



FINANCE & OPERATIONS COMMITTEE MEETING
Saturday April 12, 2014 – 12:40 p.m.
District Conference Centre – Strawberry Marsh Road

1. Call to Order

The sixth regular meeting of the Finance and Operations Committee of the Newfoundland and Labrador English School Board was called to order at 12:40 p.m. on Saturday, April 12, 2014.

Members Present: Nada Borden, Chair
 John George, Committee Member
 Wayne Lee, Committee Member
 Newman Harris, Committee Member
 George Sheppard, Committee Member
 Guy Elliott, Committee Member

NLESD Staff Present: Darrin Pike, CEO/Director of Education
 Larry Blanchard, Assistant Director of Education, Finance & Business
 Administration
 Susan Clarke, Administrative Assistant (Finance & Business
 Administration/Recorder)

Special Guest: Byron Smith, External Auditor

Regrets: Don Brown, Committee Member
 Milton Peach, Board Chair
 Tony Stack, Assistant Director of Education, Operations

2. Approval of Agenda

It was moved by Wayne Lee, seconded by John George and carried unanimously that the agenda be adopted as presented. Carried.

3. Approval of Minutes – March 8, 2014 & March 31, 2014

It was moved by George Sheppard, seconded by Newman Harris and carried unanimously that the minutes of March 8, 2014 be adopted as presented. Carried.

It was moved by Guy Elliott, seconded by John George and carried unanimously that the minutes of March 31, 2014 be adopted as presented. Carried.

4. New Business – for motion

4.1 Financial Statements – June 30, 2013

The audits of the former Eastern School District, Nova Central School District, Western School District and Labrador School District for the 2012-2013 fiscal year have been completed. Delays were experienced due to transitional issues. Assistant Director of Education – Finance and Business Administration, Larry Blanchard, provided a general overview of the financial statements for each of the former Districts including:

- Transition to PSAB
- Actuarial valuations re: accrued sick leave and accrued severance
- Capital Assets
- Non-consolidated financial statements
- Qualification
- Surplus/(deficit)
- Liquidity

Principles of the new PSAB accounting standards were outlined by Mr. Blanchard to the Committee. District financial reporting applies full accrual accounting with one exception related to employee severance accruals for which the District financial statements were qualified. External Auditor, Byron Smith, provided an explanation of amounts contained in the Adjusted Annual Surplus from Operating Grant schedule.

Motion:

Moved by, George Sheppard seconded by John George and carried unanimously that the Finance and Operations Committee recommend to the Board, approval of the Auditor's Report and the accompanying audited financial statements of the former Eastern School District for the year ending June 30, 2013.

Recommendation #1:

That the Finance and Operations Committee recommend to the Board, approval of the Auditor's Report and the accompanying audited financial statements of the former Eastern School District for the year ending June 30, 2013.

Motion:

Moved by, John George seconded by Newman Harris and carried unanimously that the Finance and Operations Committee recommend to the Board, approval of the Auditor's Report and the accompanying audited financial statements of the former Nova Central School District for the year ending June 30, 2013.

Recommendation #2:

That the Finance and Operations Committee recommend to the Board, approval of the Auditor's Report and the accompanying audited financial statements of the former Nova Central School District for the year ending June 30, 2013.

Motion:

Moved by, Wayne Lee seconded by George Sheppard and carried unanimously that the Finance and Operations Committee recommend to the Board, approval of the Auditor's Report and the accompanying audited financial statements of the former Western School District for the year ending June 30, 2013.

Recommendation #3:

That the Finance and Operations Committee recommend to the Board, approval of the Auditor's Report and the accompanying audited financial statements of the former Western School District for the year ending June 30, 2013.

Motion:

Moved by, Guy Elliott seconded by Newman Harris and carried unanimously that the Finance and Operations Committee recommend to the Board, approval of the Auditor's Report and the accompanying audited financial statements of the former Labrador School District for the year ending June 30, 2013.

Recommendation #4:

That the Finance and Operations Committee recommend to the Board, approval of the Auditor's Report and the accompanying audited financial statements of the former Labrador School District for the year ending June 30, 2013.

4.2 Management Letter

Professional audit standards require that items noted by the external auditor during the course of an audit, which may be of interest to management, be documented in the form of a management letter. Proper practice requires management to prepare a response outlining management's intended course of action for each of the items noted.

The March 14, 2014 management letter pertaining to the audit of the former Eastern School District financial statements for the year ending June 30, 2013 contains seven recommendations for enhancement of internal controls. Receipt of the auditor's management letter was delayed pending completion of June 2013 audit, which was delayed for transition reasons. A management letter was not prepared concurrent with other regional financial statements as those systems of internal control are no longer in place with the adoption of SDS as the District's administrative system. Mr. Smith provided an explanation of each recommendation contained in the letter.

The draft response outlines management's intended course of action on each of the recommendations contained in the March 14, 2014 management letter. Mr. Blanchard provided an explanation of the draft management response.

Motion:

Moved by Wayne Lee, seconded by John George and carried unanimously that the Finance and Operations Committee recommend to the Board, acceptance of the March 14, 2014 management letter as issued to the District by Byron D. Smith, CA and approval of the management response as tabled at the April 12, 2014 meeting of the Finance and Operations Committee.

Recommendation #5:

That the Finance and Operations Committee recommend to the Board, acceptance of the March 14, 2014 management letter as issued to the District by Byron D. Smith, CA and approval of the management response as tabled at the April 12, 2014 meeting of the Finance and Operations Committee.

