BOARD OF GOVERNORS
Audit & Finance Committee

April 10, 2025
2:00 p.m. to 5:00 p.m.
Virtual Link: *Teams Meeting*

Members: Carla Carmichael (Chair), Susanna Zagar (Vice-Chair), Nolan Bederman, Laura Elliott, Mitch Frazer, Laura Money, Steven Murphy

Staff: Kirstie Ayotte, Nicola Crow, Jackie Dupuis, Krista Hester, Les Jacobs, Lori Livingston, Brad MacIsaac, Jennifer MacInnis, Pamela Onsiong, Sarah Thrush

Guests: KPMG: Libby Duckworth, Cristina Morrone, Channen Tan

AGENDA

No.	Topic	Lead	Allocated Time	Suggested Start Time
	PUBLIC SESSION			
1	**Call to Order**	Chair	5	2:00 p.m.
2	***Agenda* (M)**			
3	**Conflict of Interest Declaration**			
4	**Chair's Remarks**	Chair	5	2:05 p.m.
5	**President's Remarks**	Steven Murphy	10	2:10 p.m.
6	**Finance**			
6.1	*2025-2028 Budget Approval** (M)	Lori Livingston Brad MacIsaac Sarah Thrush	45	2:20 p.m.
6.2	*MCU Efficiency and Accountability Fund Report** (D)	Brad MacIsaac	30	3:05 p.m.
6.3	*2023-2034 University Financial Accountability Framework** (U)	Brad MacIsaac	5	3:35 p.m.
7	***Investment Oversight – Endowment Disbursement** (M)**	Brad MacIsaac	5	3:40 p.m.
8	**Compliance and Policy**			
8.1	*Annual Risk Report** (U)	Brad MacIsaac Jackie Dupuis	20	3:45 p.m.
9	**Consent Agenda (M):**	Chair		

No.	Topic	Lead	Allocated Time	Suggested Start Time
9.1	*Minutes of Public Session of A&F Meeting of February 13, 2025** (M)			
9.2	*Credit Rating Update**(I)			
9.3	*Ancillary Fees Update** (I)			
9.4	*Annual Compliance Report** (I)			
10	**Adjournment (M)**	Chair		4:05 p.m.
BREAK – 15 minutes				
NON-PUBLIC SESSION (material not publicly available)				
11	**Call to Order**	Chair	5	4:20 p.m.
12	**Conflict of Interest Declaration**			
13	**President's Remarks**	Steven Murphy	5	4:25 p.m.
14	**Finance**			
14.1	Confidential Budget Items* (D)	Lori Livingston Brad MacIsaac Sarah Thrush	15	4:30 p.m.
14.2	Non-Public Finance Update – Questions Only	Brad MacIsaac		
15	**Compliance and Policy**			
15.1	Non-Public Risk Update – Questions Only	Brad MacIsaac Jackie Dupuis		
16	**Consent Agenda (M):**	Chair	5	4:45 p.m.
16.1	Minutes of Non-Public Session of A&F Meeting of February 13, 2025* (M)			
16.2	A&F 2024-2025 Workplan & Action Points* (I)			
17	***In Camera* Session (M)**			
17.1	*In camera* with General Counsel		5	4:50 p.m.
17.2	Committee *in Camera*		5	4:55 p.m.
18	**Termination (M)**			5:00 p.m.

Nicola Crow, University Secretary

D – Discussion M – Motion P – Presentation U – Update * Documents attached

COMITTEE REPORT

SESSION:		**ACTION REQUESTED:**	
Public	☒	**Decision**	☒
Non-Public	☐	**Discussion/Direction**	☐
		Information	☐

TO: **Audit & Finance Committee (A&F)**

DATE: **April 10, 2025**

PRESENTED BY: **Brad MacIsaac, Vice President Administration**

SUBJECT: **Multi Year Budget 2025-28 Approval**

COMMITTEE MANDATE:

The Audit & Finance Committee (A&F) is responsible for governing and managing the affairs of the University, which includes the responsibility of approving the annual budget of the University and to monitor its implementation.

We are seeking approval for a balanced 2025-2026 budget and the current investment plan in principle for the following two years.

Discussion Questions

- Are you comfortable with the balanced approach leadership is taken in setting the budget in these complex times?
- Do you see the connections with the investments being made to move forward the strategic priorities while balancing the long-term sustainability of the institution?
- What else can leadership do to help communicate the financial challenges universities face because of capped grants, the cut and freeze to tuition and the impact on international student revenue from federal changes?

BACKGROUND/CONTEXT & RATIONALE:

This current financial context requires ongoing discipline to address budget pressures while targeting resources to invest in our 2023–2028 Integrated Academic Research Plan (IARP). As we must diversify our revenue sources we are committed to creating distinctive programs with hands-on learning opportunities, offering flexible options for traditional and non-traditional learners and prioritizing initiatives that build job readiness while promoting ongoing upskilling and reskilling. The current budget planning environment remains difficult to balance given the government policies related to tuition and grant that has only been made more difficult due to the cap on international study permits.

This document provides an overview of the University's 2025-2026 rolling **$260M consolidated budget** and outlines the fiscal tensions we face resulting from multiple competing demands. From a revenue perspective, the increase over the prior year budget is $18M ($9M over the 2024-2025 year-end forecast). The largest contributors to this increase are:

- $15.6M enrolment (9.2M domestic, 6.4M international tuition).
- $2.7M grants (0.9M oto sustainability fund, 0.6M facilities, 0.5M nursing).
- $0.5M ancillary

From an expense perspective, almost 80% of the Operating Budget is committed to labour. The major investments compared to last year's budget include:

- $10.7M investment in people ($8.0M full-time and $2.5M for sessional instructors/ teaching assistants).
- $3.3M for student experience and financial aid.
- $2.0M investment in piloting Artificial Intelligence
- $1.4M for Capital infrastructure (note this is $10M with base).

While this budget continues to move us forward on our mission and priorities there are number of areas that were not funded to the levels we would like. A desired outcome of the budget presentations is to ensure members are aware of, and comfortable with, the risks and risk mitigation strategies related most specifically to enrolment, capital renewal and future reserves. The budget presents a plan for $3M surplus but it does not set aside the reserves required for future years. The assumed salary increased based on current ratios and estimated contracts leads to a deficit budget in future years. Leadership will continue to explore ways to bring this into a surplus position to invest in our priorities and future viability.

MOTION:

Pursuant to the recommendation of management, that the Audit & Finance Committee recommends to the Board of Governors approval of the 2025-2026 budget and approval in principle of the budgetary projections for the next two years.

SUPPORTING REFERENCE MATERIALS:

- 2025-28 Budget Paper
- 2025-28 Budget PowerPoint presentation
- Link to: Multi-year Rolling Budget

ONTARIO TECH UNIVERSITY'S 2025-2028 Multi-Year Rolling Budget

Budget Working Group, March 2025

Introduction

Guided by provincial government policies and frameworks, operating grant funding for universities used to be tied to total student numbers. As student numbers grew, so did the value of the grants. **When Ontario Tech was founded in 2003**, government grant funding accounted for half of Ontario Tech's budget, with student tuition and ancillary fees making up most of the remaining portion. Since 2012, however, the per-student grant has remained frozen, and total enrolment growth payments have been capped at 2016 enrolment levels. At the same time, multi-year tuition frameworks that allowed for increases of three per cent or more per year were frozen in 2019, following a 10 per cent reduction, and are now frozen until 2027. With per-student grants and domestic tuition frozen, predictability around university revenues from these traditional sources continues to decline.

At **present**, Ontario's per-full-time-equivalent (FTE) funding has declined by about 30 per cent in the past decade when adjusted for inflation. The province's spending patterns fall well below the rest of the country, with Ontario's per-FTE expenditure pulling the national average down making every other jurisdiction 'above average' by comparison. It is no surprise that universities subsequently became reliant on international students to generate additional revenue. However, the federal government's introduction of caps on international undergraduate study permits in 2024-2025, and graduate permits in 2025-2026, has significantly reduced this revenue source. To mitigate a funding crisis in February 2024, the provincial government announced a one-time operating investment of $900M over three years for the whole university and college sector. Although welcome, this amount is less than half of what the government's Blue-Ribbon Panel recommended. Ontario Tech's share of this one-time funding is $3M in 2025-2026 and $4M in 2026-2027.

Looking to the **future,** the next five years of government operating grants are tied to the 2025-2030 Strategic Mandate Agreement (SMA4), which provides no commitment for enrolment growth funding in its first two years and ties an increasing proportion of existing funding to performance metrics. As a result of the different government policies, 90 per cent of our current revenue sources are subject to restriction. In contrast, our expenses, due largely to inflationary increases, are outpacing our static revenue sources. As detailed in this paper, our fiscal situation becomes increasingly precarious without predictable and substantive revenue streams. Previous deficit forecasts did not materialize, mainly because enrolment growth exceeded our conservative targets and we deferred investing in capital infrastructure projects (e.g. buildings and equipment) that have surpassed their normal life cycle. Although we are presenting a balanced budget for 2025-2026, we cannot maintain this balance in future years unless we find additional revenues.

Overall, the reality is that over time, institutions of higher education in Ontario have moved from essentially being 'publicly-funded' to 'publicly-assisted' entities. Moreover, public perspectives on the value of a university education have declined, making it essential for universities to demonstrate their relevance and societal contributions. Strengthening industry connections and highlighting the tangible benefits of a university education are key strategies to address this issue. The business model for universities is no longer sustainable. Proactive measures are increasingly urgent to secure both financial stability and academic excellence.

The 2023–2028 Integrated Academic Research Plan (IARP) reaffirms our commitment to four strategic priority areas (i.e. Learning Re-imagined, Creating a Sticky Campus, Tech with a Conscience and Partnerships) supported by differentiated enrolment growth to elevate our reputation, achieve economies of scale and increase revenues. In 2025, President Murphy held information sessions to discuss important actions to further advance the IARP. These actions include creating distinctive programs with hands-on learning opportunities, offering flexible options for traditional and non-traditional learners and prioritizing initiatives that build job readiness while promoting ongoing upskilling and reskilling. We are deliberately committed to strengthening our brand

and appeal to students, scholars and partners, to continue to yield high application numbers from both domestic and international sources. The university's innovative approach to program delivery, adaptability, and strong industry partnerships, aligned with government priorities, will drive continued growth and success.

Enrolment Assumptions

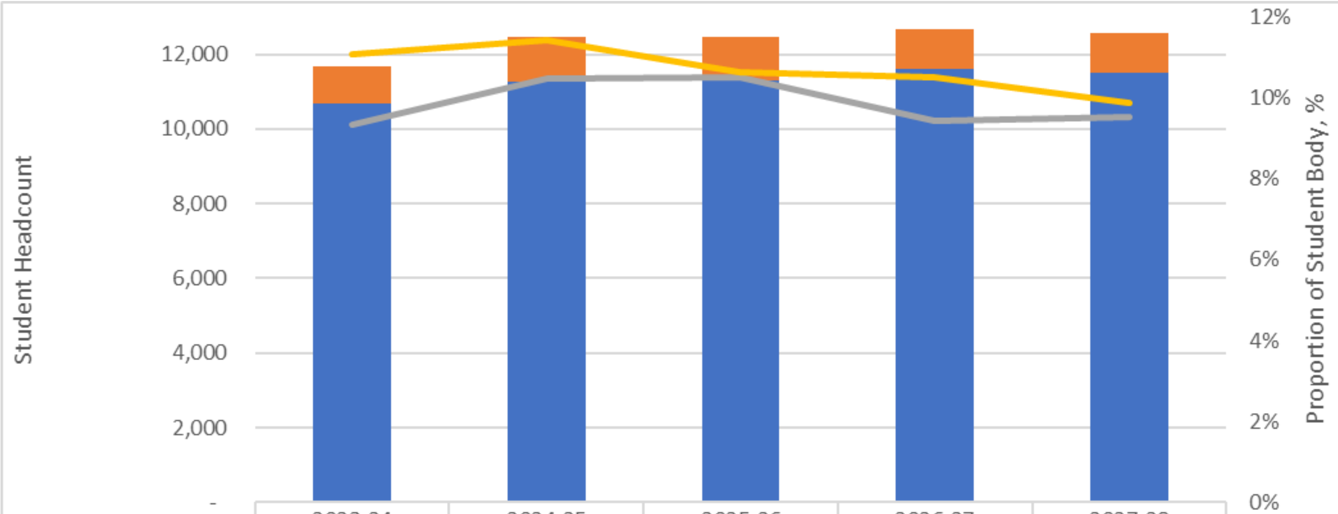
The IARP specifies that total student enrolment will grow to 18,000 students by 2030, through expansions in both degree and non-degree programs. In recent years, our strategic enrolment management (SEM) tactics, supported by our growing reputational brand, have produced record application numbers and created enrolment stability. However, continued future progress in this regard requires a plan that equally addresses recruitment and retention to meet our differentiated growth goals.

The 2025-2030 SMA4 defines Ontario Tech's enrolment-related funding level, but in its first two years it does not allow additional enrolment-related funding allocations beyond the 2016 level. In year's three to five of the agreement, there is some indication that limited opportunities for additional funded growth may arise in areas aligned with selected government priorities (i.e. growth in science, technology, engineering and mathematics (STEM) programs). While this STEM priority aligns well with our distribution of programs, the exact details on how these priorities will be defined and/or funded remain uncertain. In addition, the Ministry of Colleges and Universities is also developing a new yet-to-be-defined funding model for the sector, to be implemented in year three of the SMA4. Amidst all of this uncertainty, the university continues to advocate for funded growth as a priority.

Domestic enrolment: Our top priority goal is to grow domestic enrolment (**Figure 1**). We will optimize enrolments in existing programs so that additional tuition revenues surpass variable expenses. This growth strategy emphasizes capturing a larger share of the traditional direct-from-high school domestic undergraduate market, and particularly so from the Greater Toronto Area. Traditional student recruitment will also hinge on developing and launching new high-quality programs. We will also repackage existing programs to attract students from new markets and to enhance our competitiveness in the post-secondary landscape. Providing students with flexibility in how they approach their education is also important. To this end, we will continue to diversify our educational offerings by utilizing multiple platforms (i.e. asynchronous and synchronous online, hybrid and face-to-face modalities) and approaches (i.e. condensed course formats, micro-credential and stackable micro-credential offerings, etc.). Making co-operative education and work-integrated learning opportunities available for all students is a priority, along with an investment in data-driven tools (e.g. early alert systems) to support student success and retention.

International enrolment: In 2019, the university created a plan to raise the proportion of international students from seven per cent to 18 per cent to align with the Ontario university average. After factoring in the now-existing federal caps on international student enrolment, we anticipate that about 10 per cent of our overall student population will be comprised of international students during the next fiscal year. We will continue to invest in recruitment and inter-institutional partnerships to diversify our international enrolments and to mitigate the risks associated with global geopolitical factors that may affect Canada's appeal as a study destination.

