



FINANCE & OPERATIONS COMMITTEE MEETING
Saturday, November 22, 2014 – 12:00p.m.
District Conference Centre – Strawberry Marsh Road

1. Call to Order

The 2nd 2014-2015 regular meeting of the Finance and Operations Committee of the Newfoundland and Labrador English School Board was called to order at 12:00p.m. on Saturday, November 22, 2014.

Members Present: Nada Borden, Chair
 Eric Snow, Committee Member
 Rick Martin, Committee Member
 Guy Elliott, Committee Member
 John George, Committee Member
 Gary Baikie, Committee Member
 Milton Peach, Board Chair

NLESD Staff Present: Darrin Pike, CEO/Director of Education
 Tony Stack, Assistant Director of Education, Operations
 Larry Blanchard, Assistant Director of Education, Finance & Business
 Administration
 Susan Clarke, Administrative Assistant (Finance & Business
 Administration/Recorder)
 Byron Smith – External Auditor

Absent with Regrets: Don Brown, Committee Member

Welcome extended to Byron Smith, External Auditor.

2. Approval of Agenda

It was moved by Rick Martin, seconded by Eric Snow and carried unanimously that the agenda be adopted as presented. Carried.

3. Approval of Minutes – October 3, 2014

It was moved by Eric Snow, seconded by Gary Baikie and carried unanimously that the minutes of October 3, 2014 be adopted as presented. Carried.

4. New Business – for motion

4.1 NLESD Financial Statements

The audit for the 10 months ended June 30, 2014 was successful for the first complete year of the Newfoundland and Labrador English School District. Audit was completed by Byron Smith, C.A. Summary information tabled was presented by Larry Blanchard with further explanations provided by Mr. Smith as requested.

Highlights of the District's financial statements include:

- 1) The non-consolidated financial statements are prepared based on the financial information of the NLESD for the ten months ended June 30, 2014. This is the first set of NLESD financial statements since the amalgamation of the Eastern, Western, Nova Central and Labrador School Districts to form the NLESD. The financial statements are prepared in accordance with the Public Sector Handbook, which constitutes generally accepted accounting principles as recommended by the Public Sector Accounting Board.
- 2) Consolidation – the financial statements are prepared on a non-consolidated basis and do not include the results of operations for school controlled funds, the Newfoundland and Labrador Education Foundation Inc. and the Newfoundland International Student Education Program Inc. The financial statements do include the operating allocation provided by the Nunatsiavut Government for the five Inuit schools on coastal Labrador.
- 3) Qualification – the Auditor's Report contains a qualification pertaining to an accrued liability for the cost of severance and sick leave for teaching staff. This accrual is made, without an offsetting account receivable.
- 4) Other matters concerning comparative figures – the comparative amounts for the two months ended August 31, 2013 represent the combined amounts of the four former school boards that were amalgamated on September 1, 2013.
- 5) Surplus/(deficit) – the District realized a balanced operating result for the year.
- 6) Cash position – the District continues to maintain a stable cash position and has liquidity sufficient to meet its current financial obligations.
- 7) Tangible capital assets – during the 10 months ended June 30, 2014, there were \$70.9 million in tangible capital asset additions which include major projects such as work on Corner Brook Junior High, White Hills Academy and William Gillett in the Western Region, Exploits Valley High in Central and Roncalli Elementary, the new Carbonear elementary school, the new west end high school and the replacement for St. Teresa's Elementary in Eastern. This also includes major renovations at various schools throughout the District (including

Peacock Primary, Leo Burke Academy, Memorial Academy, Holy Heart of Mary, Beachy Cove Elementary, Donald C. Jamieson Academy, Baltimore School, the new Virginia Park School, the new Paradise school, and the new Torbay school).

Motion:

Moved by Guy Elliott seconded by Eric Snow 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 Newfoundland and Labrador English School District for the 10 months ended June 30, 2014.

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 Newfoundland and Labrador English School District for the 10 months ended June 30, 2014.

4.2 NLESD Management Letter and Management Response

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 October 21, 2014 management letter pertaining to the audit of Newfoundland and Labrador English School District financial statements for the 10 months ended June 30, 2014 contains seven recommendations for enhancement of internal controls.

Mr. Blanchard tabled a draft response outlining management's intended course of action on each of the recommendations contained in the October 21, 2014 management letter.

