

FOR INFORMATION

PUBLIC

OPEN SESSION

TO: University Affairs Board

SPONSOR: Jill Matus, Vice-Provost, Students & First Entry Divisions

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PRESENTER: Jill Matus, Vice-Provost, Students & First Entry Divisions

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DATE: April 22, 2014 for April 29, 2014

AGENDA ITEM: 1

ITEM IDENTIFICATION:

Compulsory Non-Academic Incidental Fees – Student Society Fees: Report on Financial Statements and Internal Auditor’s Opinion

JURISDICTIONAL INFORMATION:

Section 5 of the University Affairs Board Terms of Reference lists compulsory non-academic incidental fees among the Board’s areas of responsibility.

Sections 5.2.1 and 5.2.2 provide that compulsory non-academic incidental fees for representative student committees and divisional student societies “are approved by the Board.”

The *Policy for Compulsory Non-Academic Incidental Fees* requires each student society that receives the proceeds of a compulsory non-academic incidental fee to submit, by December 31st each year, financial statements audited by a public accountant, or else obtain an exemption from the University’s Internal Auditor as provided in the *Policy*.

Section B.2.b. of the *Policy* provides that fees are withheld from societies failing to meet the December 31st deadline until such time as the auditor’s report is received by the University. Pursuant to the advice of the Internal Audit Department, fees are also withheld from societies if there is a denial of audit opinion, or if there is another element of the audited statements which requires special attention.

GOVERNANCE PATH:

1. **University Affairs Board (April 29, 2014) [For Information]**
2. **Governing Council (May 22, 2014) [For Information]**

PREVIOUS ACTION TAKEN:

The report is presented annually to the Board.

HIGHLIGHTS:

The submission and review of annual financial statements of student societies is considered an important accountability mechanism. (See “Objective and Scope” and “Comparative Summary of Auditors’ Opinions” in the attached item.) External auditors’ comments on the 2012-13 financial statements are available for viewing by Board members through the Office of Vice-Provost, Students & First-Entry Students.

The following student societies are required to submit audited financial statements or seek an exemption from the audit requirement for the 2012-13 fiscal year:

Society Name	2012-13 Fee Revenue
89 Chestnut Residence Council	\$ 20,124
Arts & Science Students’ Union	\$ 495,448
Association of Part-time Undergraduate Students (APUS)	\$ 1,255,181
CFRE Radio Erindale (VIBE)	\$ 49,473
CIUT-FM, University of Toronto Community Radio	\$ 300,875
Dental Student Society	\$ 9,450
Engineering Athletic Society	\$ 41,393
Engineering Society	\$ 1,478,756
Erindale College Student Union (UTMSU)	\$ 558,709
Faculty of Music Undergraduate Association	\$ 8,543
Faculty of Nursing Undergraduate Society	\$ 14,991
Graduate Architecture Landscape and Design Student Union	\$ 27,680
Graduate Business Council	\$ 60,420
Graduate House Council	\$ 15,859
Graduate Students’ Union (GSU)	\$ 6,564,450
Innis College Student Society	\$ 188,460
Innis College Residence Council	\$ 13,060
Master of Information Student Council (MISC)	\$ 9,413
Master of Management & Professional Accounting Student Council	\$ 9,526
Medical Radiation Society	\$ 7,800
Medical Society	\$ 57,925
New College Residence Council	\$ 17,540
New College Student Council	\$ 172,861
Occupational Therapy & Physical Therapy Graduate Students Council	\$ 3,545
Physical Education & Health Undergraduate Association (KPEUA)	\$ 29,383
Scarborough Campus Community Radio	\$ 96,780
Scarborough Campus Students’ Press (The Underground)	\$ 69,841
Scarborough Campus Students’ Union (SCSU)	\$ 3,117,151
Scarborough College Athletic Association	\$ 69,841
Scarborough Student Village Council	\$ 22,365
Students’ Administrative Council (UTSU)	\$ 14,386,094
Students’ Law Society	\$ 51,295
Student Teachers Union	\$ 25,106

The Medium	\$	83,117
Undergraduate Pharmaceutical Society	\$	70,344
University College Literary & Athletic Society	\$	155,987
University College Residence Council	\$	11,115
UTM Athletic Council	\$	113,891
UTM Residence Council	\$	25,980
Varsity Publications (The Varsity)	\$	165,330
Woodsworth College Residence Council	\$	7,230
Woodsworth College Student Association	\$	134,384

Fee revenues in the above table include portions designated for special projects and other organizations. Fee revenues for SAC (UTSU), APUS, GSU, and SCSU include portions designated for health and dental insurance plans.

As noted in the report, a number of societies have yet to submit financial statements for the previous fiscal year. In some cases, the organizations have provided an indication of when the statements will be submitted. In other cases, the societies require assistance in understanding the expectations set out under the *Policy for Compulsory Non-Academic Incidental Fees*. The respective student affairs and student life offices on each campus will continue to attempt to work with these groups in order to ensure that the requirements of the *Policy* are met. Fees are withheld from societies until the relevant financial reporting requirements are satisfied.