Figure 1: Actual and forecasted student headcount and FTE counts[1] through 2026-2027

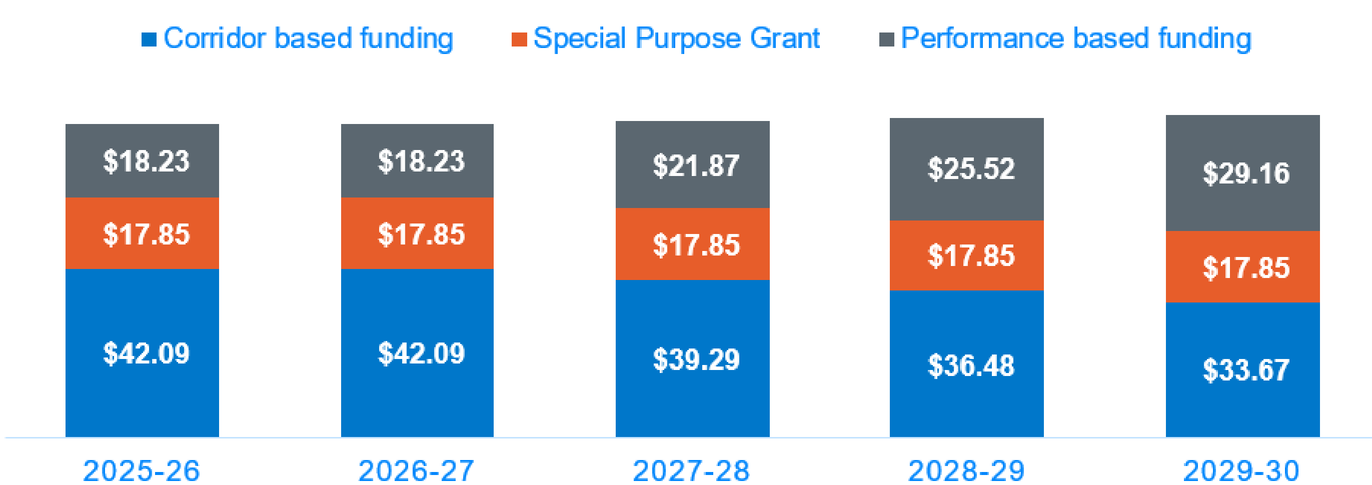


	2023-24	2024-25	2025-26	2026-27	2027-28
Graduate	997	1,182	1,188	1,095	1,095
Undergraduate	10,681	11,269	11,292	11,591	11,491
% Graduate	9%	10%	11%	9%	10%
% International	11%	11%	11%	11%	10%

Revenue Assumptions

A major aspect of our revenue assumptions is the shift from an enrolment-based to a performance-based operating grant under the SMA4. By the end of SMA4, funding tied to eight metrics will increase from 25 per cent to 40 per cent. **Figure 2** illustrates the proportions of our government grant funding throughout the SMA4 timeframe. Moreover, overall grant funding will remain static, with inflation-adjusted per-student amounts decreasing. To preserve our current funding levels, both the enrolment corridor and performance targets must be met during each year of the SMA4. There is limited opportunity for additional funding (i.e. estimated to be less than $100K) through reallocation, as funding resources from other institutions not meeting their metrics targets may be awarded to those that achieve or exceed them.

Figure 2: Corridor-based funding and performance-based funding
Amounts in $M



1 Student enrolment is reported as full-time equivalents (FTEs).

Grants: Year over year, the proportion of our revenues accounted for by our operating grants has declined (**Figure 3**). This is because our operating grants are capped at the 2016 rate. Stated another way, this amounts to approximately a 30 per cent decrease in provincial per-student funding over the past decade when adjusted for inflation. Further, because the government caps domestic enrolment at these 2016 corridor payment levels, we also carry unfunded domestic students.

Last year, the province allocated additional grants to the higher education sector for three years, with our share of this one-time funding for 2025-2026 estimated at $3M. Government funding is shifting toward more targeted grants, allocated to specific purposes rather than for broad institutional support. For example, in 2025, the university will receive an extra $600K for facilities renewal, covering capital costs for existing buildings. These funds cannot be reallocated to other areas, and they must meet strict accountability and reporting measures.

Tuition: In 2019, the government introduced a 10 per cent cut to domestic tuition and froze tuition until the end of the 2027-2028 fiscal year. In 2025-2026, limited increases were introduced through tuition anomaly adjustments for incoming students into three of our degree programs, resulting overall in a minor budget increase. We also applied a three per cent increase to international undergraduate tuition fees, noting that these remain below the Ontario system median. However, we continue to assess the competitive landscape for international students and its potential effects on future enrolment plans. For 2025-2026, total tuition revenue is projected to increase by $15.5M (i.e. $9.5M domestic, $6M international) with most of this growth stemming from enrolment growth and retention over previous years.

Ancillary fees: The balance of student fee revenues comes from ancillary fees, which support pre-specified approved activities (e.g. recreation and health services, student learning and supports). These fees, representing about 12 per cent of total student fees, and follow a provincial fee protocol that allows for an annual inflationary increase based on the Bank of Canada's September-to-September Consumer Price Index (CPI), which is currently at 2.3 per cent. An increase of $1.7M in extra ancillary fee revenues linked to enrolment growth is projected. About $1.0M of these funds will be deferred for future technology-enhanced learning projects, resulting in $0.7M in additional revenue for the 2025-2026 operating budget.

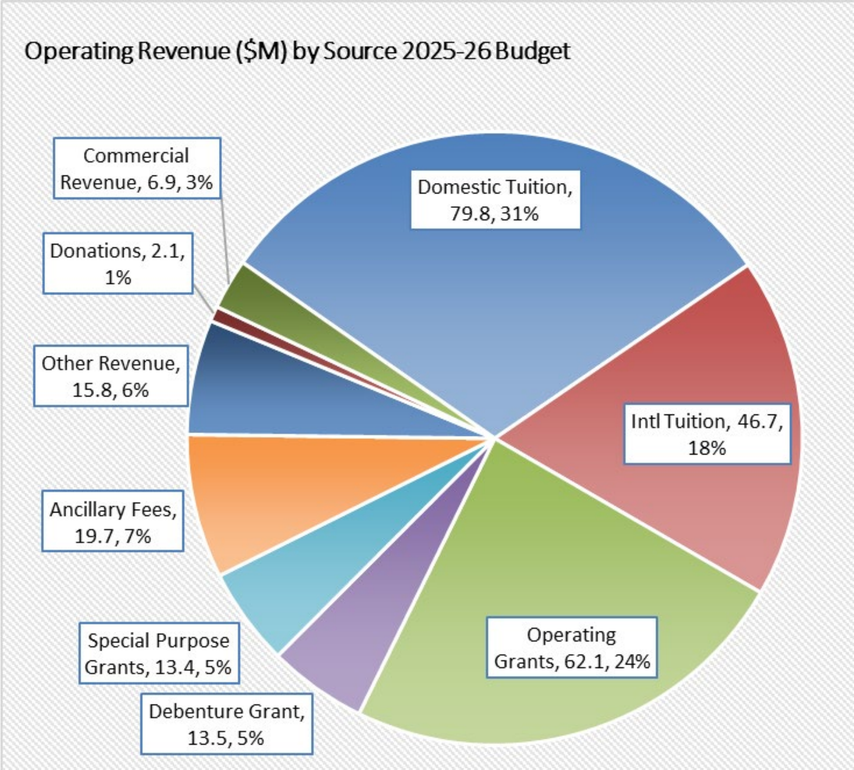
Other: Approximately $25M will come from other sources, such as interest income and commercial services. Our goal is to maintain an overall financial balance in commercial services, including parking and food services. Any surplus is allocated to capital reserves for future investments, while prior-year reserves cover any anticipated deficit. This approach ensures the core operating budget remains unaffected by supplementary services.

Expense Assumptions

Ontario Tech has historically implemented a hybrid or two-step budget model. First, an incremental budgeting approach addresses mandated year-over-year cost increases (e.g. contractual salary increases, licensing agreements), automatically factoring them into the following year's base budget. Next, a strategic allocation mechanism distributes any discretionary resources to support IARP priorities.

Operating expenses face several pressures, including inflation, the declining value of the Canadian dollar, rising costs for goods and services (e.g. software licenses, and library subscriptions), and necessary maintenance and repairs of aging facilities. Before the pandemic, the Ontario university system typically saw an annual operating expense increase of around four per cent. However, since 2021, many essential expenditures have spiked into

Figure 3: Estimated 2025-2026 operating revenue ($262.7M)



double-digit percentages, with utility costs and software licensing fees increasing at similar rates.

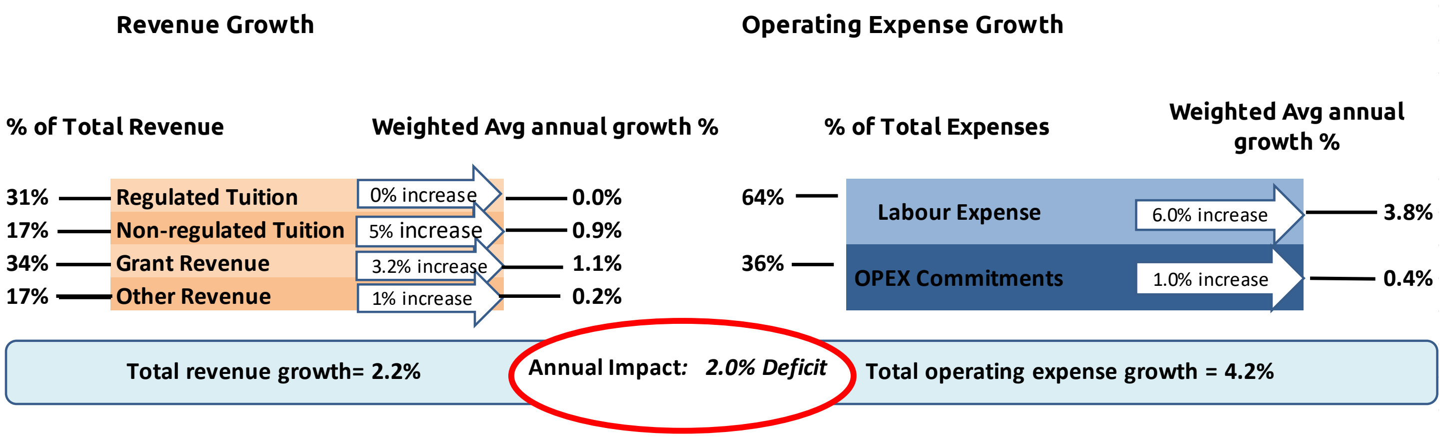
Without further enrolment growth, our revenues grow by about one per cent annually. If we include the three-year grant funding, these revenues will grow by about 2.2 per cent. In contrast, using operating increases at half of CPI places our annual expense growth at 4.5 per cent. This includes a six per cent jump related to mandated salary increases, including across-the-board and annual progression adjustments. To help curb expense growth, academic and administrative units routinely reallocate existing budget dollars to cover inflationary and contractual increases. However, budget reallocations cannot on their own balance the budget.

When annual expenses are growing at a rate faster than annual revenues, a structural deficit exists (**Figure 4**). Therefore, balancing the university's budget relies on continuous enrolment growth to fund base operating expenses. For context, mandated salary increases are expected to exceed $8M annually over the next few years, while grant and tuition revenues remain stagnant. As a result, we must enrol more than 800 additional students each year just to meet salary obligations.

Continuous Improvement

Along with expanding enrolment and seeking new revenue sources for priority areas, we are taking proactive measures to control costs by identifying efficiencies, implementing AI solutions and prioritizing spending. For example, upgrading our IT systems and software platforms will streamline administrative processes, allowing staff to focus on higher-impact tasks rather than high-volume, often manual activities. We have also asked financial managers to prioritize investments in student, academic and research supports, and carefully monitor how these decisions affect workload. This approach is intended to reduce the need for reactive budget cuts in the future.

Figure 4: An illustration of the structural deficit



Using resources from the government's Efficiency and Accountability Fund, the university hired KPMG to assist us in finding opportunities to optimize resources while continuing to meet the evolving needs of our students, staff, faculty and local communities. Preliminary findings highlight opportunities for economies of scale, alternative revenue sources and service enhancements:

Grow to achieve economies of scale: KPMG notes that frozen grant and tuition revenues combined with rising costs will render certain programs unsustainable without program or course consolidation, and in some cases, cancellation. As a maturing university, fixed operating costs are distributed across a smaller number of students, thus impacting financial viability. They recommend removing unnecessary prerequisites and introducing flexibility to boost student retention and expand enrolment.

Increase alternative revenue streams: KPMG advises that the university expand its unique learning offerings and optimize the use of specialized venue spaces to generate ancillary revenues. By offering more than just degree programs, the university will broaden its appeal and diversify its income.

Enhance automation: Further automation can help highly qualified personnel move away from transactional tasks and focus on student services and strategic actions. KPMG notes that areas such as human resources, information technology, and facilities would benefit from streamlined processes and clear roles. Once effective process mapping is in place, improvements can follow through automation and AI systems.

KPMG's preliminary findings indicate that these measures alone cannot balance the university's future budget. Due to the 2011 Transfer Payment Agreement with the Ministry, any planned operating deficit cannot be presented for the Board of Governors' approval. Therefore, the university must become less reliant on government. We must focus on alternate sources of revenue such as professional masters programs, micro-credentials and continuing education. Never has our world been more complex and today's graduates will need to reskill throughout their careers. This provides an opportunity to price programs at market rates and drive high-quality offerings. Done at scale, such an approach will make Ontario Tech less reliant on shrinking government funding.

Strategic Allocations

The budget process provides an opportunity for academic and administrative units to put forward annual requests for funding to the Budget Working Group. To support the IARP and the differentiated growth strategy, we use the activity-based budgeting (ABB) model to enhance transparency around direct and indirect revenue and costs to provide data to inform allocation decisions. While the university does not fully implement the ABB model, it serves as an incentive for faculties and units to generate revenue, manage costs more effectively and understand how different programs are subsidized. In comparison to the last fiscal year, there are about $18.8M of new or reallocated expenses (i.e. 57 per cent labour, 18 per cent student experience, 10 per cent investment in artificial intelligence projects, and 7 per cent capital). The summary of the allocations follows in the remainder of this section.

Labour costs: These represent the largest share of our annual budget and the most significant increase in expenses compared to last year. This $10.7M increase includes:

- $7.4M full-time ($5.4M for existing contractual commitments, $2.0M for new hires).
- $3.3M part-time (sessional instructors, teaching assistants and university work students).

Almost 80 per cent of our annual operating budget supports personnel salaries and benefits. In 2011, our Senior Academic Team set a goal to alter the student-to-faculty ratio from 36:1 to 31:1. Without increases in tuition and grants or adjustments to curricular cost structures, this goal is no longer feasible (**Figures 5 and 6**).