4.3 Budget Status Update – December 31, 2013

A budget status update report for the period ending December 31, 2013 was tabled by the Assistant Director of Education – Finance and Business Administration, Larry Blanchard. Mr. Blanchard provided an explanation on the report details, including:

- A review of the various revenue categories
- A review of each major expenditure category noting the following pressure points:
 - Instructional supplies are at less than 60% remaining primarily due to spending related to school start up
 - Repairs and maintenance budget at less than 60% remaining primarily due to summer maintenance programs
- A general commentary that while as at December 31, 2013 the various budget categories appear reasonable, continued vigilance is required to ensure every effort is taken to remain within budget.

Mr. Blanchard advised that due to delays completing the closing audits for each of the prior school districts, the December budget status update does not reflect the potential impact of any deferred revenue from the two month period ending August 31, 2013. The audits are expected to be completed prior to the next committee meeting and future updates would reflect the results of the closing August audits.

Motion:

Moved by John George, seconded by George Sheppard and carried unanimously that the Finance and Operations Committee recommend to the Board, approval of the December 31, 2013 revised budget and status update.

Recommendation #6:

That the Finance and Operations Committee recommend to the Board, approval of the December 31, 2013 revised budget and status update.

4.4 Community Use of Schools Policy

A draft Community Use of Schools Policy was tabled by the Assistant Director of Education – Operations, Mr. Tony Stack outlining the terms and conditions under which the Newfoundland and Labrador English School District facilities may be utilized by the community for other educational, cultural, recreational and appropriate commercial activities.

A first draft of this policy was first reviewed by this Committee as a discussion item on January 18, 2014. A second draft incorporating legal advice was reviewed by this Committee as a discussion item on March 8, 2014. The updated draft policy was then circulated among senior staff and school administrators throughout the District for feedback.

Discussion was held regarding administrative implementation and the need for appropriate administrative regulations with respect to limited consumption of alcohol by user groups. It was noted that draft policy wording provides that schools “may” be made available to user groups and the District is not obliged to make a school available.

Motion

Moved by George Sheppard, seconded by Wayne Lee and carried unanimously that the Finance and Operations Committee recommend to the Board, approval of the Community Use of Schools Policy as tabled at the April 12, 2014 meeting of the Finance and Operations Committee.

Recommendation #7:

That the Finance and Operations Committee recommend to the Board, approval of the Community Use of Schools Policy as tabled at the April 12, 2014 meeting of the Finance and Operations Committee.

4.5 Property Dispositions – Our Lady of Labrador, Roncalli High School, St. Theresa’s Elementary, Harriot Curtis Collegiate, Bayview Regional Collegiate

Assistant Director of Education – Finance and Business Administration, Mr. Larry Blanchard provided an update regarding five closed schools in the Western region of the District:

- Our Lady of Labrador – West St. Modeste
- Roncalli High School – Port Saunders
- St. Theresa’s Elementary – Port au Choix
- Harriot Curtis Collegiate – St. Anthony
- Bayview Regional Collegiate – St. Lunaire-Griquet

District staff has undertaken preparations to ready the properties for disposal and with tender documents finalized and undergoing final legal review, the District is now in a

position to actively pursue disposal. Some additional work will be required to secure release of crown grants applicable to two properties, which will be addressed as the disposal process proceeds.

Motion

Moved by Wayne Lee, seconded by John George and carried unanimously that the Finance and Operations Committee recommend to the Board, approval to dispose of

- **Our Lady of Labrador – West St. Modeste**
- **Roncalli High School – Port Saunders**
- **St. Theresa’s Elementary – Port au Choix**
- **Harriot Curtis Collegiate –St. Anthony**
- **Bayview Regional Collegiate – St. Lunaire-Griquet**

subject to Ministerial approval.

Recommendation #8:

That the Finance and Operations Committee recommend to the Board, approval to dispose of:

- **Our Lady of Labrador – West St. Modeste**
- **Roncalli High School – Port Saunders**
- **St. Theresa’s Elementary – Port au Choix**
- **Harriot Curtis Collegiate – St. Anthony**
- **Bayview Regional Collegiate – St. Lunaire-Griquet**

subject to Ministerial approval.

New Business – for discussion

4.6 Property Updates –Williams Harbour All Grade and Grand Bruit All Grade

The following update provides a status summary of two closed schools in the Western Region.

Grand Bruit All-Grade – Grand Bruit (closed June 2007, 1,650 sq. ft.)

Grand Bruit All Grade is located in an isolated community in south western Newfoundland and is only accessible by boat. The community has been resettled by the Provincial Government and the community is subject to the Evacuated Communities Act. The prior Western School District granted approval to dispose of the property and there was an agreement on disposition executed with the United Church, Minister of Education and the District.

The Minister is to approve the ultimate sale under Section 76(1),(1) of the Schools Act. There is an existing crown grant held by the United Church and a deed of quit claim from the United Church to the District.

The District had a buyer for the building but delays in completing the transaction, in relation to the Evacuated Communities Act, resulted in the prospective buyer withdrawing. This property is ready for public tender again.

Williams Harbor School – Williams Harbor (school closed June 2010, 2,154 sq. ft.)

Williams Harbor School is located in an isolated community in southern Labrador. The prior Western School District granted approval to dispose of the property.

Public tender resulted in a buyer for the property. An agreement of purchase and sale has been executed with the vendor. However, sale is pending resolution of a crown grant applicable to the property.

There is a process underway with the Department of Environment and Conservation (Crown Lands Division) to secure a crown grant for the land.

Ministerial approval required to dispose of this school pending the obtainment of the crown grant.

Recommendation

No recommendation. Update is for information purposes only.

5. Date of Next Meeting

The next meeting will be held at the call of the Chair.

6. Adjournment

It was moved by John George, and carried unanimously to adjourn at 2:30p.m. and move into a closed session.