Motion:

Moved by John George seconded by Gary Baikie and carried unanimously that the Finance and Operations Committee recommend to the Board, acceptance of the October 21, 2014 management letter as issued to the District by Byron D. Smith, CA and approval of the management response as tabled at the November 22, 2014 meeting of the Finance and Operations Committee.

Recommendation #2:

That the Finance and Operations Committee recommend to the Board, acceptance of the October 21, 2014 management letter as issued to the District by Byron D. Smith, CA and approval of the management response as tabled at the November 22, 2014 meeting of the Finance and Operations Committee.

4.3 Nunatsiavut Financial Statements

The audit of the Fiscal Financing Agreement- Nunatsiavut Government for the year ended March 31, 2014 has been completed. Highlights of the financial statements include:

- 1) The financial statements are prepared based on the financial information of both the former Labrador School District and the Newfoundland and Labrador English School District for the fiscal year ended March 31, 2014. The format and presentation of the financial statements is as per the requirement of the Nunatsiavut Government to show expenditures by community and line object and are prepared in accordance with the Public Sector Handbook, which constitutes generally accepted accounting principles as recommended by the Public Sector Accounting Board.
- 2) Consolidation – the financial statements are prepared on a non-consolidated basis and only include the ancillary funding provided by the Nunatsiavut Government through the Fiscal Financing Agreement to the District to enhance student programming in the five (5) Nunatsiavut coastal communities.
- 3) Surplus/(deficit) – The Fiscal Financing Agreement operates on a balanced basis. Any unexpended funds are treated as deferred revenue and brought into income in the next year and form part of the revenue source for that year. Any accounts receivable are treated as revenue in the year incurred and received in the following year as part of the grant payments.

Motion:

Moved by Gary Baikie seconded by Rick Martin 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 Fiscal Financing Agreement for the year end ended March 31, 2014.

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 Fiscal Financing Agreement for the year end ended March 31, 2014.

4.4 Burgeo Property

Correspondence has been received from the firm of Marks & Parsons representing Burgeo Pharmacy Limited regarding a property that was formerly used for school purposes by the Burgeo Integrated School Board.

The property was sold by the former Western School District in 2006 to David Morgan, who in turn sold the property to Joseph and Patricia McCarthy in 2010, who further sold the property to Burgeo Pharmacy Limited in 2011.

The original Deed of Conveyance has been misplaced and was not registered in the Registry of Deeds for the Province of Newfoundland and Labrador.

The matter has been reviewed with District legal counsel and has been found to be in order.

Motion:

Moved by Guy Elliott seconded by Rick Martin and carried unanimously that the Finance and Operations Committee recommend to the Board, approval to execute the Deed of Release in favor of Burgeo Pharmacy Limited.

Recommendation #4:

That the Finance and Operations Committee recommend to the Board, approval to execute the Deed of Release in favor of Burgeo Pharmacy Limited.

4.5 Capital Priorities List

A list of capital priorities was tabled by Mr. Tony Stack containing various requests carried over from predecessor boards as well as a number of new capital requests. These are primarily emergent needs based upon population projections and associated requirements with respect to classroom and other operational and administrative space.

The list has been developed with the benefit of having gained an understanding of the full scale of Provincial operations during 2013-2014. Various factors have been taken into consideration in developing this list including:

- facility condition assessments
- population and demographic trends
- multi-year planning requirements (including efforts to accommodate full day kindergarten)

This list is considered, by management, to be an accurate and complete assessment of the District's capital priorities.

Motion:

Moved by Gary Baikie seconded by Guy Elliott and carried unanimously that the Finance and Operations Committee recommend to the Board, approval of the Capital Priorities List as tabled at the November 22, 2014 meeting of the Finance and Operations Committee of the Board, with leave for District management to make modifications in consultation with the Department of Education.

Recommendation #5:

That the Finance and Operations Committee recommended to the Board, approval of the Capital Priorities List as tabled at the November 22, 2014 meeting of the Finance and Operations Committee of the Board, with leave for District management to make modifications in consultation with the Department of Education.

4.6 Vehicle Disposal Tender – Western, Central and Labrador Region

Each year there will be a need to dispose of vehicles taken out of service through a structured disposal process approved by the Board. In the case of school buses, these vehicles are regulated by the province and the current age limit for use is 12 years.

There are currently 21 buses that have been removed from service due to age. These buses have no further value to the District and have been fully amortized.