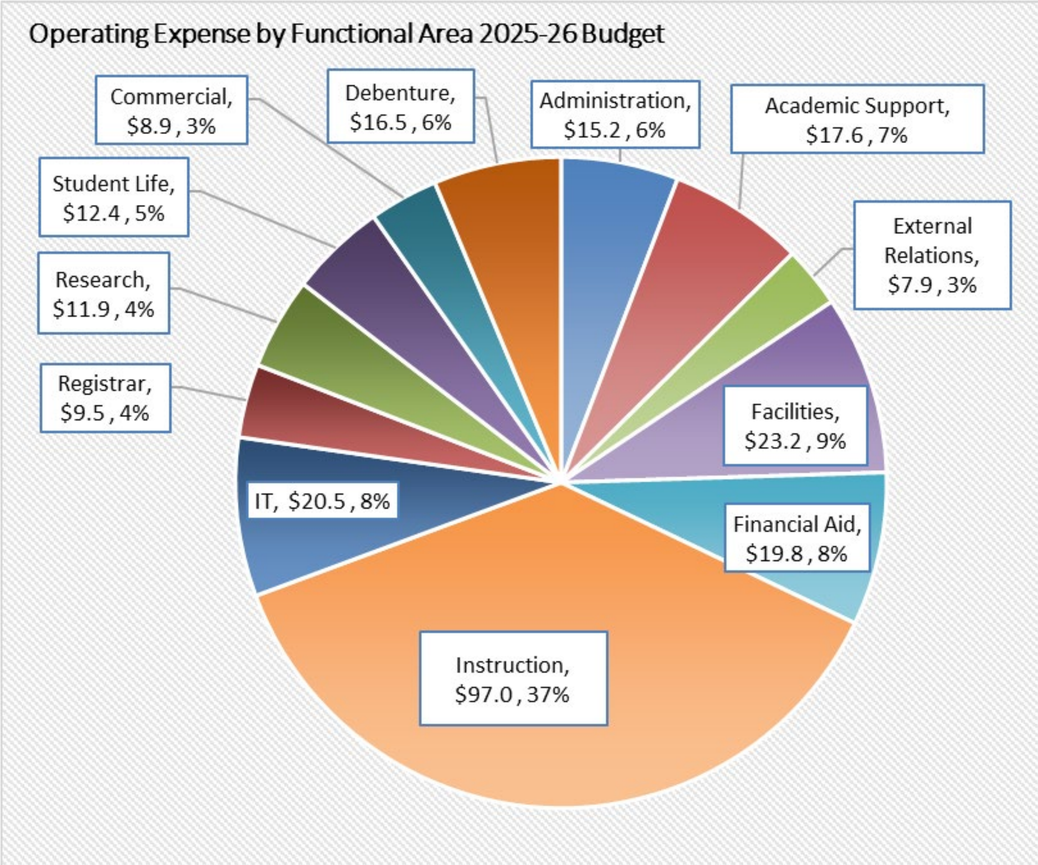
Figure 5: Faculty and staff complements (FTEs) and ratios

FTE COUNT - TOTAL	2024-25 Budget	2025-26 Budget	2026-27 Forecast	2027-28 Forecast
FFTE's	*10,466*	*11,445*	*11,610*	*11,607*
Tenure/Tenure Track	235.6	240.1	242.6	242.6
Teaching Faculty	96.0	96.0	97.0	97.0
LTFM	13.3	12.0	12.1	12.1
Student:Faculty	*30.3*	*32.9*	*33.0*	*33.0*
Support Staff - Durham College	60.3	57.0	54.0	54.0
Support Staff - OPSEU	340.8	357.8	357.8	357.8
Non-Union - Admin/Support	194.8	197.8	197.8	197.8
Student:Staff	*17.6*	*18.7*	*19.0*	*19.0*

Student experience and financial aid costs: We are investing an additional $3.3M in student-related supports, with $1.5M (largely funded by ancillary fee increases) dedicated to the student experience and $1.8M in financial aid. Five per cent of our annual budget is allocated to scholarships and bursaries facilitating student access. In line with our international student enrolment targets, we have introduced funds to assist our students. In 2025-2026, with increasing investments in entrance scholarships, graduate student assistance, and a new international support program, we will distribute more than $17M to our students.

Capital infrastructure costs: An additional $1.4M is allocated to new assets and repairs to our IT and facilities infrastructure. Combined with the current base that is mainly offset by grants, this brings the total capital investment to about $9.5M. We are in the second year of the four-year plan to move our IT enterprise system to the cloud. Currently, we are on a shared system with Durham College, using separate technology platforms to maintain each institution's data separately. However, this structure no longer meets our distinct computing needs. Transitioning requires purchasing site licenses and implementing new peripheral systems to replace what we currently share. We remain within our original budget with $6M expected to be spent over the next two years. In totality, the new systems should be ready for training in summer 2026 with the complete transition to occur before March 2028.

Figure 6. Estimated 2025-2026 operating expenses ($260.5M)



2025-2026 Estimated Consolidated Operating Budget

Bringing together our revenue and expense assumptions, the 2025-2026 Estimated Consolidated Budget totals **$262.7M.** The assumptions collectively project a balanced budget, with an estimated $18.4M in additional revenues offsetting an estimated $18.8M in new expenses, along with $3M of planned reserves for future requirements.

University budgets are complex, featuring multiple revenue streams that must be directed to specific functions. To ensure compliance tracking we categorize these revenues into separate funds aligned with particular functions. The true 'operating budget' includes the first two columns in **Figure 7** which total $188M or 71 per cent of the consolidated budget. We separate 'purchased services' to explicitly show the funds attributed to Durham College as a service provider. The 'operating rev' column is about 11 per cent of the budget and includes academic or research revenue generating activities such as ACE, Brilliant Catalyst and continuous learning. While most initiatives will be profitable, the university will fund start ups and has about $450K invested in ACE to support research. The final three columns total 17 per cent of the budget and are expected to break even (i.e. aside from the $3M debenture payment), plus they have some reserves for future capital, through ancillary fees or commercial revenues such as parking and food services.

Figure 7. The 2025-2026 estimated consolidated operating statement

Ontario Tech University
2025 - 26 DRAFT OPERATING BUDGET

	Operating Budget	Purchased Services	Operating-REV	Ancillary Fee Budget	Infrastructure Capital	Commercial Services	2025 - 26 Proposed Budget
Revenues							
Operating Grants	61,537	-	-	-	13,500	-	**75,037**
Other Grants	8,537	-	2,881	221	3,100	-	**14,739**
Tuition	114,787	-	12,906	-	-	-	**127,693**
Student Ancillary Fees	1,980	1,529	127	12,264	2,397	550	**18,846**
Donations	21	-	2,009	10	-	9	**2,049**
Other Revenue	5,849	373	9,098	259	-	8,723	**24,301**
Total Operating Revenues	**192,710**	**1,902**	**27,021**	**12,754**	**18,997**	**9,281**	**262,665**
Base Expenditures							
FT Labour	(111,222)	(7,952)	(6,383)	(6,509)	-	(1,861)	**(133,928)**
PT Labour	(12,176)	(266)	(5,550)	(1,461)	-	(440)	**(19,892)**
OPEX	(29,827)	(7,966)	(17,050)	(3,193)	(16,501)	(5,404)	**(79,942)**
CAPITAL	(100)	-	-	(232)	(5,497)	(20)	**(5,848)**
Approved Base Expenditures	**(153,324)**	**(16,184)**	**(28,983)**	**(11,396)**	**(21,998)**	**(7,725)**	**(239,610)**
Budget Surplus/(Deficit) before Asks	**29,652**	**(14,086)**	**(2,558)**	**1,281**	**(3,001)**	**1,208**	**12,496**
Base Recommendations	(2,158)	405	-	(241)	-	(745)	**(2,740)**
OTO Recommendations	(3,343)	(1,026)	965	(393)	-	(78)	**(3,874)**
Capital Recommendations	(1,673)	(1,201)	-	(575)	-	(233)	**(3,682)**
Total Net New Recommendations	**(7,174)**	**(1,823)**	**965**	**(1,209)**	**-**	**(1,056)**	**(10,296)**
Total Expenditures	**(170,233)**	**(17,810)**	**(28,614)**	**(12,681)**	**(21,998)**	**(9,129)**	**(260,465)**
Total CY Budget Surplus/(Deficit)	**22,477**	**(15,908)**	**(1,593)**	**73**	**(3,001)**	**152**	**2,200**
Funded through PY restricted reserves	-	-	827	-	-	-	**827**
Total Budget Surplus/(Deficit)	**22,477**	**(15,908)**	**(766)**	**73**	**(3,001)**	**152**	**3,027**

In addition to the operating budget there are restricted funds that are collected annually and recognized in the financial statements. These are not included in the budget as the funds normally have specific expense requirements tied to them. Research funding primarily flows into restricted accounts, supporting new and unique learning opportunities for undergraduate and graduate students. In 2023 and 2024, Ontario Tech ranked as Canada's Research University of the Year (as per Research Infosource). We are anticipating approximately $17M in the next year. While the funds used to cover in-year expenses such as student awards are in the operating budget, most advancement revenue flows into restricted accounts. The university's comprehensive Tech with a Conscience campaign launched in Spring of 2024. In 2024-2025, $13M in new gifts and pledges has been raised, representing a 40 per cent increase over the prior year and we have a goal of over $12M for next year.

2025-2028 Estimated Multi-year Consolidated Operating Budget

Our fiscal outlook grows increasingly uncertain in the coming years. As expenses continue to climb, and traditional revenue sources remain capped, our spending capacity will continue to decline. These projected budget deficits may become a reality without sustained growth, new government funding, and cost containment. Multi-year budgeting requires a three-to-five-year view of both revenue and expense scenarios. The university has developed four potential scenarios to illustrate how the current year's choices might affect future budgets. The impact of these four scenarios on our net bottom line are illustrated in **Figure 8**.

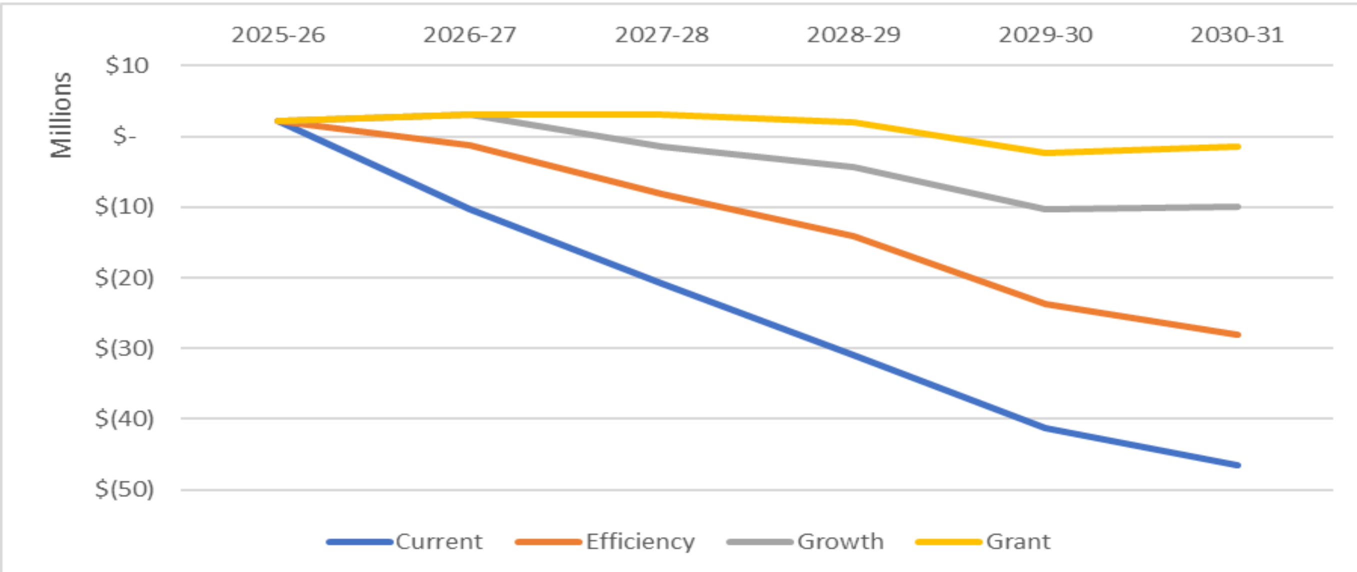
Scenario 1: Business as usual: Enrolment follows population increase. International enrolment remains steady for two years, then intake grows by five per cent. Domestic tuition remains at current levels until 2027, then increases by two per cent. International tuition increases by an average of three per cent, with similar hiring ratios and a one per cent inflation rate on non-labour cost.

Scenario 2: Efficiencies: Alters Scenario 1 by limiting hiring and delaying capital investments.

Scenario 3: **Growth:** Builds on Scenario 2 with an annual intake increase of an additional 125 students per year and phases in a two per cent retention improvement over four years.

Scenario 4: Government funding: Builds on Scenario 3 by factoring in the weighted five-year average FTE operating grant (i.e. non-performance-based) starting in 2027.

Figure 8. 2025-2031 Estimated operating surplus/deficit



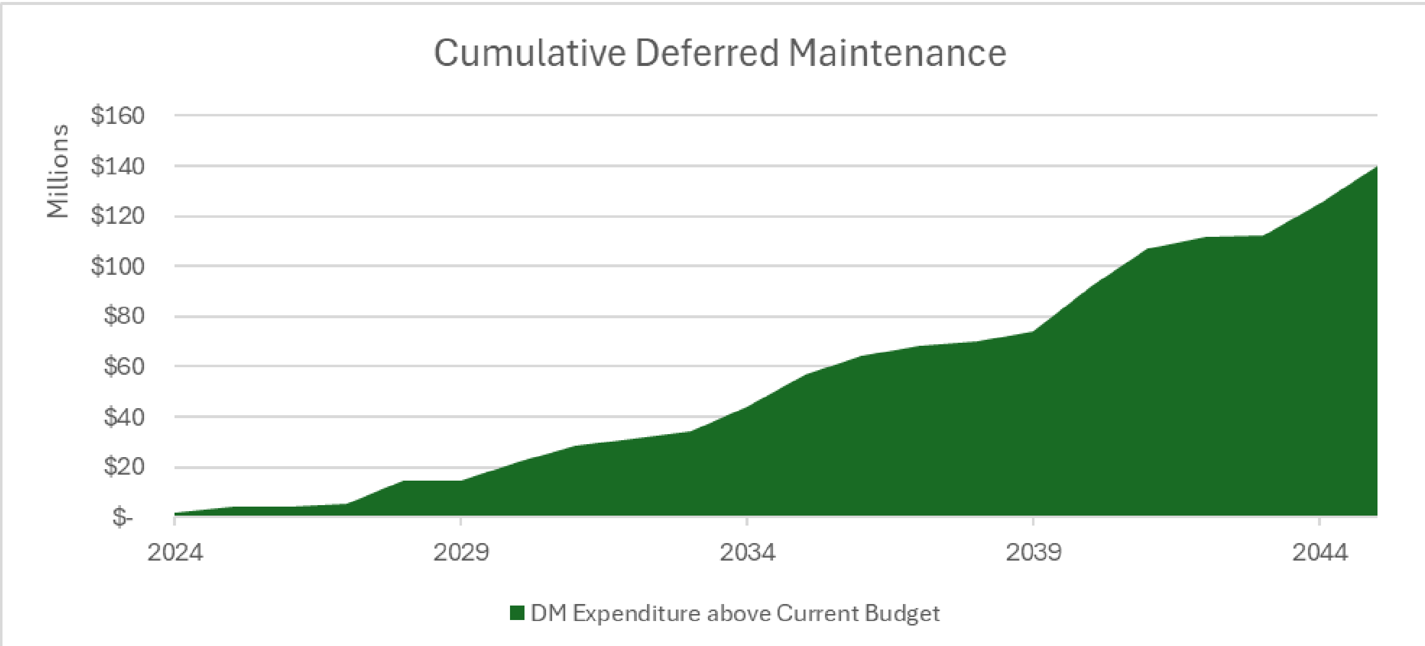
Most out-year expenses focus on supporting growth through faculty and staff hires, increased utility costs and capital repairs. These scenarios illustrate the scale of the revenue impacts against the expenses and the levers available to achieve a balanced budget. These levers will require difficult choices to be made. The scenarios present possible futures while also emphasizing that we cannot 'cut' our way out of our current fiscal situation. This does not mean that we will avoid reductions. As in past years we may have to reduce specific programs or activities to balance the budget or allocate resources to alternative priorities. To reiterate—these are just possibilities. In the past we have shown future year deficits, which have not come to pass because we have seen remarkable enrolment growth and received limited additional revenues. Our future requires us to continue to aggressively pursue traditional and alternative revenue sources and advocate for full funding from the government to support our enrolments, while also containing our costs.

Reserves

Although there are many competing short-term demands in budget planning, our community must recognize the importance of maintaining adequate reserves to cover both unplanned and planned future requirements to ensure our overall fiscal health. We must set aside funds to stabilize our budget over the multi-year period. At the November 2021 Audit and Finance Committee meeting, financial sustainability and reserves were discussed, confirming the university will use these monies for future investments in large-scale repairs/replacements, the creation of a strategic pot for new priorities/infrastructure, and operating contingencies to offset unanticipated external budget impacts.