FINANCIAL AND/OR PLANNING IMPLICATIONS:

There are no direct financial implications for the University's operating budget.

RECOMMENDATION:

The report is presented for information

DOCUMENTATION PROVIDED:

University of Toronto Student Societies – Summary of 2012-13 Auditors' Opinions



To: University Affairs Board

From: Meredith Strong
Director, Office of the Vice-Provost, Students and Student Policy Advisor

Date: April 22, 2014 for April 29, 2014

Re: University of Toronto Student Societies –
Summary of 2012-13 Auditors' Opinions

This report has previously been prepared by the Internal Audit Department, but is now prepared by the Office of the Vice-Provost, Students & First-Entry Divisions. The Internal Audit Department continues to perform the duties specified in the *Policy on Compulsory Non-Academic Incidental Fees* and the *Handbook for Student Societies* (published by the Office of the Vice-Provost, Students & First-Entry Divisions) concerning the granting of audit exemptions.

Student societies within the University of Toronto vary widely in size, range of interest and level of activity. However, the recognized student societies have at least three things in common:

- they represent and are responsible to given “constituencies”;
- membership is automatic based on registration in a particular academic division (or residency in a particular residence); and
- the University collects non-academic incidental fees from each student eligible to be a member.

Forty-two student societies and one affiliate fit the above criteria. Pursuant to the *Policy for Compulsory Non-Academic Incidental Fees*, these societies are required to:

- maintain adequate and proper accounting records; and
- submit financial statements audited or reviewed by an independent auditor, licensed under the *Public Accountancy Act*, to the Office of the Vice Provost, Students & First-Entry Divisions by December 31st of each year.

Student societies may apply for an exemption from the audit requirement if the following conditions are met:

- incidental fees collected on behalf of the student society amount to less than \$30,000 in the fiscal year, and “other revenues” amount to less than \$7,500;
- the request for exemption is made prior to the midpoint of the fiscal year concerned and is supported by at least two-thirds of the full membership of the Council or Board of Directors of the society; and

- the Internal Audit Department is satisfied that the society is maintaining proper books of account and supporting documentation.

Societies seeking audit exemptions are required to submit their unaudited financial statements and books of accounts and supporting documentation to the Internal Audit Department for review by December 31st of each year.

Regulations and policies relating to student societies are outlined in the *Handbook for Student Societies*, published by the Office of the Vice Provost, Students & First-Entry Divisions.

OBJECTIVE AND SCOPE

This report summarizes the student societies' auditors' opinions, noting societies that have been granted an exemption from the audit requirement, as well as societies that have not submitted audited statements or requested an exemption.

The report covers the student societies' fiscal years which ended in 2013. 33 societies have submitted their financial statements to the Office of the Vice Provost, Students & First-Entry Divisions or have been granted an exemption from the audit requirement by the Internal Audit Department. As of April 22, 2014, 9 societies (21%) had not submitted their 2012/2013 audited financial statements or had not yet received an audit exemption. Incidental fees are not released to the societies until audited financial statements are submitted, or an exemption granted.

SUMMARY OF SIGNIFICANT NOTES TO SELECTED FINANCIAL STATEMENTS

The following summarizes the significant note(s) to the audited financial statements received.

CIUT – University of Toronto Community Radio Inc.

Note 14. Contingency

During the year UTCRI commenced legal action against a former employee. The claim is for damages of approximately \$160,000. The outcome of the claim is not determinable, and as such it has not been reflected in the financial statements.

The same former employee has filed a counter claim against the UTCRI for approximately \$40,000 related to outstanding funds owed. Management believes that the claim is without merit and the organization is not liable, and accordingly, no provision has been made in these financial statements for losses, if any, which may be sustained on the ultimate settlement of the claim.

Scarborough Campus Students’ Union

Note 9. Investment and Loans to Related Parties

SCSU’s initial investment in the Restaurant included \$100 for 100 common shares together with advances to fund its operations over time and further investments. SCSU Restaurants Inc. has invested in two subsidiary franchise that have begun operations this year. The SCSU wholly owns all shares either directly or indirectly in each of the related parties.

SCSU Restaurants Inc. continues to accumulate a deficit. Accordingly the value of the shares has been reduced to \$1 and the advances have been written down to \$100. SCSU has not adjusted its investment to reflect its pro-rata share of the Restaurant deficit as this would result in a negative investment. An impairment charge has been recorded against the investment as it is unlikely that the amounts invested will ever be recovered.

