

**NICOLA VALLEY INSTITUTE of TECHNOLOGY**

**Board of Governors**

**MINUTES**

Audit & Risk Management Meeting – January 25, 2022

Zoom Meeting

**CHAIR:**

Paul Donald

**ARM COMMITTEE MEMBERS:**

Joe Bevan

Lennard Joe

Marshal Kraus

William Sandy

**EX-OFFICIO:**

Ken Tourand, President & CEO

**LEADERSHIP TEAM:**

Ernie Gran, AVP, Finance & Administration

Paul Grewal, Director of Finance

**RECORDER:**

Pat Brown, Executive Assistant, President & Board and Elders Coordinator

**1. Call to Order**

**1.1 Call to Order**

Board ARM Chair Paul Donald called the meeting to order at 4:05pm.

Paul welcomed KPMG guests Brent Ashby & Debbie MacKinnon to the meeting.

Paul also welcomed Paul Grewal and Ken introduced Paul as the new Director of Finance based out of the Vancouver campus.

**1.2 Adoption of Agenda**

**It was moved and seconded that**

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

Amendment: Add agenda item 2.5 2022/23 Operating Budget.

**1.3 Review and Adoption of Minutes**

**It was moved and seconded that**

the December 9, 2021 minutes be approved as presented. **Motion Carried.**

## 2. Financial Reporting and Statutory Items

### 2.1 2021/22 KPMG Audit Plan

Brent Ashby reviewed the Audit Plan.

Discussion:

- Question: *Is the ARM committee aware of any areas with significant fraud risks at NVIT that KPMG should be aware of. Board members who have concerns anytime during the year are encouraged to discuss them with Brent.*  
Answer: No, and the Arm received assurance that controls are in place for employees working from home due to Covid.
- Question: *NVIT is undertaking a review of our annual risk register. Are there any robust risk-assessment analysis of fraud or organizational risk resources that KPMG can share or suggest to the Board?*  
Answer: Brent will search and send any resources or risk register examples to Paul.
- Question: *With the recent fires, flooding and climate change, it is recognized that NVIT's risks include more than just financial risks. NVIT will need a plan to address all types of risk. Have we ever done an assessment of NVIT more than monetary or financial, i.e. office supplies?*  
Answer: NVIT completes an annual risk register that is presented to the Board each year. This risk register includes all types of risks that face the institution including financial, IT, infrastructure etc. As per ARM request, NVIT is working on a more robust risk register that will be presented to the ARM in June.
- Question: *To ensure quality control and to combat fraud risk, is it worthwhile to have bank reconciliations signed off by a Board or ARM member?*  
Answer: No, it's not necessary for the Board members to get into banking details or the day-to-day operations of NVIT. This would not be appropriate for the Board to get into operations at that level. The financial results are reported regularly with good explanations of changes. The ARM is encouraged to look at variances from year to year and seek explanation and clarification as required.
- Question: *Is there an ability to make adjustments to the budget?*  
Answer: The budget is approved in March or April of each year. Changes to the budget occur throughout the year, but the approved budget does not go back to the Board unless the change is material and substantial. Small amounts can be moved from one budget area to another, and the President's budget has a contingency to cover any unexpected budgets items. As long as the overall revenue and expenses don't substantially change, then the budget is not changed. As a matter of practice, any significant expenditures are preceded by a conversation between the President and the Board Chair, ARM or the entire Board as necessary.
- *The Asset Retirement Obligations Standard is effective as of April 1<sup>st</sup>, 2022 and the Revenue Standard has been delayed one year due to COVID.* NVIT does not believe we have any assets that will be affected by this change.

## 2.2 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:

- FTE is 10% higher than the prior year. NVIT has achieved 84.8% of the AEST FTE target.
- Revenue is up 13% and expenses increased 17%.
- Quarter 3 has a surplus of \$368,282 mainly due to Covid & travel restrictions.
- Ken praised Ernie for doing two jobs over the last two months after the unexpected departure of the Manager of Budgets.

## 2.3 Annual Investment Report

**It was moved and seconded that**

the Annual Investment Report be accepted and recommended to the Board for approval. ***Motion Carried.***

The investments accrue a small amount of interest monthly. In August 2021, \$288k was added to the Guaranteed Investment Certificate increasing the interest rate to 1.15%.

## 2.4 Tuition Memo

**It was moved and seconded that**

the proposed revised tuition rates be accepted and recommended to the Board for approval. ***Motion Carried.***

Discussion:

- The Board student reps & NVIT Student Society were given opportunity to share this information with students and submit feedback to the President's office. No responses were received.
- There is no recommendation to increase any of the student fees.
- Question: *When was the last increase?*  
Answer: Tuition is increased 2% each year and NVIT still has the lowest tuition in the province.

## 2.4 2022/23 Operational Budget

Ken reported on his discussions with the Ministry regarding an increase in base funding for NVIT. Ernie and Paul are working on the 2022/23 budget and it is anticipated that NVIT will be in a deficit of approximately \$1.5-\$2 million dollars as a result of the hiring of approximately 10 key positions over the past year. The Ministry has been informed of this deficit and that NVIT is prepared to table a deficit budget if additional base funding does not materialize for next year. NVIT will be requesting soft funding carryover to help decrease the size of the deficit next year.

### 3. **Other Reports**

#### 3.1 **Information Technology Risk Assessment**

The IT Report Summary is a quarterly report provided to the ARM and Board. A major incident occurred over Christmas that took four days to correct. There has been an increase in phishing scam emails. To mitigate risks, IT and HR have partnered to offer IT Cyber Security training. IT has partnered with BCNet to look for suspicious activity on a daily basis & investigate further.

Question: *What is offered to staff in terms of training?*

Answer: All new employees must take cyber security training. Existing employees are sent phishing scam emails. If staff open & click on the links more than twice a notice is sent to the Leadership team member supervisor and that staff member will be required to take additional training.

### 4. **Board Governance**

4.1 No discussion.

### 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 **It was unanimously agreed that**

the ARM Committee meeting be adjourned at 5:15pm. ***Motion Carried.***

**NEXT ARM MEETING:           ARM/Board Teleconference Meeting  
Tuesday April 5, 2022**