While we have achieved an estimated balanced budget for 2025-2026, including more than $3M set aside for future maintenance costs or new capital investments, it falls short of the desired amount. For context, the facilities portfolio consists of 24 buildings, covering more than 1.3M gross square feet of space, with an estimated current replacement value of $440M. Industry practice suggests investing 0.5 to 1.5 per cent of current replacement value in annual maintenance and setting aside 1.5 to 2.5 per cent for future capital renewal/maintenance[2]. For our university, that equates $2.2M to $6.6M per year in maintenance, and between $6.6 to $11M in recommended savings. At our current annual maintenance investment of $2M, deferred maintenance costs could exceed $40M by 2034 and grow at an even faster pace thereafter (**Figure 9**). Our

Figure 9. Cumulative deferred maintenance



current budget surplus of $3M allows us to invest approximately half of the low end of the annual recommended reserves.

In addition to facility maintenance, we also need contingencies for enrolment fluctuations, unplanned external challenges (e.g. international political tensions that restrict international students, imposed tariffs) and large-scale strategic priorities. Moreover, while the operating budget reflects revenue from growth, it does not account for the funds required to create more space to support this growth. We anticipate meeting these needs through government investment, philanthropic donors and other development opportunities. As discussed at the May 2022 Strategy and Planning Committee meeting, we will continue exploring mutually beneficial capital projects with development partners. However, external sources alone will not suffice; most major infrastructure projects now require matching funds. We must allocate more resources to reserves to finance future projects and safeguard our financial future.

Our current reserves position (**Figure 10**) as of March 31, 2024, is outlined in Note 20 of the 2024 Annual Financial Statements. These funds, designated for purposes such as capital projects, research, and academic priorities, exclude sponsored research and direct donations, which are treated as deferred contributions. The 2024-2025 reserves include:

- $10M (35 per cent) linked to contractual obligations (e.g. faculty start-up funds).

[2] National Research Council. 1990. *Committing to the Cost of Ownership: Maintenance and Repair of Public Buildings*. Washington, DC: The National Academies Press.

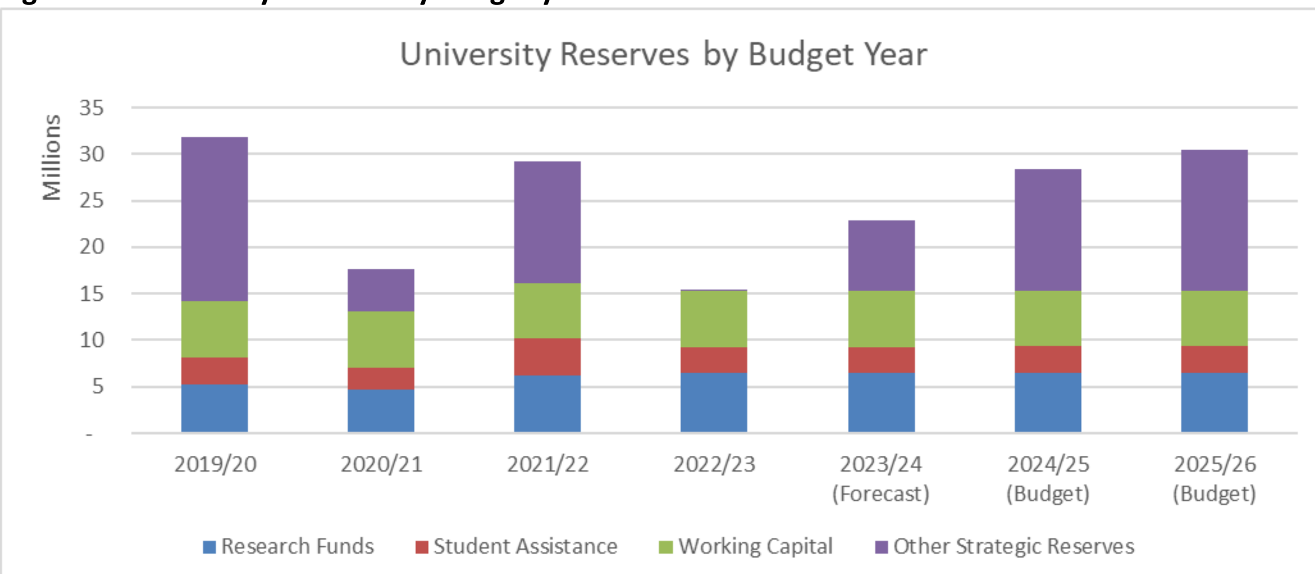
- $6M (21 per cent) in working capital, allocated as recommended by the Ministry of Colleges and Universities to stabilize the university's financial position.
- $3.2M (11 per cent) for revenue-generating units' carry-forward budget.

This leaves only $9M (33 per cent) for strategic initiatives, including support for the deans' initiative fund, academic strategies and upgrades to the university's digital and physical infrastructure.

Managing Key Budget Risks

The university maintains a proactive approach to risk mitigation and focuses on long-term strategic planning and decision-making to sustain financial responsibility. Overall, this budget presents low to moderate risk based on the likelihood and potential consequences of major factors. Our main budget risks and corresponding mitigation strategies include:

Figure 10. University reserves by budget year



- **Achieving enrolment targets**: The university typically meets its enrolment projections within +two per cent. However, government caps on international students introduce uncertainty. We have lowered our revenue forecasts tied to international enrolment and will rely on any surplus if needed.

- **Achieving SMA4 performance targets and accountability measures**: The university risks losing part of its funding if we fail to meet annual performance targets. While the performance pot is growing to 45 per cent the loss of funds if a target is missed is based on the metric percentage and the percentage missed; therefore, the annual reduction should not be material. Further most metrics have multi-year data points that we can be prepared to address.

- **Maintaining academic quality and student success:** Investments in student well-being and academic support continue to grow, but as our student body diversifies, demands often outpace resources. Through a values-based approach, we will invest in high-impact initiatives while acknowledging the individuality of our community members. This year, we allocated additional funds for faculty, staff and teaching assistant support. As enrolment increases, we are investing in processes and systems to achieve economies of scale.

- **Financial indicators**: In the 2023-2024 fiscal year, the Ministry of Colleges and Universities implemented a University Financial Framework, defining metrics and thresholds in liquidity, sustainability, performance, and credit rating. We currently carry a medium-risk rating, mainly due to high-debt obligations affecting sustainability ratios. With a balanced budget and reserved fund by March 2025, we anticipate no major changes to these ratios in 2025-2026.

- **Aging equipment:** Budget reductions for equipment repair and replacement in recent years heightened the risk of equipment failures. While we have allocated more than $1M in unit-specific equipment needs, this covers less than half of the requests. We maintain a general contingency of about $1.5M for emergency repairs, but significant equipment failures could disrupt business continuity.

Summary

Ontario Tech remains dedicated to advancing its strategic priorities through prudent budgeting. In these challenging financial times, we must prioritize enrolment growth, explore alternative revenue sources and identify cost efficiencies, while staying focused on three key strategic priorities: developing unique programs and offerings, increasing flexibility in program delivery, and a strong focus on job readiness.

While we have presented a balanced budget for 2025-2026, sustaining a balanced budget over the next two fiscal years is more uncertain. Ongoing efforts to find efficiencies are crucial, but such opportunities will likely become more difficult to identify over time and potentially problematic if they compromise our academic core.

Our budget challenges will persist, and to ignore them would be irresponsible. Should the university secure additional funding from government or other sources, building reserves to safeguard future fiscal sustainability is the top priority.

So far, prudent decisions have enabled us to present a balanced budget. Moving forward, we face difficult choices to allocate limited resources in ways that uphold our institutional priorities and secure financial sustainability.

2025-2028 DRAFT OPERATING BUDGET

Audit & Finance Committee
April 2025

- **Lori Livingston, Provost and Vice-President, Academic**
- **Sarah Thrush, AVP Planning and Strategic Analysis**
- **Brad MacIsaac, Vice-President Administration**

Ontario Universities Funding Landscape

Past (PREDICTABLE and STABLE)

- Multi-year Tuition Frameworks
- Institutional grant linked to student numbers

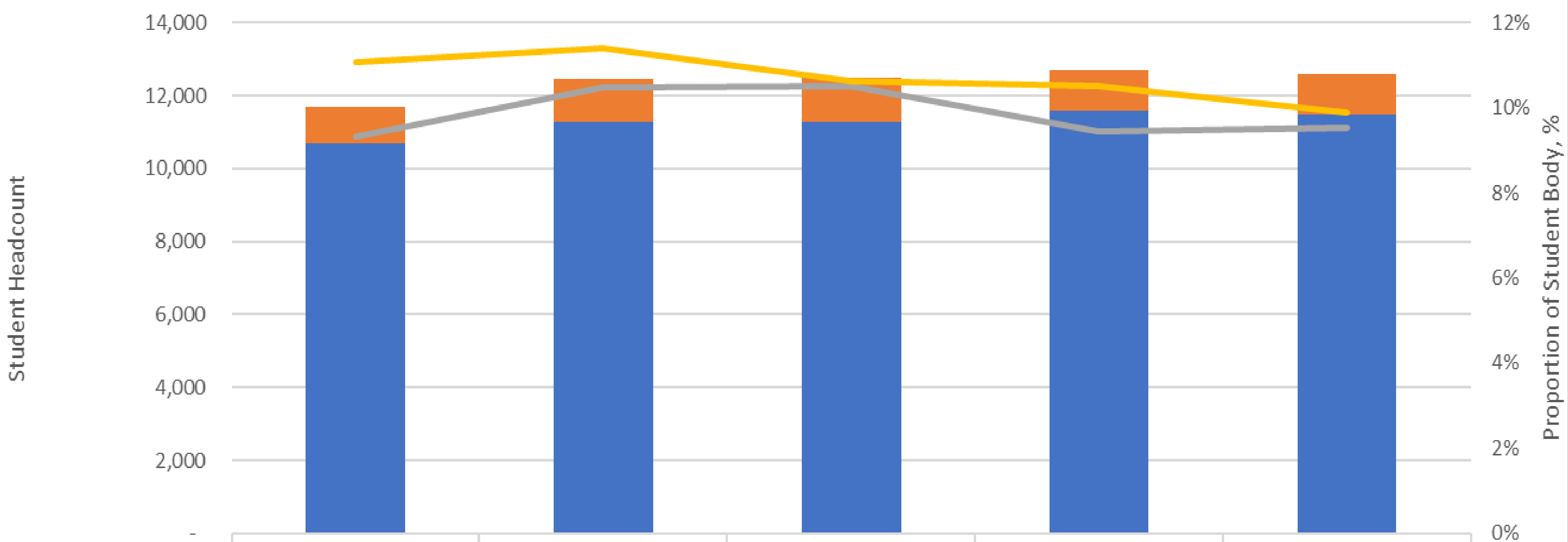
Present (UNPREDICTABLE)

- 10% Tuition cut in 2019 and frozen since
- 30% decline in institutional grants since 2006-2007
- High inflation rates
- Performance-based funding linked to SMA agreements
- International student study permit caps

Future (PRECARIOUS)

- Static tuition fees
- Static institutional grants

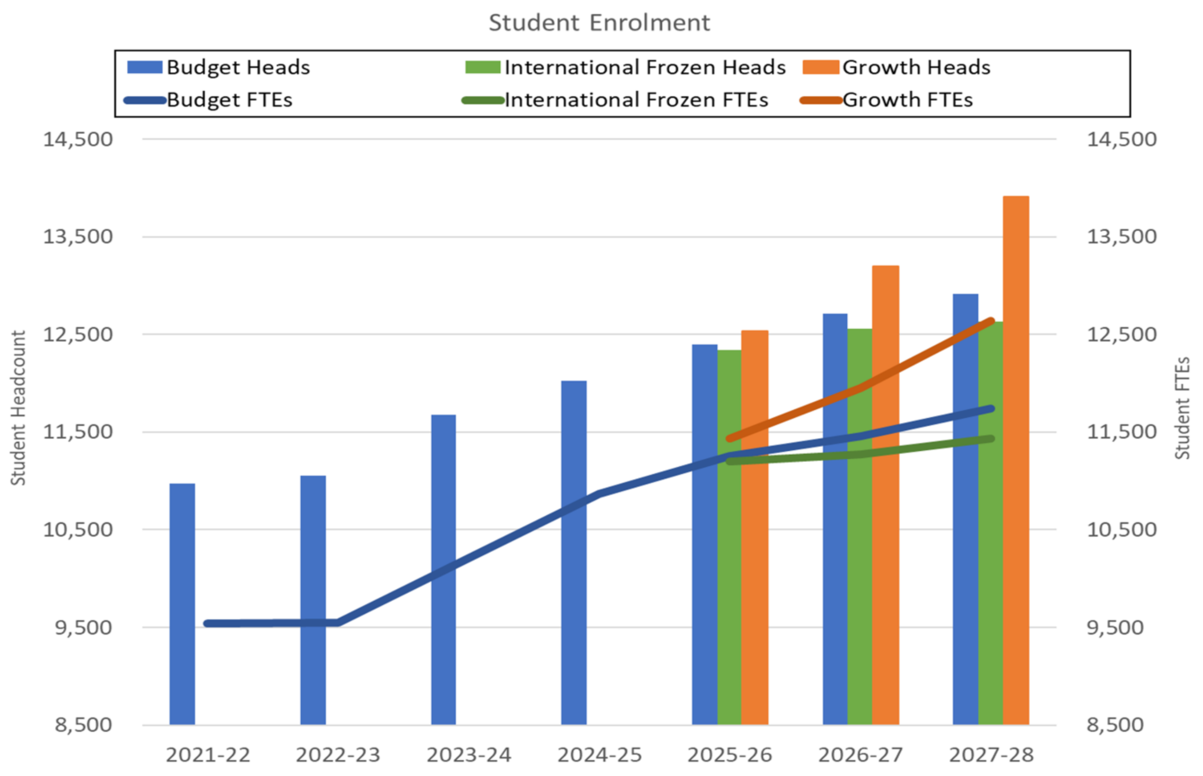
Forecasted Student Enrolment



	2023-24	2024-25	2025-26	2026-27	2027-28
Graduate	997	1,182	1,188	1,095	1,095
Undergraduate	10,681	11,269	11,292	11,591	11,491
% Graduate	9%	10%	11%	9%	10%
% International	11%	11%	11%	11%	10%

Growth to 18,000 including non traditional students

Scenarios



Budget Accounting Summary

- Consolidated operating budget is prepared on a "modified-cash" basis, v/s the year-end published financial statements that are prepared on Generally Accepted Accounting Principles

- Presentation does not include items such as:
  - amortization on capital assets and grants
  - investment unrealized gains/losses
  - restricted funds ($15.4M or research and $4.2M or 2% for donations).