	<u>2013</u>	<u>2012</u>
Advances to 2277345 Ontario Ltd. o/a KFC Express	80,965	-
Advances to 2275596 Ontario Ltd. o/a Hero Burger	24,593	-
Advances to SCSU Restaurants Inc.	364,343	526,985
Impairment allowance	<u>(203,507)</u>	<u>(203,507)</u>
Net investment in SCSU Restaurants Inc.	266,394	323,478

COMPARATIVE SUMMARY OF AUDITORS’ OPINIONS

The following summarizes the external auditors’ opinions and exemptions granted or denied in 2012-13 and 2011-12:

	2012/13 (42 societies)	2011/12 (42 societies)
1. Unqualified audit opinions	11	16
2. Qualified Audit opinions	18	19
3. Audit Exemptions granted	4	7
4. Audited Financial statements outstanding at the time of this report	7	0
5. Audit exemptions pending at the time of this report	2	0
Total	42	42

As noted in the 2011-12 report, four societies (9.5%) did not submit their financial statements by the date of last year’s UAB report and 1 society had an audit exemption pending. Financial statements have since been received or exemptions have been granted for all societies.

2012/2013 STUDENT SOCIETY AUDIT TRACKING

UTSC Student Societies	Total Student Fee Revenue for Fiscal Year	2012-13 Audit Submitted	2011-12 Audit Submitted
Scarborough Campus Community Radio	\$96,780.30	✓	✓
Scarborough Campus Students’ Press	\$69,840.75	✓	✓
Scarborough Campus Students Union	\$3,117,151.21	✓	✓
Scarborough College Athletic Association	\$69,840.75	✓	✓
Scarborough College Student Village Council	\$22,365.00		✓

UTM Student Societies	Total Student Fee Revenue for Fiscal Year	2012-13 Audit Submitted	2011-12 Audit Submitted
CFRE Radio Erindale (VIBE)	\$49,473.00	✓	✓
Erindale College Students’ Union (UTMSU)	\$558,708.92	✓	✓
Masters of Management & Professional Accounting Student Council	\$9,525.60		N/A
The Medium	\$83,116.77	✓	✓
UTM Athletic Council	\$113,890.44	✓	✓
UTM Residence Council	\$25,980.00	Revisions Pending	✓

2012/2013 STUDENT SOCIETY AUDIT TRACKING (cont.)

UTSG Student Societies	Total Student Fee Revenue for Fiscal Year	2012-13 Audit Submitted	2011-12 Audit Submitted
89 Chestnut Residence Council	\$20,123.75		✓
Arts & Science Students' Union	\$495,447.51	✓	✓
Dental Student Society	\$9,450.00	✓	✓
Engineering Athletic Association	\$41,393.25	✓	✓
Engineering Society	\$1,478,756.22	✓	✓
Faculty of Music Undergraduate Association	\$8,542.50	✓	✓
Faculty of Nursing Undergraduate Society	\$14,991.14	✓	✓
Graduate Architecture, Landscape and Design Student Union	\$27,680.00	✓	✓
Graduate Business Council	\$60,420.00	✓	✓
Graduate House Council	\$15,859.31	Exemption Granted	Exemption Granted
Innis College Student Society	\$188,460.26	✓	✓
Innis Residence Council	\$13,060.00	Exemption Granted	Exemption Granted
Masters' of Information Student Council (formerly FISSC)	\$9,412.51	Exemption Granted	Exemption Granted
Medical Radiation Sciences Society	\$7,800.00	✓	✓
Medical Society	\$57,925.33	✓	✓
New College Residence Council	\$17,540.00	Exemption Pending	✓
New College Student Council	\$172,860.50	✓	✓

2012/2013 STUDENT SOCIETY AUDIT TRACKING (cont.)

UTSG Student Societies	Total Student Fee Revenue for Fiscal Year	2012-13 Audit Submitted	2011-12 Audit Submitted
Occupational & Physical Therapy Graduate Students’ Council	\$3,545.00		✓
Physical Education & Health Undergraduate Association (KPEUA)	\$29,382.50	✓	✓
Student Teachers’ Union	\$25,106.25	✓	✓
Students' Law Society	\$51,295.00	✓	✓
Undergraduate Pharmaceutical Society	\$70,344.00		✓
University College Literary & Athletic Society	\$155,986.55	✓	✓
University College Residence Council	\$11,115.00	Exemption Granted	Exemption Granted
Woodsworth College Residence Council	\$7,230.00	Exemption pending	Exemption Granted
Woodsworth College Student Association	\$134,383.63		✓

Multi-Campus Student Societies	Total Student Fee Revenue for Fiscal Year	2012-13 Audit Submitted	2011-12 Audit Submitted
Association of Part-time Undergraduate Students (APUS)	\$1,255,181.49	✓	✓
CIUT – U of T Community Radio	\$300,874.62	✓	✓
Graduate Students’ Union (GSU)	\$6,564,449.99	✓	✓
Students’ Administrative Council (UTSU)	\$14,386,093.63	✓	✓
Varsity Publications (The Varsity)	\$165,330.20	✓	✓