Motion:

Moved by John George seconded by Eric Snow and carried unanimously that the Finance and Operations Committee recommend to the Board, approval to dispose of 21 vehicles from the Western, Central and Labrador Regions through public tender.

Recommendation #6:

That the Finance and Operations Committee recommend to the Board, approval to dispose of 21 vehicles from the Western, Central and Labrador Regions through public tender.

4.7 Quarterly Budget Status Update – September 30, 2014

The revised budget and status update for the first quarter ending September 30, 2014 was tabled by Mr. Larry Blanchard. Mr. Blanchard provided an overview of each of the major categories of revenue and expenditures. While certain seasonal trends result in year to date variances, expenses are expected to remain within budget for the 2014'15 fiscal year, although certain expenditures may exceed the approved budget allocation and budget transfers within these categories may be required.

Mr. Blanchard provided explanation related to a small upward adjustment of the instructional budget, as well as a budget transfer related to reclassification of software license fees.

Motion:

Moved by Eric Snow seconded by Guy Elliott and carried unanimously that the Finance and Operations Committee recommend to the Board, approval of the September 30, 2014 revised budget and status update.

Recommendation #7:

That the Finance and Operations committee recommend to the Board, approval of the September 30, 2014 revised budget and status update.

4.8 St. Paul's Junior High School – Newfoundland Drive, St. John's

The school leadership and school community at St. Paul's Junior High have expressed interest in enhancing the green space at the rear of the school property by developing the space into a modern track-and-field sports complex. The proposed complex would be very beneficial to the school community in terms of enhancing space for physical activities at the school, as well as more broadly promoting a healthy and active lifestyle within the school. In addition, consistent with various other city schools where sports areas are used for city summer recreational programs, the proposed development project would also enhance the City of St. John's capacity to provide healthy living facilities to city residents. No formal steps have been taken with the city, pending endorsement of the project. If the city were to express an interest in partnering with the school district, it would be appropriate to formalize the partnership by way of a long term lease agreement, whereby the city would receive various rights and assurances in return for its investment in the project.

As a school that was formerly under the authority of the Catholic denominational education system, it is appropriate to consult with the Roman Catholic Episcopal Corporation regarding the proposed development. To date, there has been only a conceptual discussion and provision of preliminary information. The Roman Catholic Episcopal Corporation has advised that they would like to give the proposal further internal consideration before offering any form of formal comment.

District management is supportive of the proposed project, and if supported by the Board, City and Roman Catholic Episcopal Corporation, would lend its full support to this very worthwhile project.

Motion:

Moved by Guy Elliott seconded by Eric Snow and carried unanimously that the Finance and Operations Committee recommend to the Board, approval for St. Paul's Junior High to enter into the long term lease with the City of St. John's and RCEC, subject to Ministerial approval.

Recommendation #8:

That the Finance and Operations committee recommend to the Board, approval for St. Paul's Junior High to enter into the long term lease with the City of St. John's and RCEC, subject to Ministerial approval.

New Business - discussion purposes

4.9 Records Retention and Disposal

Further to previously approved draft, the Records Retention and Disposal Schedule for financial records has been reformatted to conform to Government format. Management will bring forward the revised document at a future meeting.

District management has drafted a multi-year Records Management Strategy as per the document tabled. This initiative will be subject to budget availability and may be subject to future revision. Status updates will be provided as they become available.

General discussion was held regarding the scope of records management within the District.

Recommendation:

No recommendation. This item is for information purposes only.

4.10 Davis Elementary Carbonear, Agreement of Purchase and Sale

In accordance with previous Board and Ministerial approval and with the agreement of the United Church of Canada, the former Davis Elementary, located in Carbonear, was offered for sale by public tender. The highest bid of \$161,100 was received from Do-All Enterprises Inc. Consistent with the agreement reached with the United Church of Canada, proceeds remaining after Newfoundland and Labrador English School District disposition costs are to be divided between Newfoundland and Labrador English School District and the United Church of Canada.

The Agreement of Purchase and Sale is to be reviewed with the United Church of Canada and further submitted for Ministerial approval.

Recommendation:

No recommendation. This item is for information purposes only.

5. Date of Next Meeting

The next meeting will be held on January 17, 2015.

6. Adjournment

It was moved by Gary Baikie, and carried unanimously to adjourn at 1:40p.m.