



UNIVERSITY OF ALBERTA

UNIVERSITY GOVERNANCE

Board of Governors Board of Governors Meeting Open Session Minutes

Monday, May 30, 2016
2-31 South Academic Building (SAB)
11:00 AM - 12:00 PM

ATTENDEES:

Voting Members:

Michael Phair	Appointed Chair, General Public
Shenaz Jeraj	Appointed Vice-Chair, General Public
Dick Wilson	Appointed Vice-Chair, General Public
Colin Champagne	Appointed Member, Undergraduate Student Representative to Board of Governors
Sarah Ficko	Appointed Member, Graduate Students' Association (President)
Jane Halford	Appointed Member, University of Alberta Alumni Association
Barry James	Appointed Member, University of Alberta Senate
LeRoy Johnson	Appointed Member, General Public
Steven LePoole	Appointed Member, General Public
Raymond Muzyka	Appointed Member, General Public
Robert Parks	Appointed Member, University of Alberta Alumni Association
Fahim Rahman	Appointed Member, Students' Union President
Jeremy Richards	Appointed Member, Academic Staff Representative (General Faculties Council)
Robert H. Teskey	Appointed Member, General Public
David Turpin	Appointed Member, President
Ralph Young	Appointed Member, Chancellor

Non-Voting Officials Appointed by the President:

Lorne Babiuk	Vice-President (Research)
Phyllis Clark	Vice-President (Finance and Administration)
Steven Dew	Provost and Vice-President (Academic)
Marion Haggarty-France	University Secretary
Brad Hamdon	General Counsel
Don Hickey	Vice-President (Facilities and Operations)
Heather McCaw	Vice-President (Advancement)
Catherine Swindlehurst	Chief of Staff (President's Office)
Juli Zinken	Board Secretary and Manager of Board Services

Regrets:

Faiza Billo	Appointed Member, Non-Academic Staff Representative (NASA Appointee)
David Cooper	Appointed Member, Academic Staff Representative (AASUA Appointee)
James Heelan	Appointed Member, General Public
Debra Pozega Osburn	Vice-President (University Relations)
Nizar Somji	Appointed Member, General Public

Presenter(s):

Martin Coutts	Associate Vice-President (Finance and Supply Management Services)
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Staff:

Erin Plume, Assistant Board Secretary

OPENING SESSION

1. Call to Order

Presenter(s): Michael Phair

The Chair called the meeting to order at 11:05 am. The Board Secretary confirmed that attendance constituted a quorum.

The Chair thanked Chancellor Ralph Young for his contributions to the Board and the University over the past four years, acknowledging that this was his last Board meeting as Chancellor.

2. Approval of the Agenda

Materials before members are contained in the official meeting file.

Presenter(s): Michael Phair

The motion was moved and seconded.

THAT the Board of Governors approve the Open Session Agenda as presented.

CARRIED

3. Conflict of Interest - Opportunity for Declaration Related to the Agenda

Presenter(s): Michael Phair

The Chair made note of the following:

- The University of Alberta has policy and procedure in place for Conflict of Interest and Conflict of Commitment, and Board members make annual disclosures.
- In addition, Board members must declare any conflict related to the Board Agenda of each meeting and, in the event of such conflict, absent themselves from the discussion and voting on the item.
- The *Post-secondary Learning Act*, Section 16(5) states that: The members of the board must act in the best interests of the university.

The Chair invited members to declare conflicts of interest related to the Open Session Agenda of the meeting. Barry James declared that he is Chair of the Audit Committee for the Province of Alberta and that the financial statements of the University are approved by this committee. Board Audit Committee Chair Dick Wilson suggested that Mr James stay for the discussion but abstain from voting on Item 4a.

Seeing no other declarations, the Chair declared that the question was duly asked and answered.

ACTION ITEMS

4. Report of the Audit Committee

Presenter(s): Dick Wilson

4a. Management's Annual Audited Financial Statements (Draft) and review Financial Statement Discussion and Analysis (Draft)

Materials before members are contained in the official meeting file.

Presenter(s): Martin Coutts; Phyllis Clark

Purpose of the Proposal: To approve the audited Consolidated Financial Statements as required by the *Post-Secondary Learning Act*.

Discussion:

Mr Wilson introduced the item, noting that the motion had been amended by the Board Audit Committee (BAC) in response to the Provincial Controller's directive that the University report its financial statements based on the net debt system, with the inclusion of the endowments as financial assets.

The Board Chair noted that the portrayal of the endowments as financial assets could be misleading to the public, since this money is restricted and held in trust for scholarships and other uses. He reminded members of a joint letter sent recently to the Minister of Advanced Education from the Chairs of the University of Alberta and University of Calgary Board Audit Committees, and indicated that he planned to send a letter, on behalf of the Board of Governors, to the Minister of Advanced Education with a copy to the Minister of Finance, outlining the Board's concerns.

In response to a question from a Board member, Ms Clark provided an overview of the process to date, informing the Board that the Public Sector Accounting Standards (PSAS) are mute on endowment presentations within the net-debt framework and reviewing consultation to date with the provincial controller, auditor general, and the agent of the auditor general on this issue. Ms Clark explained that under the current presentation the University's assets (including endowments) less its liabilities indicate a net surplus. She informed the Board that BAC is of the opinion that this is not a true representation of the University's financial position because the endowments are not legally available to sell off and pay off any of its debts, and instead would have preferred that the presentation of the net debt of the University list endowments as non-financial assets, which would result in a net deficit. She indicated that the Audit Committee had considered various options of how to address the issue and had decided that a qualified decision from the auditor general was too high a risk for the institution.

Ms Clark responded to questions from Board members regarding the categorization of the endowments as trust funds or financial assets, the consequences of reporting the endowments as non-financial assets, the possibility of liquidating the endowments, the genesis of the endowments, the restrictions and conditions of the matching funds from the provincial government and the possibility of receiving further matching funds, the plans of other post-secondary institutions, and whether deferred maintenance is addressed in the financial statements.

President Turpin noted that the Auditor General had indicated that he would be comfortable with a statement in the financial statements regarding the treatment of endowments as non-financial assets.

The motion was moved and seconded.

THAT the Board of Governors, on the recommendation of the Board Audit Committee, approve the Audited Consolidated Financial Statements for the year ended March 31, 2016, subject to the following changes and to the Auditor General's agreement:

- a) Statement of Management Responsibility to contain language consistent with the Management Discussion and Analysis statement concerning net debt; and
- b) move the content of Note 3a in the existing financial statements to Note 20; and

THAT the Board of Governors empower Administration to finalize the Audited Consolidated Financial Statements, per the direction provided by the Board, and submit to the Province of Alberta by the deadline.

CARRIED

Mr Teskey opposed, due to his conviction that stronger action is required.

Mr James abstained.

CLOSING SESSION

5. Adjournment

The Open Session was adjourned at 11:50 am