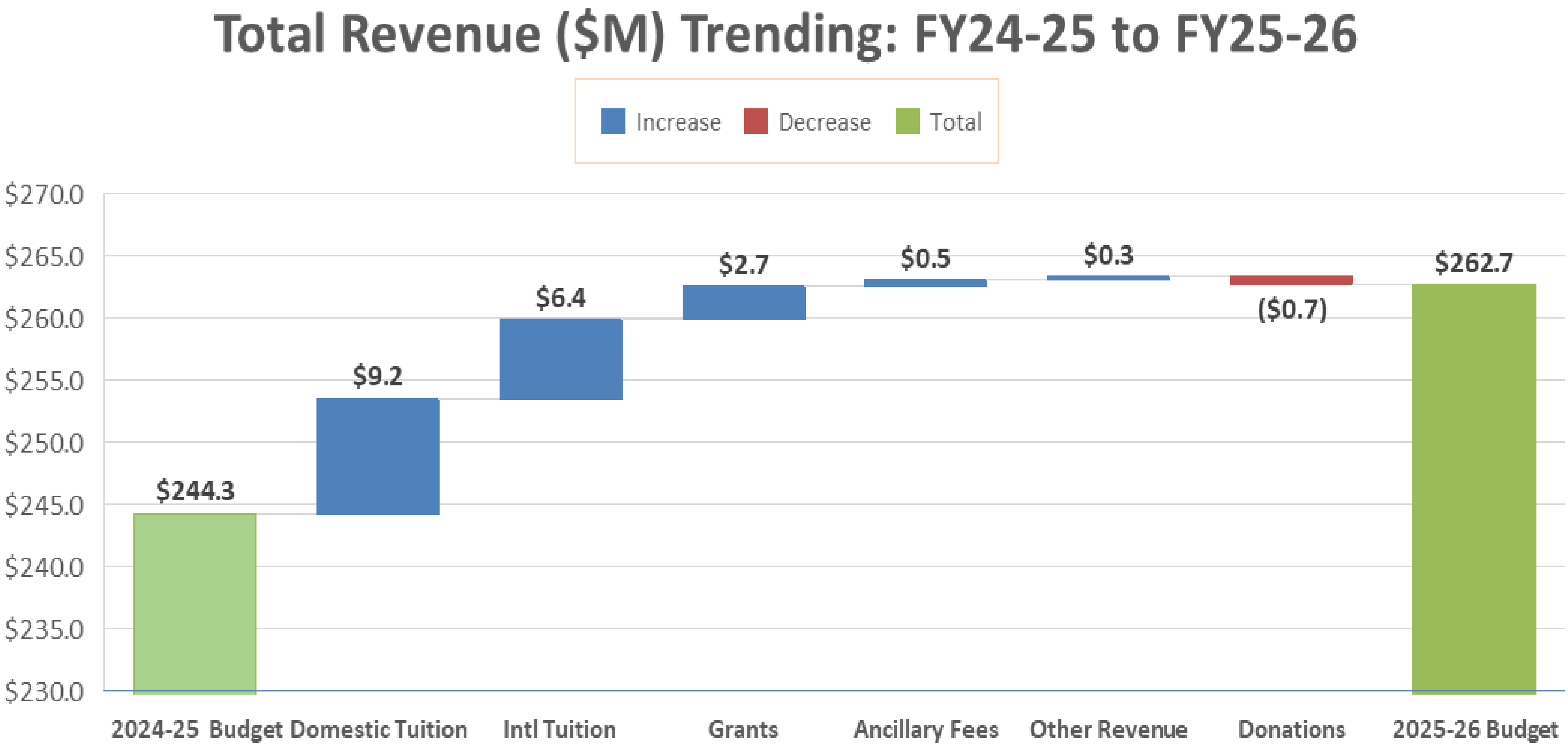
2025 – 2026 Budget Summary

Ontario Tech University

2025 - 26 DRAFT OPERATING BUDGET

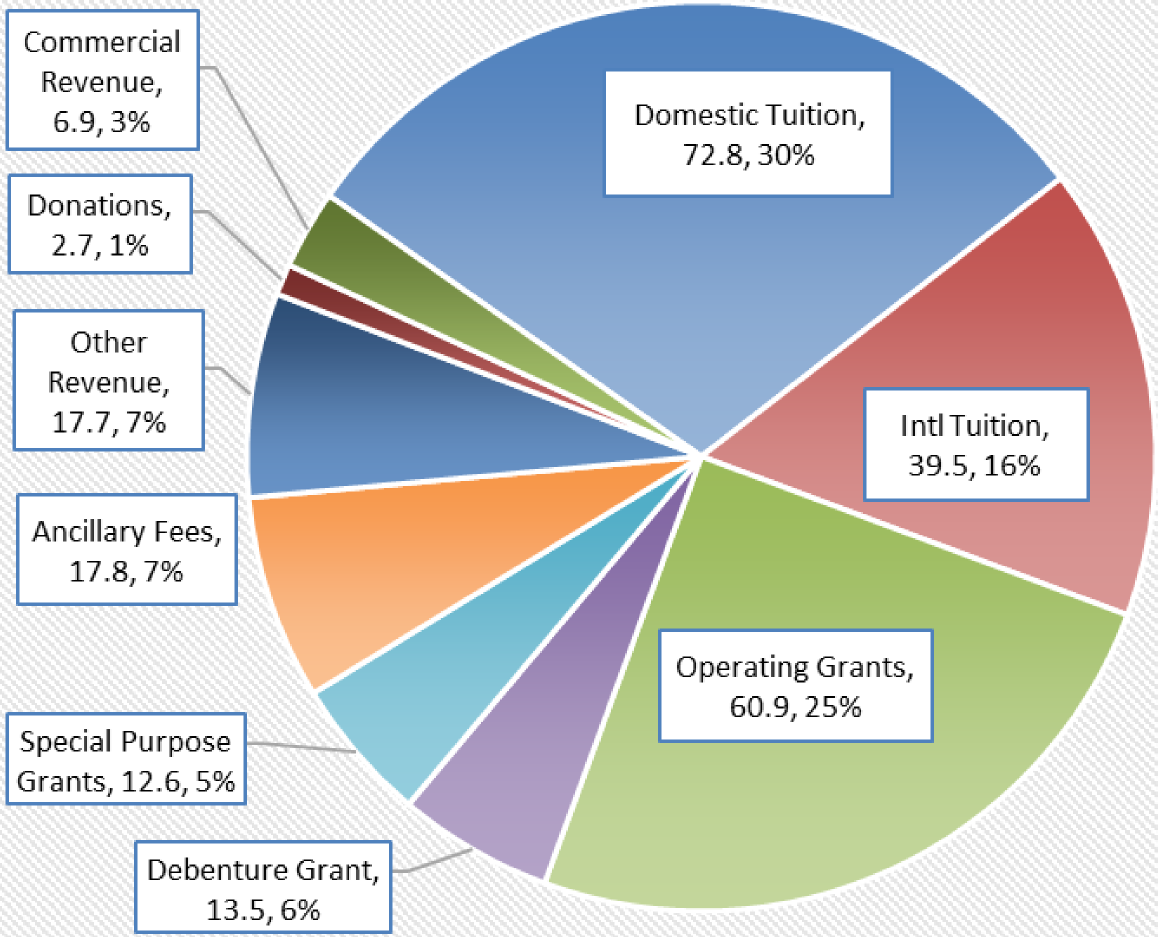
	Operating Budget	Purchased Services	Operating-REV	Ancillary Fee Budget	Infrastructure Capital	Commercial Services	2025 - 26 Proposed Budget
Revenues							
Operating Grants	61,537	-	-	-	13,500	-	**75,037**
Other Grants	8,537	-	2,881	221	3,100	-	**14,739**
Tuition	114,787	-	12,906	-	-	-	**127,693**
Student Ancillary Fees	1,980	1,529	127	12,264	2,397	550	**18,846**
Donations	21	-	2,009	10	-	9	**2,049**
Other Revenue	5,849	373	9,098	259	-	8,723	**24,301**
Total Operating Revenues	**192,710**	**1,902**	**27,021**	**12,754**	**18,997**	**9,281**	**262,665**
Base Expenditures							
FT Labour	(111,222)	(7,952)	(6,383)	(6,509)	-	(1,861)	**(133,928)**
PT Labour	(12,176)	(266)	(5,550)	(1,461)	-	(440)	**(19,892)**
OPEX	(29,827)	(7,966)	(17,050)	(3,193)	(16,501)	(5,404)	**(79,942)**
CAPITAL	(100)	-	-	(232)	(5,497)	(20)	**(5,848)**
Approved Base Expenditures	**(153,324)**	**(16,184)**	**(28,983)**	**(11,396)**	**(21,998)**	**(7,725)**	**(239,610)**
Budget Surplus/(Deficit) before Asks	**29,652**	**(14,086)**	**(2,558)**	**1,281**	**(3,001)**	**1,208**	**12,496**
Base Recommendations	(2,158)	405	-	(241)	-	(745)	**(2,740)**
OTO Recommendations	(3,343)	(1,026)	965	(393)	-	(78)	**(3,874)**
Capital Recommendations	(1,673)	(1,201)	-	(575)	-	(233)	**(3,682)**
Total Net New Recommendations	**(7,174)**	**(1,823)**	**965**	**(1,209)**	**-**	**(1,056)**	**(10,296)**
Total Expenditures	**(170,233)**	**(17,810)**	**(28,614)**	**(12,681)**	**(21,998)**	**(9,129)**	**(260,465)**
Total CY Budget Surplus/(Deficit)	**22,477**	**(15,908)**	**(1,593)**	**73**	**(3,001)**	**152**	**2,200**
Funded through PY restricted reserves	-	-	827	-	-	-	**827**
Total Budget Surplus/(Deficit)	**22,477**	**(15,908)**	**(766)**	**73**	**(3,001)**	**152**	**3,027**

Revenue YOY Changes

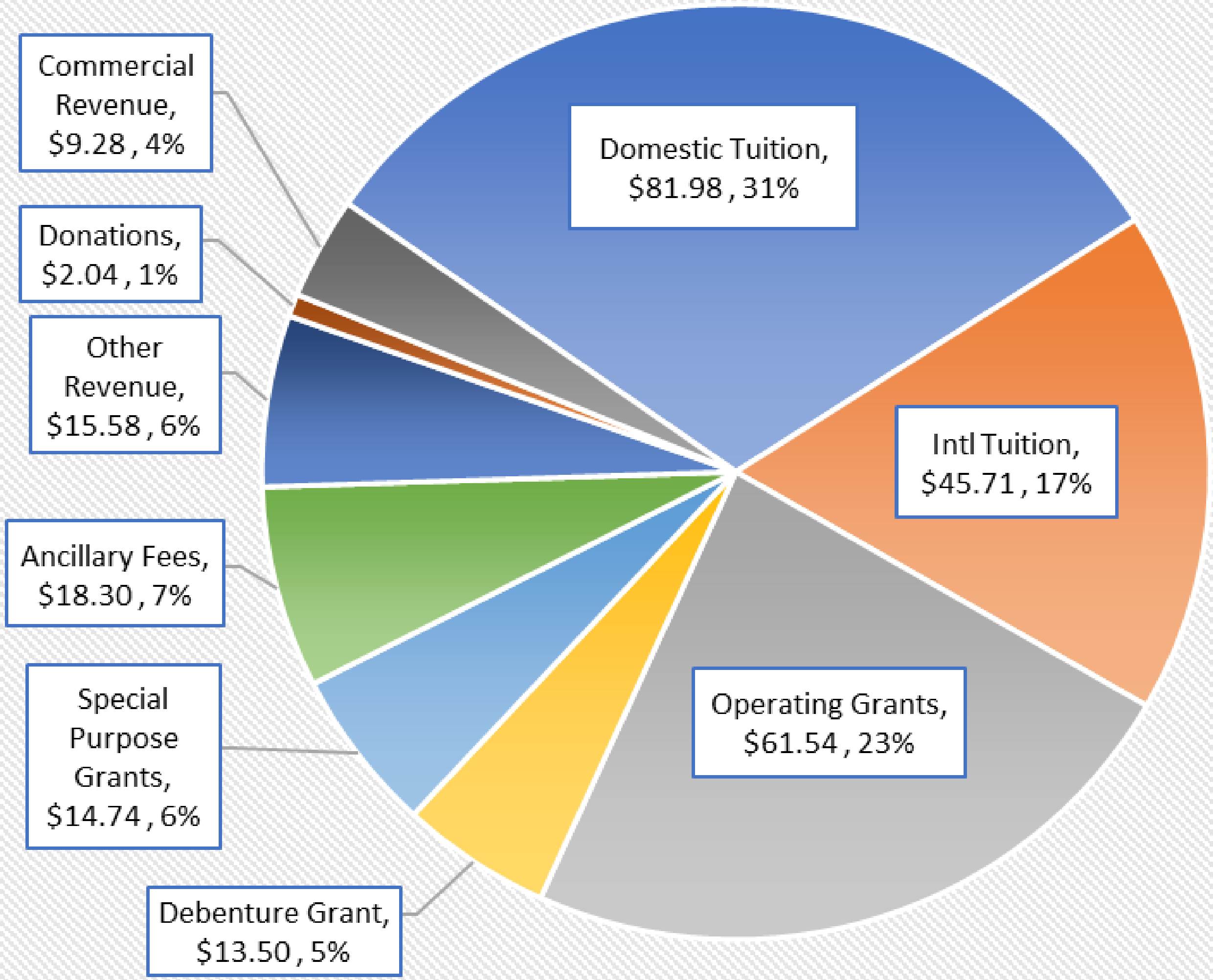


Revenue Summary

Operating Revenue ($M) by Source 2024-25 Budget



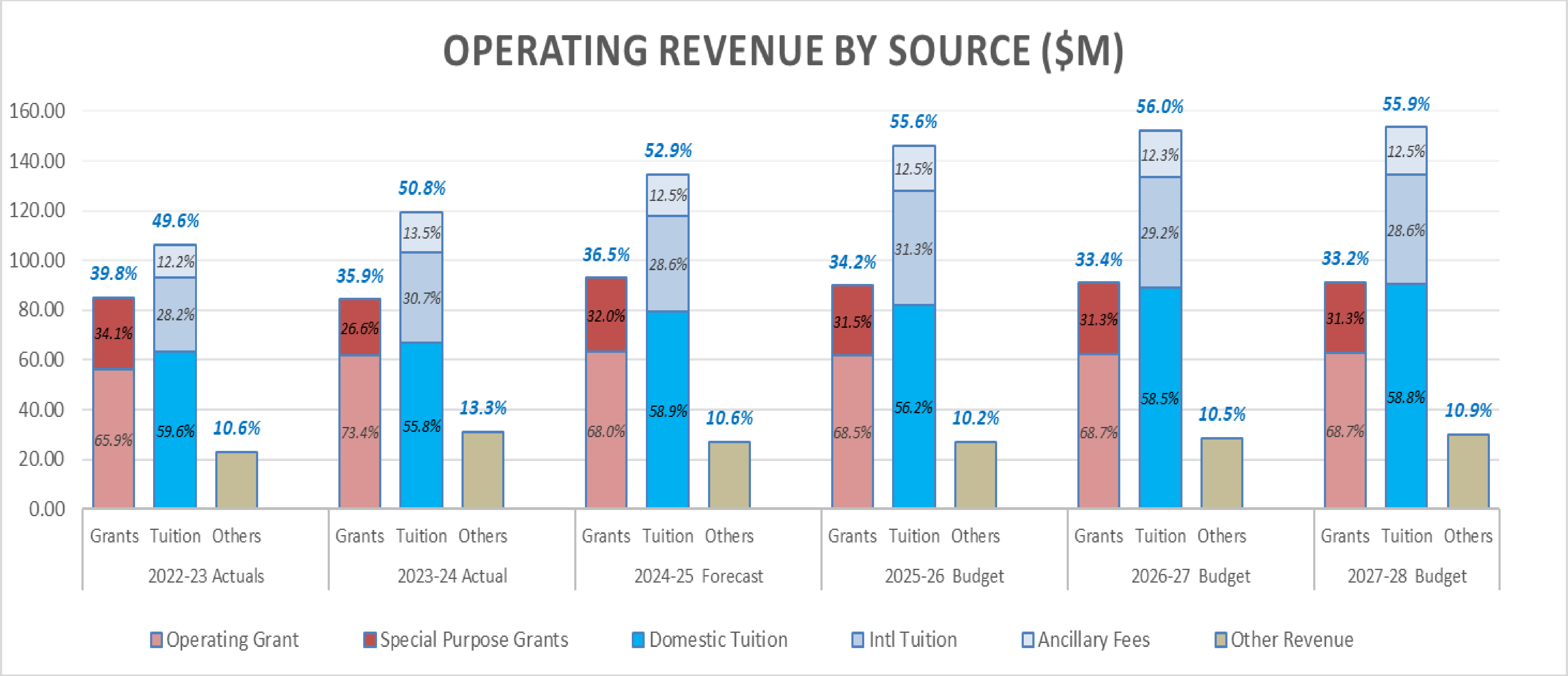
Operating Revenue ($M) by Source 2025-26 Budget



Total 24/25 Revenue: $244.3M

Total 25/26 Revenue: $262.7M

Revenue Summary



Expenses: Investments over 2024-2025

Labour ~$10.7M for existing contracts and new.

