



"Accepting the Challenge"

# Finance Committee Minutes

Monday, October 22, 2012, 12:00 p.m.  
Board Room, Administration Office

Present: M. Snelling (Chairperson), M. Sefton, L. Ross  
Dr. D. Michaels, K. Zabowski, D. Labossiere.

Guest: Todd Birkhan, BDO Canada LLP

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## 1. CALL TO ORDER:

The Finance Committee Meeting was called to order at 12:08 p.m. by the Committee Chairperson, Trustee Snelling.

## 2. APPROVAL OF AGENDA

The Finance Committee Agenda was approved.

## 3. REVIEW OF COMMITTEE MINUTES

The Minutes of the Committee meeting held September 24, 2012 were received as information.

## 4. COMMITTEE GOVERNANCE GOAL ITEMS

NIL

## 5. OTHER COMMITTEE GOVERNANCE GOAL ITEMS

### A) Presentation of 2011-2012 Financial Audit – BDO Canada LLP

Chairperson, Mr. Snelling, welcomed Mr. Todd Birkhan, the Division Auditor from BDO Canada LLP, to the meeting. Mr. Birkhan reviewed the Audit Letter addressed to the Board explaining the process involved in undertaking the audit. Mr. Birkhan spoke about the responsibilities of the auditor under the PSAB rules; he reviewed the audit approach and provided clarity regarding the "overall audit strategy" and "materiality". The Auditor noted a qualified audit had been provided in the previous year due to sick pay benefits which accumulate but do not vest and are normally paid out only upon the illness or injury related absence of the employee. He confirmed in the past the Brandon School Division, as well as other divisions, have always treated this expense on a cash basis when the employee becomes ill and utilizes the sick pay benefit. However, under the PSAB rules, the Division is now required to determine the obligation based on the expectation of utilization of sick pay benefits. He confirmed the Government had provided a formula this year which allowed divisions to address this issue. Therefore this year, the Division had been able to provide information regarding sick pay benefits. Mr. Birkhan addressed the WCG dark fibre project noting the variations in this line will fix itself over time and expanded on this item for the Committee. Therefore, he was pleased to provide the Division with an unqualified audit for 2011-2012. Mr. Birkhan commended the Division's strong financial team, noting the Division produces their financial statements internally and therefore BDO Canada LLP is able to conduct a "textbook" audit. Mr. Birkhan confirmed he would be speaking to the Board of Trustees at their Regular meeting to be held October 22, 2012 regarding the audit.

Following Mr. Birkhan's presentation, the Secretary-Treasurer and Assistant Secretary-Treasurer, reviewed the following: Summary of Over Expenditures; Analysis of Consolidated Accumulated Surplus; Schedule of Capital Reserve Accounts; and Calculation of Administration Costs as a Percentage of Total Expenses; (Appendix "A"). Discussions were held regarding the accumulated surplus and the auditor expressed concerns about the amount of money currently in the Division's accumulated surplus. He noted the sum was the equivalent of five days worth of expenses of the operating budget. Trustee Snelling expressed concern regarding the amount of money taken from surplus to address EAL needs. He suggested adding a possible budget line to increase the surplus. It was agreed the Board of Trustees need to understand that they cannot use the accumulated surplus for "one of" items during the upcoming budget deliberations. It was agreed the Board needs to depart from past practice of funding through the surplus. Discussions were also held regarding the costs of implementing Policy 5026 – "Harassment" and the need to include a possible budget line for this expense as well.

The Committee agreed to move forward with their recommendations regarding acceptance of both the Auditors Reports and the audited financial statements. Mr. Birkhan exited the meeting.

**Recommendation:**

That the Auditor Letters regarding the audit engagement for the fiscal year ending June 30, 2012 between the Division and BDO Canada LLP, Chartered Accountants, be approved and that the Chairperson and Secretary-Treasurer be authorized to affix their signatures thereto.

That the Auditor's Report and Financial Statements for the twelve month fiscal period ended June 30, 2012 be and are hereby accepted, and that the Chairperson be authorized to affix his signature and seal of the Division thereto.

**B) Follow-up from September 24, 2012 Committee Meeting**

Discussions were held regarding Trustee Kruck's inquiry about the number of Senior Administration present at various Board Committees. It was agreed it was Senior Administration's choice as to whether or not they wanted more than one representative on the Committee in order to complete their work. It was noted in the end it was a time saver to have all in attendance at certain Committee meetings.

**C) Confirm Payments of Account (September)**

Assistant Secretary-Treasurer, Mr. Labossiere noted he was able to separate reports into different amounts as requested by the Committee. He confirmed he had provided reports over \$5,000 and reports over \$1,000 for the Committee in order to determine which type of report the Committee wished to receive in the future. The Trustees agreed they would like to leave the report at \$1,000.

The payments of account for September were accepted as circulated.

**D) Review Monthly Reports (September )**

The monthly reports for September were accepted.

**6. OPERATIONS INFORMATION**

- The Committee received information regarding the recent truck tender, noting only two businesses had responded.

7. **NEXT REGULAR MEETING: 12:00 noon, Monday, November 26, 2012, Board Room.**

The meeting adjourned at 1:35 p.m.

Respectfully submitted,

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M. Snelling (Chairperson)

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L. Ross

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M. Sefton

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G. Kruck (Alternate)