 3990546#]

ATTENDANCE: Charlene Taylor [A/RM Chair]
Jamie Sterritt [A/RM Vice-Chair]
Yvonne Mensies

BOARD MEMBERS: Angela Wesley [Board Chair]

STAFF: Ken Tourand [President]
Diane Black [Director of Finance]
Marlie Worrin, [Manager, Budgets & Financial Reporting]
Pat Brown [recorder]

REGRETS: Michele Guerin

1. *Call to Order*

1.1 Call to Order

Charlene called the meeting to order at 4:00pm.

1.2 Adoption of Agenda

It was moved and seconded that

the A/RM Committee meeting agenda be adopted. *Motion Carried.*

1.3 Review and Adoption of Minutes

It was moved and seconded that

the September 24, 2015 minutes be adopted as presented. *Motion Carried.*

2. *Financial Reporting and Statutory Items*

2.1 Financial & FTE Report (MD&A)

It was moved and seconded that

the Financial & FTE Report (MD&A) be accepted and recommended to the Board for approval.
Motion Carried.

Discussion:

- Addition to Context Section: The Ministry is exploring a new initiative called Common Online Application Program that will have future base budget implications.
- Comment: The percentage of revenue is referring to the overall revenue. [*The percentage of expense is referring to overall expense.*]
- Question: There is a sizable decrease in surplus compared to the prior year. Where is it going?

Answer: The change in surplus is largely due to the timing of revenue recognition and the delayed start of contract deliveries.

CE & Special Purpose revenue (and in turn surplus) is \$200,000 higher than recorded-LNG Pathways to Success – Finance is awaiting the signed contract prior to invoicing.

ASP funding & trades deferred funding was brought into the revenue in the prior year and reversed when decision was made/approval was received to carry funding into the current year. Also, in the prior year, some contracts had been invoiced (revenue recognized) ahead to project start (revenues in, related expenses not).

Finance will examine whether a change in practice is required/practical to more closely match revenue and expenses as current practice is creating a timing issue. [*Revenue has in the past been recognized ahead of Expenses during the year, and revenue deferral entry completed only at year end*].

Each CE contract has its own budget and it is unlikely to recognize a deficit in this area.

Base Fund ASP and ITA funding was brought into revenue at the beginning of the prior year. Given NVIT ended the year with a surplus, permission to defer this revenue was requested and provided. This was then moved to deferred revenue. [*see page 5 of MD&A Surplus/Deficit comment*]

- Question: [*Pg 10*] Are we anticipating a deficit at the end of the year?

Answer: We expect a small surplus. [It will require careful monitoring of spending.] [*see page 5 of MD&A Surplus/Deficit comment*]

- Question: Page 10 Statement of Operations Detail: Tuition and student fees are down by \$71K. Was there a reduction in FTE?

Answer: FTE is down 14% or 35.68 FTE.
(see Tuition comments pg 5)

- Question: Do we anticipate NVIT will meet the FTE Target

Answer: We are likely to substantially (90-95%) achieve the target. Enowkin FTE's not yet included.

- Question: Fees & contracts for services – why is the budget double compared to last year?

Answer: This is a timing of delivery issue related to LNG Pathways to Success - \$575K of the expenses are LNG related. NVIT has up to March 31st to use the funds. [*The LNG Pathways project didn't occur in the prior year and Community Education had only incurred \$152,820 in contract in Fees and Contract Services by September 30, 2014*]

- Question: Statement of Operations Detail – Expenses Why are supplies and services in the capital fund?

Answer: They have not yet been moved to capital, but will be.

- Question: Statement of Operations Detail – Expenses Pg 11-Ancillary operations. We have a small loss of \$20,859 ytd. Projected profit was \$19,309. We have a loss...is it expected to continue?

Answer: The occupancy rate at the student residences last year was an anomaly. Residences did not realize the revenue generated in the prior year. However, September figures indicate the Residences are likely to achieve the Residences' budgeted profit. Achieving the budget for the Ancillary Segment is possible.

- Comment: Correction required of June typo ahead of Board meeting.
- Question: Vancouver FTE's down by about 7 students and Merritt by 4, was this expected?

Answer: No.

- The graph under Schedule 4 "Percent of FTE by Type of Delivery" will be changed to a pie chart prior to attaching to the Board meeting agenda.
- Question: Is the construction of the trades building on budget.

Answer: Yes.

- Question: Is the construction of the trades building on schedule?

Answer: The project is materially complete. There is a delay in the hydro connection but is anticipated to be connected mid-November.

- Comment: Ken explained the relationship between ancillary services and budgets, i.e. cafeteria prices may be high but it benefits NVIT. Similarly, when contractors/instructors stay in the student residences it reduces overall cost.
- Question: Do you expect to be close or meet the FTE Target?

Answer: FTE is down approximately 14%. There is a delay in the Ministry signing a number of contracts due to start in November. It is anticipated to reach 90-95% utilization rate.

- Question: Residential School funds, i.e. computers – where is this recorded?

Answer: Supplies are recorded through the bookstore and tuition revenue fees are recorded in the program the students are in. This was materially complete ahead of this year-end.

2.2 Appointment of Auditor Firm

It was moved and seconded that

the recommendation to appoint KPMG as NVIT's Audit Firm for 2015/16 and 2016/17 be accepted and recommended to the Board for approval. *Motion Carried.*

Discussion:

Question: Does KPMG have a requirement for rotation or secondary viewers?

Answer: Brent Ashby, KPMG Partner, reported at the May ARM meeting that a quality review partner from KPMG's Kelowna office reviews the financial statements as a safeguard.

3. *Other Reports*

3.1 Risk Management Construction Report Phase IV

Information item.

4. *Board Governance*

4.1 Enterprise Risk Management – Risk Register

Discussion:

Diane reviewed the new risks that have been added to the register.

Bargaining is currently underway and anticipated to be completed by the end of November.

Comment from Board Chair: In 2013, Verna presented an Aboriginal Post-Secondary Education & Training in BC document that provided a snapshot of the political organizations, technical committees & services providers. It was suggested that this document should be included in the orientation package for new Board members and incorporated into the February 2016 Board Strategic Planning session.

5. *Other*

5.1 No additional items to discuss.

6. *In-Camera Meeting*

6.1 No in-camera meeting was necessary.

7. *Adjournment*

7.1 The ARM Committee meeting adjourned at 5:15pm.

**NEXT ARM MEETING: Thursday December 10, 2015
4:00pm, teleconference**