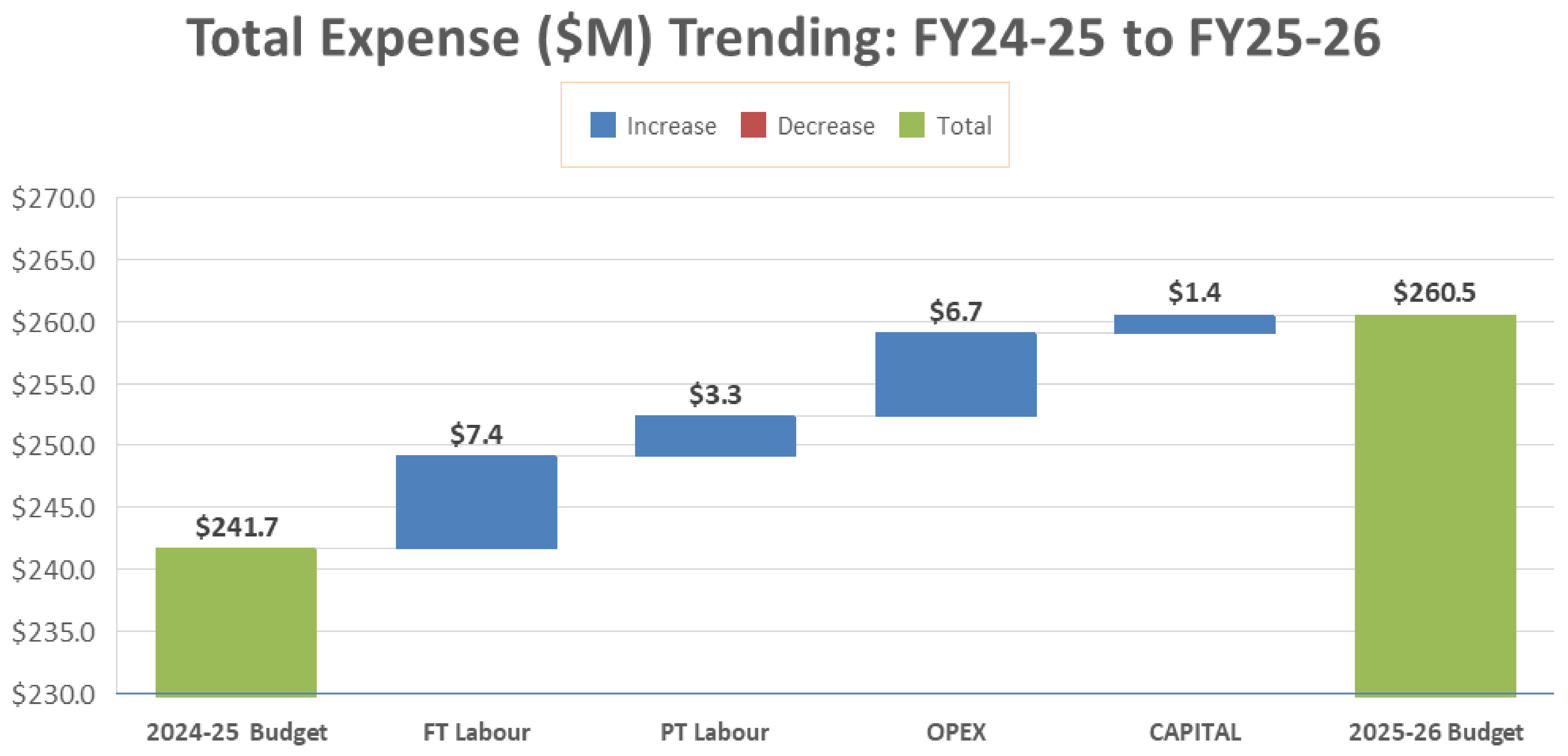
Student Experience and Student Financial Aid: $3.3M for student experience ($1.5M) and financial aid ($1.8M).

- Total investment in student financial aid now over $17M

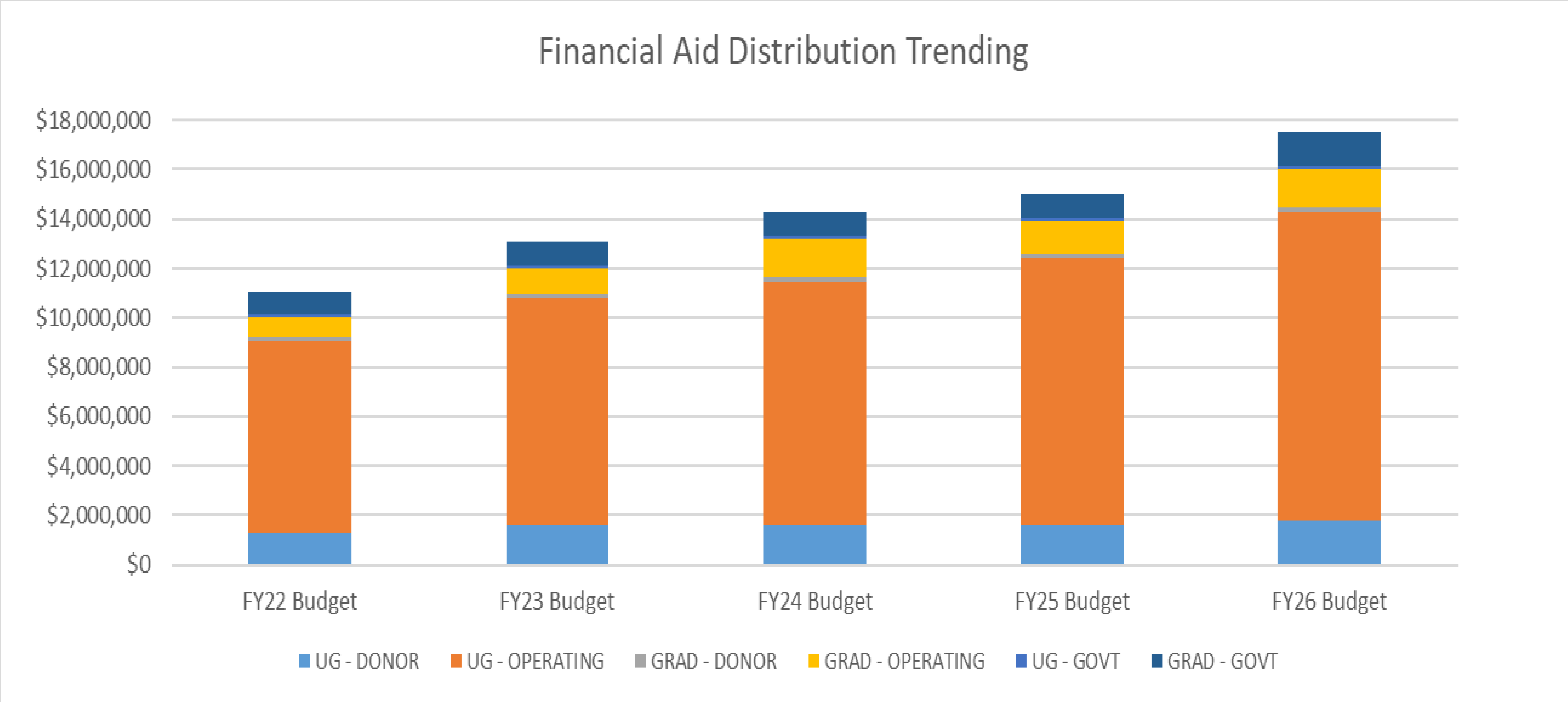
AI: $2.0M investment to pilot process automation/ enhancements

Capital Infrastructure: $1.4M invested in our IT and facilities infrastructure which brings the annual capital investments to ~$10M.

