



"Accepting the Challenge"

# Finance Committee Minutes

Monday, October 18, 2010 – 9:30 a.m.  
Board Room, Administration Office

Present: G. Buri (Chairperson), R. Coey, L. Ross (alternate) (entered at 9:43 a.m. and exited at 11:00 a.m.) Dr. D. Michaels (entered at 10:15 a.m. and exited at 10:50 a.m.), G. Barnes, K. Zabowski.

Guest: Todd Birkhan, Auditor, BDO Dunwoody.

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## 1. CALL TO ORDER:

The Finance Committee Meeting was called to order at 9:40 a.m. by Committee Chairperson, Mr. Buri.

## 3. APPROVAL OF AGENDA

The Finance Committee Agenda was approved as circulated.

## 4. COMMITTEE GOVERNANCE GOAL ITEMS

NIL

## 5. OTHER COMMITTEE GOVERNANCE GOAL ITEMS

### A) Presentation of 2009/2010 Financial Audit – BDO Dunwoody (Timed event with Auditor – Mr. Todd Birkhan)

Chairperson, Mr. Buri, welcomed Mr. Todd Birkhan, the Division Auditor from BDO Dunwoody, to the meeting. Mr. Birkhan noted there will be two reservations that he will need to speak to in this year's audit. He noted the reservations were based on current environment and circumstances and not on the accounting practices of the Division. He suggested Mr. Barnes, Secretary- Treasurer, address the Budget Variance Analysis first and he would speak to the audit following Mr. Barnes' presentation.

Secretary-Treasurer, Mr. Barnes and Assistant Secretary, Mr. Zabowski, addressed the Budget Variance Analysis as of June 30, 2010 and provided details regarding revenues received; accumulated surplus; language development programs; and the Tax Incentive Grant. The Committee asked questions for clarification purposes throughout the presentation.

Following the presentation regarding the Budget Variance Analysis Statement, 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; provided clarity regarding "materiality" and the two reservations which would be included in this year's audit report. He noted the reservations were based on changes to PSAB being addressed by the Solicitor General. The first reservation related to severance pay benefits. The Brandon School Division offers its support staff employees long term service benefits that accumulate and vest and are normally paid only upon retirement of the employee. The Division has always recorded the expense when the employee becomes eligible for the long term service benefit. However, under the PSAB rules, the Division would be required to determine the obligation based on the expectation of future eligibility for the benefit. He confirmed this would require actuarial assumptions which would factor in age and the likelihood of long term employment for each employee. The second reservation related to employee sick pay benefits that accumulate but do not vest. Mr. Birkhan noted sick pay benefits which accumulate but do not vest are normally paid out only upon the illness or injury related absence of the employee. The Brandon School Division has 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 would be required to determine the

obligation based on the expectation of utilization of sick pay benefits. He confirmed this would require actuarial assumptions which would factor in age, gender and the likelihood of illness of each employee. Based on these two factors, the Auditor would be issuing a qualified report for the 2009-2010 audit. Discussions were held regarding the cost of an actuary; the effect of these reservations on the Division's accumulated surplus; the impact these reservations will have on future collective bargaining sessions; and what the Province is doing with respect to these liabilities. It was noted that the Division should be cautious about moving forward on these items and its effect on future funding from the Government. Mr. Birkhan noted he would be speaking to the Board of Trustees at their Regular meeting to be held October 25, 2010 regarding this matter. The Committee agreed to move forward with their recommendation.

**Recommendation:**

That the Auditor's Report and Financial Statements for the twelve month fiscal period ended June 30, 2010 be and are hereby accepted, and that the Chairperson be authorized to affix his signature and the seal of the Division thereto.

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

The payment of accounts for September circulated to the Committee were reviewed. It was noted the down payment to WCG regarding the dark fibre project had been paid. The payment of accounts as circulated were accepted.

**C) Review Monthly Reports (September)**

The monthly report for September circulated to the Committee was noted. The financial report was accepted.

**5. OPERATIONS INFORMATION**

NIL

**6. NEXT REGULAR MEETING: TBA**

The meeting adjourned at 11:10 a.m.

Respectfully submitted,

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G. Buri, Chair

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R. Coey

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L. Ross (alternate)