

NICOLA VALLEY INSTITUTE of TECHNOLOGY

Board of Governors

MINUTES

Audit & Risk Management Meeting #2016/05 – November 3, 2016

Teleconference Call, 4:00pm

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

ATTENDANCE: Charlene Taylor [A/RM Chair]
Paul Donald [A/RM Vice-Chair]
Michele Guerin
Yvonne Mensies

BOARD MEMBER: Jamie Sterritt [Board Chair]

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

REGRETS: Terena Hunt

Note: Prior to this meeting, the Chairperson submitted a list of questions to Management. Those questions & responses are attached to these minutes.

Students from Matt Pasco's 1st & 2nd year Business Admin classes were welcomed as observers of today's meeting.

1. Call to Order

1.1 Call to Order

Board ARM Chair Charlene Taylor called the meeting to order at 4:01pm.

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 23, 2016 minutes be adopted as presented. *Motion Carried.*

3.1 Educoud Move – Diane reported that the Educloud transition has been delayed as a result of testing by member institutions which revealed speed issues. Information below was provided as clarification after the meeting.

[The project manager has contacted VMware and Ellucian to provide Professional Services to help resolve the issue. VMware recommended a contact from Scalar, who will be working with Camosun and UBC this week to ascertain any differences. Ellucian will provide a resource to examine configuration and resourcing of the SQL server, to ensure they are within specification for Colleague.]

5.1 Other – the potential changes to revenue recognition & impaired assets was provided for information and to ensure management is aware that these changes may impact NVIT in the future.

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:

- Diane received word that very few on the items submitted under the 5 Year Capital Plan were approved for any of the institutions.
- Capital Projects – Ken received confirmation that the capital project, Centre of Excellence in Sustainability, was approved by the Minister and a formal letter is expected soon.
- Question: Is the large receivable LNG contract still outstanding?
Answer: Yes, the contract is still outstanding but management is optimistic this issue will be resolved.

3. Other Reports

No additional reports.

4. Board Governance

4.1 Enterprise Risk Management – Risk Register

Discussion:

- The risk register will be presented to the Board at the November 21st meeting.
- The risk register will be reformatted with the tables separated into general categories and the different risks colour coded.

5. Other

5.1 No additional items to discuss.

Michele added that she appreciates receiving the briefing notes as it helps her to understand the MD&A.

6. *In-Camera Meeting*

6.1 No in-camera meeting was necessary.

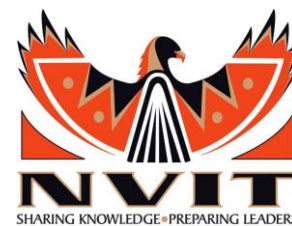
7. *Adjournment*

7.1 The ARM Committee meeting adjourned at 4:38pm.

NEXT ARM MEETING: Thursday December 8, 2016 [teleconference]

Briefing Note for the Audit & Risk Management Committee

Subject: 2016/17 Q1 MD&A



Query by ARM Chairperson

By email: November 3, 2016

The following provides answers to the questions submitted by Charlene on behalf of the ARM Committee in relation to the 2016/17 Q2 MD&A.

2016/17 Q1 MD&A

1. **Page 7** – Investments – what interest rate did we get on the GIC?

The 12 month GIC has a 1.35% interest rate. We will be moving money from the CDP in November at rates ranging from 1.35% (locked in for 90 days) to 1.60% (locked in for a year). The current interest rate for the CDP is 1.20%.

2. **Page 8** – Deferred Revenue – Could you let us know how much and what the Special Purpose/one-time provincial funding was for?

The Deferred (unearned) Contract Revenue balance at September 30, 2016 (\$1,667,882) is made up of the following Special Purpose/one-time provincial funding amounts:

Prior year carry forwards:

<i>Bridging to Trades</i>	<i>\$265,268</i>
<i>Miscellaneous</i>	<i>171,806</i>

Current year amounts:

<i>16/17 SDEB Priority Skills Disability</i>	<i>75,000</i>
<i>16/17 Short Duration Health (CHAD)</i>	<i>124,405</i>
<i>16/17 – 18/16 Masters Cohort/Indigenous Writing</i>	<i>309,968</i>
<i>16/17 Truth & Reconciliation Summit</i>	<i>49,716</i>
<i>16/17 CALP</i>	<i>24,000</i>
<i>16/17 MARR CR/BRTR Blueberry River</i>	<i>223,588</i>
<i>16/17 MARR CR/Cook 1 Fort Nelson</i>	<i>226,928</i>
<i>16/17 MARR EMSK/CR Halfway River</i>	<i><u>189,078</u></i>
<i>Total</i>	<i>\$1,659,757</i>

The remaining \$8,125 is deferred CE contract revenue.

3. **Page 9** – Accumulated Surplus – Could you remind us what the restricted surplus is for?

These are funds that are restricted for a specific purpose. The breakdown is:

Donations for scholarships & bursaries (not endowed):	\$83,975
Funds held in trust (for external organizations):	\$47,567
Internally restricted amounts:	
Building Legacy	\$452,042
Miscellaneous other	<u>\$65,100</u>
Total	\$648,684

4. **Page 11** – Contract services revenue – we noted the decrease in contracted services revenue of \$223,974 (22%). Are we on track to meet the budget of \$1,000,000 given that last year ½ (50%) had been earned to this point in the year?

We may not reach the \$1,000,000 budgeted revenue (and the \$825,000 budgeted expenses). However, the budgeted profit of \$175,000 is likely achievable given that we have already booked \$73K in profit, with the larger contracts not due to be completed until the 4th quarter (no profit booked until then). We also have profit built in to the ITA agreement and ESSP agreements that are being recorded monthly.

5. **Page 12** – The Bookstore – Vancouver is the only ancillary service that is still in a deficit – will this be expected to be the case over the course of the year? If so, are we doing anything to reduce or minimize this loss?

As mentioned on page 12 of the report, the Vancouver campus saw a decrease in sales in the first half of the year compared to the prior year due to the CEP program computers that were sold during Q1 2015/16. There wasn't an actual loss, just a reduction of surplus. The Vancouver Bookstore segment is at a \$5K surplus for the year (\$8K less than last year).

6. **Page 14** – the Actual grants & Contract Revenue (\$4,494,086 vs 5,534,895) and Other Revenue (61,454 vs 94,601) [25,765+68,836] do not agree to page 11 – why is there a difference?

Page 14 shows the amounts for the Operating Funds. This includes everything from the Base segment on page 11, as well as some of the amounts included in the CE, CS & SP segment (only the CE & CS amounts). The amounts on p.14 and 11 will only agree when there is no Special Purpose revenue. The difference is attributable to Special Purpose/one-time funding revenue.

7. **Page 14** – the actual Salaries and personnel expense (\$3,697,073 vs 3,252,927) is higher than page 11 – why is there a difference?

A portion of this answer is for the same reasons that the revenue differs above. The remainder is due to the classification of Salaries & Personnel and Supplies, Travel and Other Expenses. All GL object accounts that begin with a 7 are included as Salaries & Personnel costs on p. 14. This includes not only salaries & wages for employees as shown on page 11, but also contract instruction costs as well as contracted services and other costs. Some costs included on p. 11 under Supplies, Travel and Other costs are included on p. 14 as Salaries & Personnel costs. We can change the descriptions in the future to clarify this.