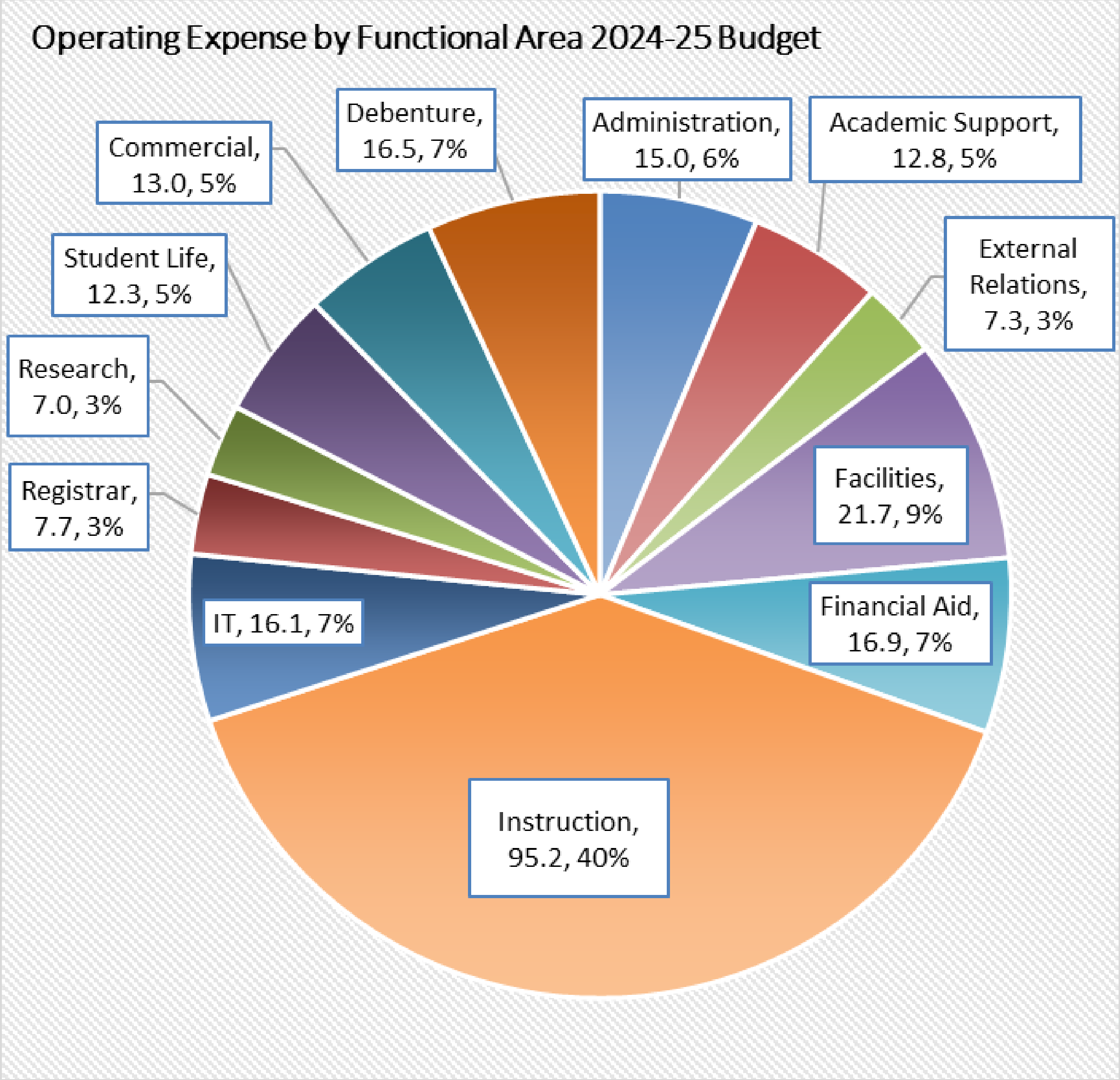
Total Operating Expenses YOY Changes



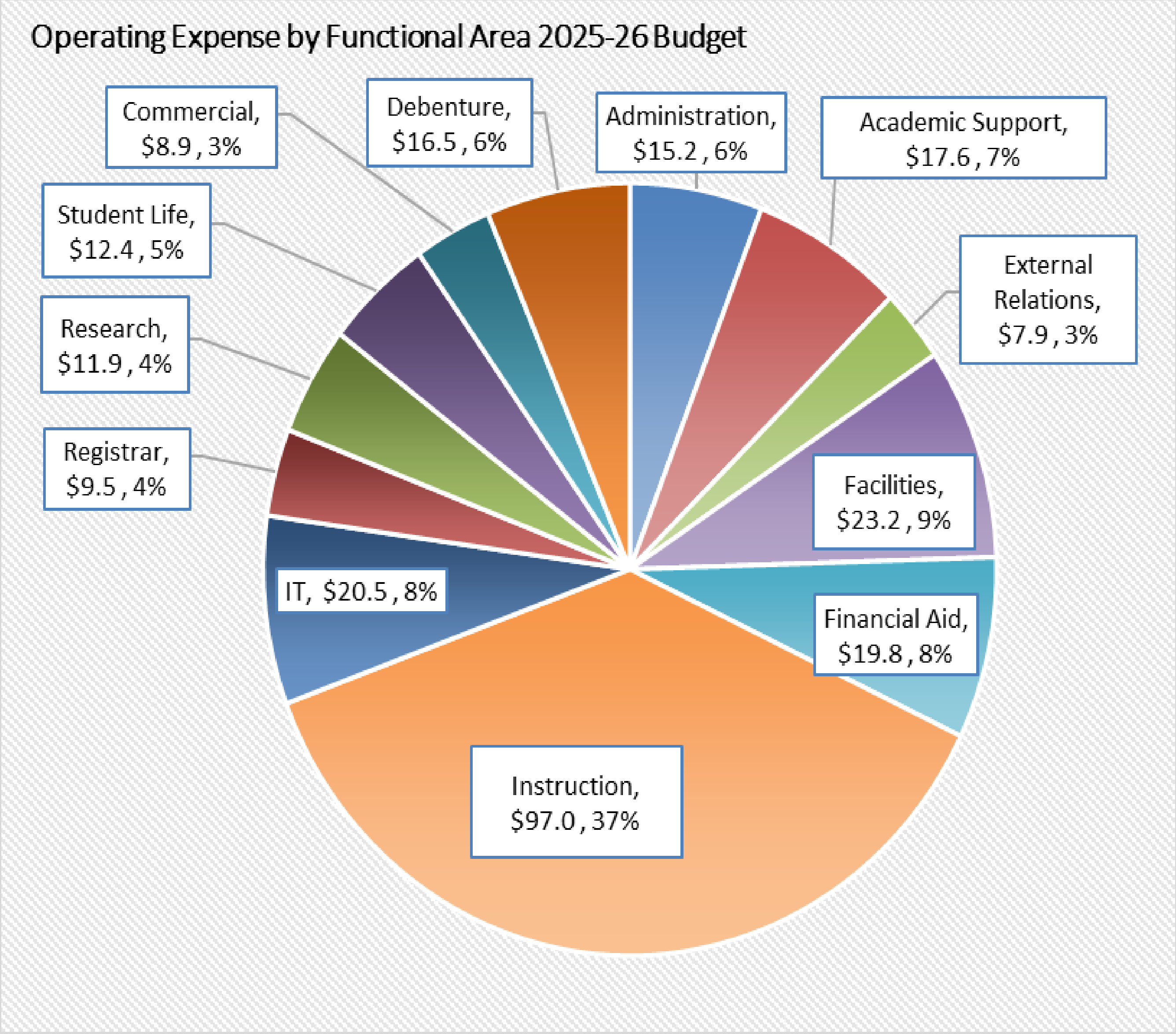
Financial Aid Investment Trending



Total Operating Expenses by Functional Area



Total 24/25 Expenses: $241.7M



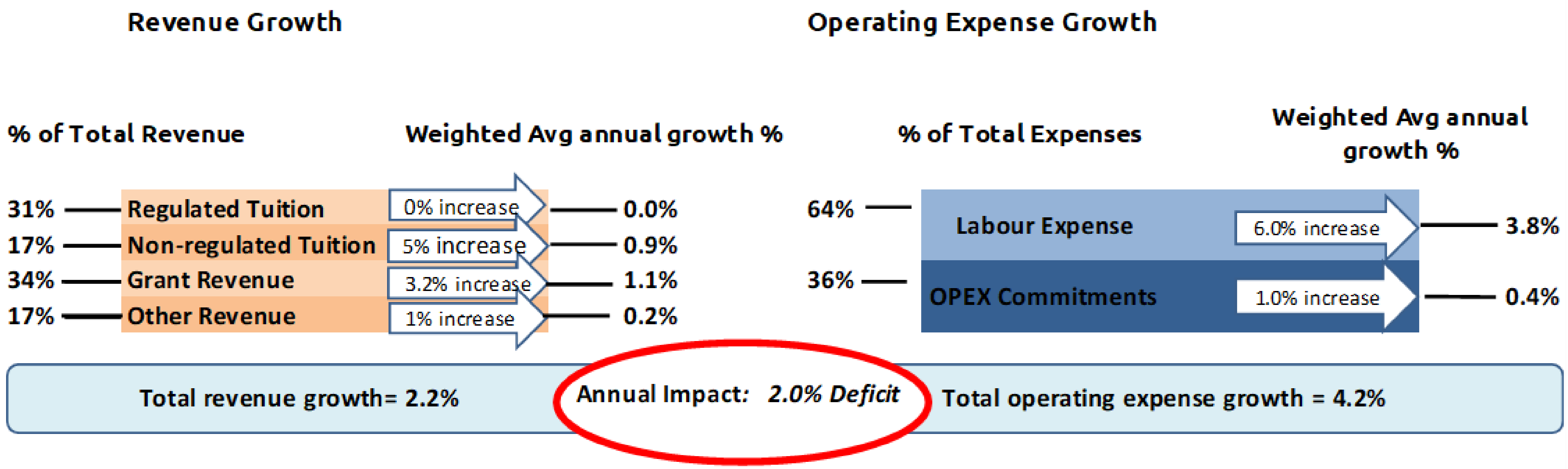
Total 25/26 Expenses: $260.5M

Total Operating Expenses by Category

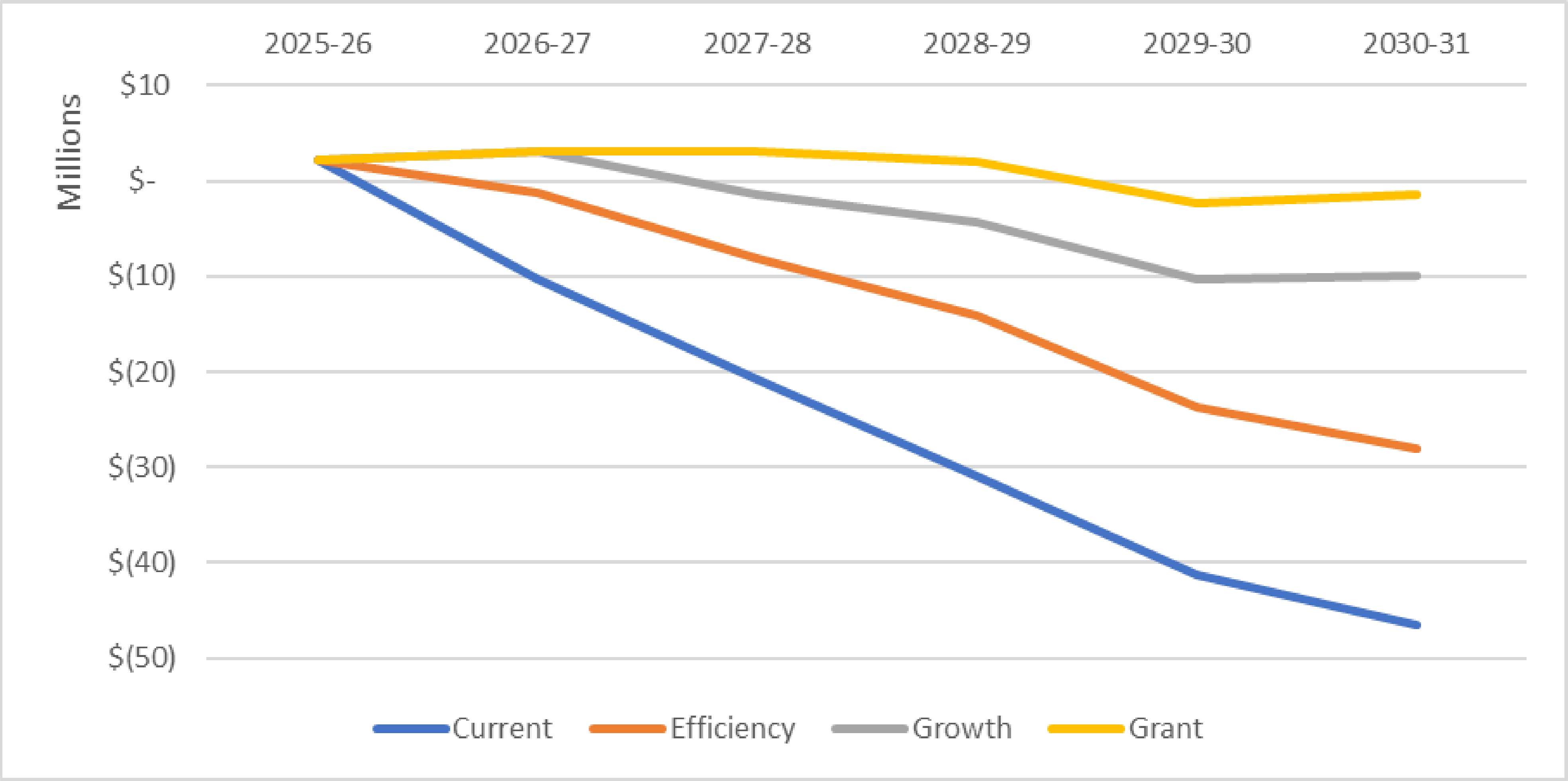
Expense Summary	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Forecast	2025-26 Budget	Variance 2025-26 Budget v 2024-25 Budget	
	$'000's	$'000's	$'000's	$'000's	$'000's	$'000's	%
FT Labour	106,257	116,299	130,944	125,536	138,385	7,441	6%
PT Labour	23,232	24,352	24,359	27,524	27,612	3,253	13%
OPEX	74,421	78,582	77,926	78,155	84,612	6,687	9%
Capital	14,017	9,882	8,425	10,524	9,856	1,431	17%
Total Expenses	$217,927	$229,116	$241,653	$241,739	$260,465	$18,812	7.8%

Structural Deficit

- Revenue: If UG international went up 3% on average the weighted impact on budget is less than 0.5%.
- Expenses: current labour contracts going up over 6% a year for a weighted expense average of 3.9%
- Starting base budget DOES NOT include inflationary increase for OPEX. Most units will need to reallocate from within



Scenarios



2025-26
2026-27
2027-28
2028-29
2029-30
2030-31
Millions
$10
$-
$(10)
$(20)
$(30)
$(40)
$(50)
Current
Efficiency
Growth
Grant

Efficiency & Accountability Fund

Grow to achieve economies of scale: the business model is broken. frozen grant and tuition combined with rising costs will render certain programs unsustainable without growth, course consolidation, etc.

Increase alternative revenue streams: must become less reliant on government restricted levers - broaden the diversify our income.

Enhance automation: help highly qualified personnel to move away from transactional tasks and focus on student services and strategic actions.

Capital Investments – Campus Improvements

2025-2026 Capital Project Budget Summary - Campus Improvements	
Description	**Project budget**
Accessibility - AODA Compliance	**$ 345,000**
Painting doors and frames for visibility	$60,000
BIT/LIB/ENG Automatic door openers	$80,000
Lighting upgrades	$150,000
Other Projects	$55,000
Deferred Maintenance	**$ 1,965,000**
Campus civil repairs (DC)	$75,000
ACE, DTB roof repairs	$1,187,000
Walk-in cooler upgrades	$75,000
UA east/west pump replacements	$89,200
DTB RTU replacement	$488,800
Other Projects	$50,000
Equipment	**$ 1,050,152**
ERC workstation refresh	$60,000
Archibus upgrade	$65,000
Steris sterilizer equipment replacement	$130,152
BIT central plant upgrade	$790,000
Other Projects	$5,000
Facilities Modernization	**$ 47,000**
Interior Projects	$47,000
Renovation	**$ 362,000**
SHA Classroom renovations	$117,000
Test Centre expansion	$150,000
ENG new FEAS offices	$80,000
Other Projects	$15,000
TOTAL	**$3,769,152**

Capital Investments – Other Projects

2025-2026 Capital Project Budget Summary - Other Projects	
Description	**Project budget**
Academic Equipment	**$1,162,950**
Health Sciences Lab Equipment	$326,000
Engineering Lab Equipment	$446,950
Science Lab Equipment	$300,000
Networking & IT Lab Equipment	$90,000
Athletics	**$575,000**
CFH Turf Replacement	$500,000
CIC Multi-Purpose Room Renovations	$75,000
Campus Wayfinding	**$300,000**
Building Interior Signage	$300,000
Food Services/Book Store	**$233,000**
Food Services Office Construction	$80,000
Walk In Freezer (UB)	$50,000
Dishwasher Capacity Project	$40,000
Bookstore eCommerce	$30,000
Digital Menu Boards	$18,000
Hunter's kitchen Renovation	$15,000
Regent Theatre	**$20,000**
Wireless Microphone Replacements	$20,000
Central	
Capital Contingency Fund	**$220,375**
TOTAL	**$2,511,325**

Capital Investments - IT

2025-2026 Capital Project Budget Summary - IT	
Description	**Project budget**
Software	**$7,500**
Cherwell Reporting & Version Upgrade	$7,500
Enterprise	**$2,289,753**
Banner Cloud Migration	$1,896,349
Ellucian Revitalization	$0
Other Projects	$393,404
Infrastructure	**$631,000**
Network Infrastructure	$511,000
Network segmentation firewall	$0
Telephony Core Replacement (Phase 1)	$45,000
PM for ICT projects	$0
Cloud Server Migrations	$75,000
Equipment	**$484,000**
Faculty/Staff Laptop Refresh & Server Upgrade	$444,000
Other Projects	$40,000
AODA Compliance	**$163,000**
Podium upgrade	$163,000
TOTAL	**$3,575,253**

ERP TRANSFORMATION UPDATES

BUSINESS PROCESS FOCUS

TECHNOLOGY FOCUS

APPLICATION GOVERNANCE
(COMPLETED)

Established governance and change management processes for full SaaS compliance.

BUSINESS PROCESS ANALYSIS SESSIONS
(IN-PROGRESS)

Assess and document the current components of our Banner system and work back to baseline

SEPARATE OT BASELINE ERP BANNER
(IN-PROGRESS)

A distinct OT ERP instance to support autonomy, scalability, and tailored system configurations.

LICENSE & COMPONENT MANAGEMENT
(IN-PROGRESS)

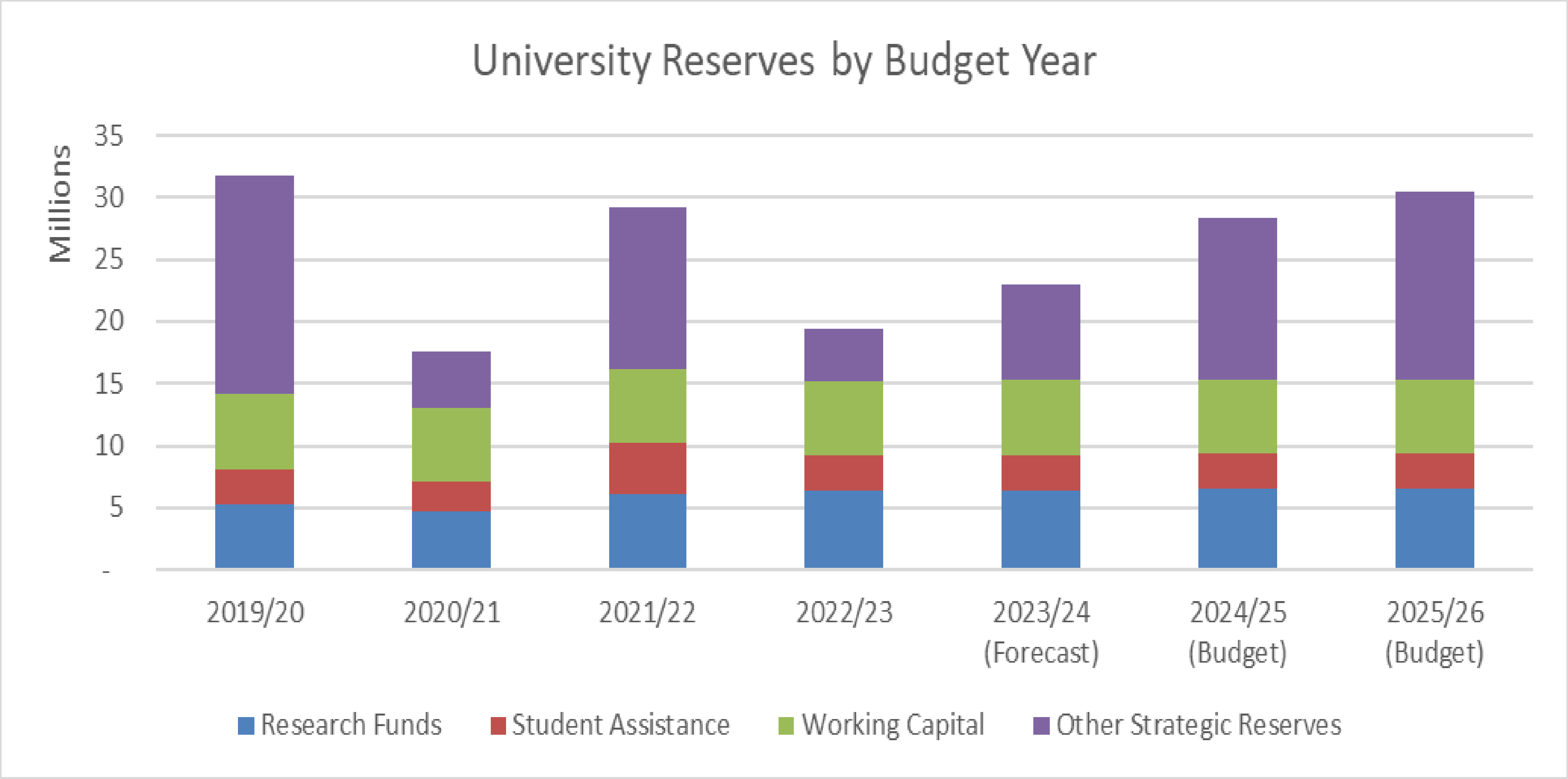
Evaluating and managing licenses, software components, and system dependencies to ensure cost-effectiveness and compliance

INTEGRATIONS & CUSTOMIZATIONS
(IN-PROGRESS)

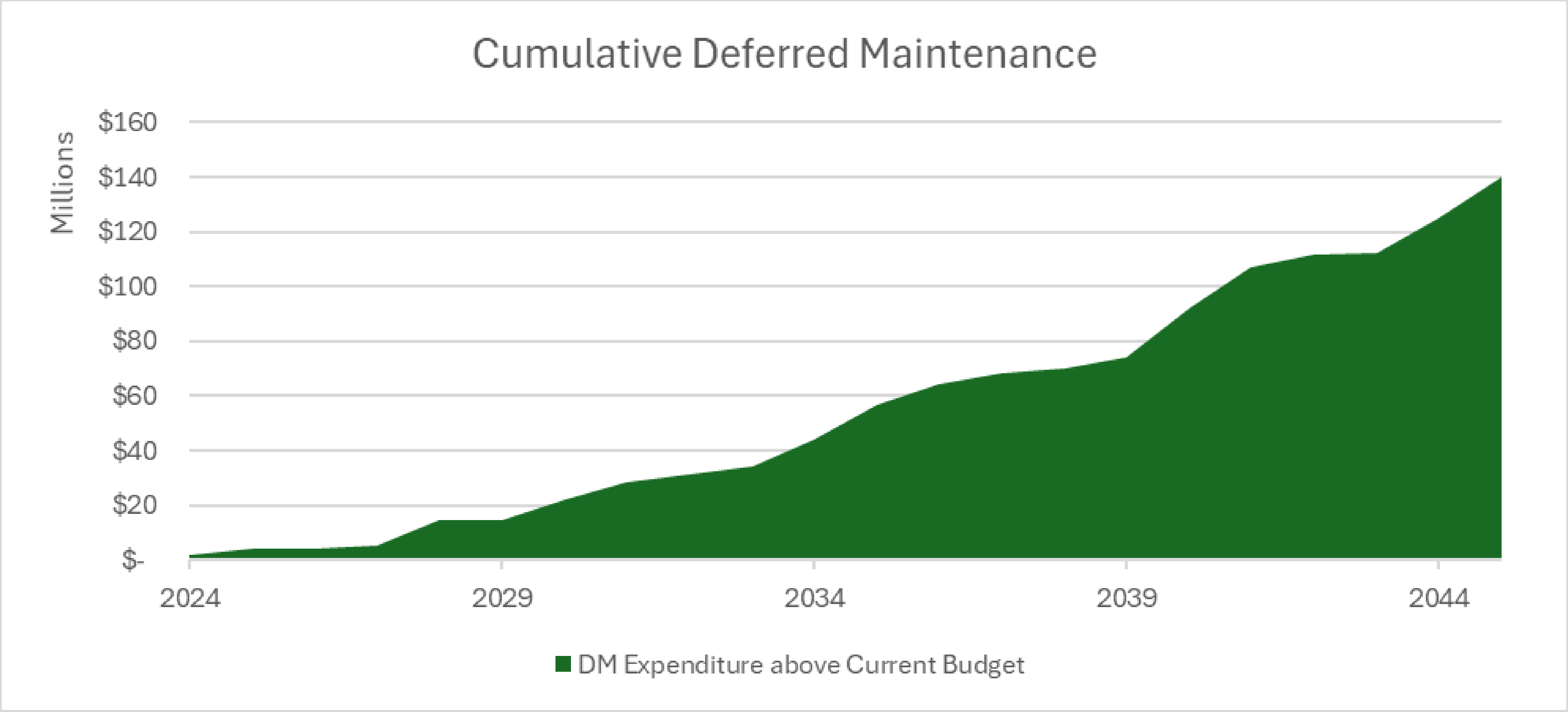
Assessing and redesigning integrations to maintain seamless data flow while preserving essential functionality.

ERP Transformation Implementation RoadMap

Reserves – Current State



Reserves – estimated Deferred Maintenance



Cash Flow 2025-2026

QUARTERLY CASH FLOW (in thousands)		Apr - Jun 2025 (Q1)	Jul - Sep 2025 (Q2)	Oct - Dec 2025 (Q3)	Jan - Mar 2026 (Q4)	Total for the year
Operating Beginning Cash Balance	A	$ 36,226	$ 19,099	$ 47,040	$ 25,782	$ 36,226
Operating Inflows						
Tuition		20,837	68,212	9,448	46,444	144,941
Operating and Capital Grants		17,501	18,489	20,229	20,809	77,028
Debenture Grant		6,750	-	6,750	-	13,500
Other Revenues		4,517	2,926	2,889	5,762	16,093
Transfers from other accounts		3,649	4,152	5,236	4,639	17,676
Total Operating Inflows	B	53,253	93,778	44,552	77,655	269,238
Operating Outflows						
Payroll		(37,433)	(41,512)	(40,976)	(40,720)	(160,640)
Capital expenditures		(2,837)	(2,998)	(1,332)	(739)	(7,906)
Net payment to Durham College for purchased services		(6,757)	(3,757)	(3,757)	(3,757)	(18,029)
Operating expenses		(14,746)	(17,213)	(11,136)	(17,940)	(61,036)
Debenture & other loan principal repayments		(8,608)	(357)	(8,607)	(357)	(17,929)
Total Operating Outflows	C	(70,380)	(65,838)	(65,809)	(63,513)	(265,540)
Net Monthly Operating Cash Flows	D = B-C	(17,127)	27,940	(21,257)	14,142	3,697
Total Operating Cash Available	E = A + D	19,099	47,040	25,782	39,924	39,924
Operating Short-term Investments	F	17,130	17,258	17,386	17,514	17,514
Other Externally Cash and Short-term Investments	G	30,446	30,713	31,133	33,027	33,027
Closing Consolidated Cash & ST Investments	H = E+F+G	$ 66,675	$ 95,011	$ 74,301	$ 90,465	$ 90,465

Commercial Services Summary

($000s)	23/24 Actuals	24/25 Budget	24/25 Forecast	25/26 Budget	26/27 Budget	27/28 Budget
TOTAL						
Revenue	5,988	6,816	6,732	8,055	8,458	8,881
FT Labour	(1,042)	(1,464)	(1,602)	(2,031)	(2,133)	(2,240)
PT Labour	(432)	(412)	(428)	(517)	(533)	(549)
OPEX	(4,478)	(4,520)	(4,094)	(4,996)	(5,146)	(5,300)
Capital	(148)	0	(621)	(253)	0	0
Net Surplus/(Deficit)	**$ (113)**	**$ 421**	**$ (13)**	**$ 258**	**$ 647**	**$ 793**

Commercial Services Summary

Bookstore						
Revenue	41	40	54	850	893	937
FT Labour	0	0	(54)	(349)	(366)	(384)
PT Labour	0	0	0	(78)	(80)	(82)
OPEX	0	0	(3)	(745)	(768)	(791)
Capital	0	0	(67)	(30)	0	0
Net Surplus/(Deficit)	**$ 41**	**$ 40**	**$ (70)**	**$ (352)**	**$ (321)**	**$ (321)**
Parking						
Revenue	1,291	1,364	1,298	1,423	1,494	1,569
FT Labour	(43)	(34)	(33)	(35)	(37)	(39)
PT Labour	0	0	0	0	0	0
OPEX	(240)	(491)	(352)	(491)	(505)	(520)
Capital	0	0	(183)	0	0	0
Net Surplus/(Deficit)	**$ 1,008**	**$ 840**	**$ 730**	**$ 897**	**$ 952**	**$ 1,009**
Food Services						
Revenue	1,347	1,445	1,305	1,154	1,212	1,272
FT Labour	0	0	0	0	0	0
PT Labour	0	0	0	0	0	0
OPEX	(2,099)	(1,950)	(1,824)	(1,646)	(1,695)	(1,746)
Capital	(148)	0	(301)	(203)	0	0
Net Surplus/(Deficit)	**$ (899)**	**$ (505)**	**$ (820)**	**$ (695)**	**$ (483)**	**$ (474)**
2200 North Restaurant						
Revenue	593	674	738	791	831	872
FT Labour	(376)	(291)	(334)	(375)	(394)	(414)
PT Labour	(1)	0	0	0	0	0
OPEX	(395)	(401)	(440)	(491)	(506)	(521)
Capital	0	0	0	0	0	0
Net Surplus/(Deficit)	**$ (179)**	**$ (18)**	**$ (37)**	**$ (75)**	**$ (69)**	**$ (62)**
UCard						
Revenue	0	496	478	550	577	606
FT Labour	0	(258)	(258)	(293)	(308)	(323)
PT Labour	0	0	0	0	0	0
OPEX	0	(214)	(55)	(164)	(168)	(174)
Capital	0	0	(52)	0	0	0
Net Surplus/(Deficit)	**$ -**	**$ 25**	**$ 113**	**$ 93**	**$ 101**	**$ 110**
Regent						
Revenue	942	839	879	880	924	970
FT Labour	(120)	(131)	(130)	(137)	(144)	(151)
PT Labour	(431)	(412)	(428)	(440)	(453)	(466)
OPEX	(319)	(280)	(275)	(260)	(268)	(276)
Capital	0	0	(18)	(20)	0	0
Net Surplus/(Deficit)	**$ 72**	**$ 16**	**$ 28**	**$ 23**	**$ 59**	**$ 76**
Campus Fieldhouse & Ice Centre						
Revenue	1,773	1,958	1,979	2,407	2,528	2,654
FT Labour	(503)	(750)	(792)	(842)	(884)	(928)
PT Labour	0	0	0	0	0	0
OPEX	(1,425)	(1,185)	(1,145)	(1,199)	(1,235)	(1,272)
Capital	0	0	0	0	0	0
Net Surplus/(Deficit)	**$ (154)**	**$ 23**	**$ 42**	**$ 367**	**$ 409**	**$ 454**

Budget Risk/ Risk Mitigation

- **Achieving enrolment targets**: the university normally realized enrolments within $\pm$2% of its annual estimates. Government policies on international student caps present a significant challenge
- **Achieving SMA4 performance targets and accountability measures**: The university risks losing part of its funding if we fail to meet annual performance targets.
- **Maintaining academic quality and student success:** investments in student well-being and academic success supports continue to grow, but the diversity of our students and their expanding needs outpace the investment.
- **Financial indicators**: the university is rated lower by credit agencies than our sister institutions based on: (i) Liquidity (ii) Sustainability (iii) Performance which impacts borrowing rates.
- **Aging equipment:** the first budget areas to be reduced over the last few years was the repair and replacement of equipment. The chances of equipment failure only increase as the equipment ages.

Looking Forward …..

We MUST:

- **Grow enrolments and alternate sources of revenue**
- **Ensure that we are efficient in our use of resources**
- **Build reserves to cushion the uncertainty of our fiscal future**

MOTION

Using the best available information the following motion is proposed:

Pursuant to the recommendation of management, that the Audit & Finance Committee recommends to the Board of Governors approval of the 2025-2026 budget and approval in principle of the budgetary projections for the next two years.

Questions??

COMMITTEE REPORT

SESSION:		**ACTION REQUESTED:**	
Public	☒	**Decision**	☐
Non-Public	☐	**Discussion/Direction**	☐
		Information	☒

TO: **Audit & Finance Committee**

DATE: **April 10, 2025**

PRESENTED BY: **Brad MacIsaac, Vice-President, Administration**

SUBJECT: **MCU Efficiency and Accountability Fund Final Report**

COMMITTEE MANDATE:
The Audit & Finance Committee (A&F) is responsible for overseeing the financial affairs of the University with respect to all auditing.

The Advisory practice of KPMG has been engaged by Ontario Tech to provide a review relating to efficiencies at the University. While the firm was hired by the University, the review is more like an external audit as the scope and format is mandated by the Ministry rather than the University. KPMG will provide ideas on how to improve operations and give unbiased opinions to stakeholders outside of management. A confidential report has been prepared and submitted to the Ministry on March 31, 2025. At the June A&F meeting, leadership will be proposing an implementation plan based on the report for approval.

This meeting will provide the Committee with a general overview of the project and findings. Some questions for consideration and discussion are:

1. Are there notable gaps in the report?
2. Are there concerns about certain recommendations?
3. What are potential areas for common messages that could be developed?

BACKGROUND/CONTEXT & RATIONALE:
As discussed at the November 2024 A&F meeting, Ontario Tech, like most Ontario universities, has experienced increasing financial pressures. The University has been actively offsetting these pressures through implementing cost-saving measures as well as implementing revenue generating ideas such as executing its differentiated growth strategy.

KPMG has been retained to perform a review financed by the Efficiency and Accountability Fund. This fund supports third-party reviews of individual post-secondary institutions to identify opportunities to maximize resources, while continuing to meet the evolving needs of students, faculty, staff, and local communities. Twelve universities are currently undergoing reviews by external consultants. The review covers five mandatory areas. The general items discussed in each area include:

- **Academic programming**: program health/costing metrics to inform decisions; focus on productivity including effective use of fulltime and part-time instructors; optimizations of course sections; enhance "flexibility" of offerings; increased third-party funded scholarships.

- **Revenue generating activities**: enhance non-government related revenue: grow alternative learning offerings; international partnerships; capital opportunities (e.g., renting to third parties); fundraising; ensure ancillaries are generating revenue; increase residence and ancillary fees.

- **University governance, administration and student services**: increase use of technology to reduce manual effort (e.g. Student Information System); centralize admin functions (e.g. reduce duplication of roles and services across units/faculties).

- **Physical assets and facilities:** centralized booking (enhance standardization); implement technology to support optimal utilization and develop strategies to focus on improving use of space (increased weekend and summer use).

- **Collaborative procurement activities:** realize savings through economies of scale (e.g., increase collaboration with other local industry); reduce number of vendors.

While the key findings do not explicitly reflect the University focus areas, as it is an independent third-party review, it is important to reflect on the consistency of messaging that leadership has been providing through the President's summaries and budget updates. The overarching key findings that have a moderate to significant need for further analysis from the review to date include:

- Ontario Tech has stated the need to grow to 18,000 for economies of scale.
  - KPMG reports, "with grant and tuition revenues frozen and costs increasing, various programs will not be sustainable into the future. Ontario Tech has been very innovative with program structures to maximize current course offerings to increase to sustainable sizes. If no further growth, the University should consider program/course cancellation and consolidation of section sizes to decrease costs. Further, to help growth, unnecessary course prerequisites should be removed, and greater flexibility should be added to programs to increase student retention. Through retention and alternate entry points the university would grow enrollment towards an optimal size."

- Ontario Tech has stated the need to expand unique training to increase non-traditional learners.
  - KPMG reports, "the University can boost other sources of revenue through expanding alternative unique learning offerings and generate additional revenues through better utilization of specialized venue spaces. By focusing on why people would want to come back to the University for more things than a degree a greater diversification will be recognized."

- Ontario Tech has stated the need to provide further automation so highly qualified personnel can free up time from transactional tasks to more students servicing and strategic actions.
  - KPMG reports, "Human Resources, Information Technology and Facilities would benefit from streamlined processes with clear roles and responsibilities. Once sound process mapping is in place enhancements can be made through automation and AI systems."

Looking at the Implementation Plan and Financials Summary page of the Report presented by KPMG, there are a few very important points for the Board to be aware of:

- The report includes a "forecasted deficit" line that indicates that even if the University hit all the recommendations there would still be a deficit due to the tuition freeze and cap on grant. This "forecasted deficit" reflects what the University's budget would realistically look like following the assumed domestic population increase and current business model. As shown in the budget paper if enrolment did not grow there would be a structural deficit as our assumed collective agreement increases for current staff alone will be over $8 million more each year. Once we add in operating inflation and the growing need for capital investment as equipment ages we grow to a deficit above $20 million by 2027 before new asks are even considered. To balance the 2025-2026 budget several of the KPMG recommendations have already been implemented.

- The leadership team received this report at the end of March and will require more time to review the implementation plan. While each topic lead validated their section there is a need for a more holistic review of the proposed timelines. For example, while individually each of the actions could move forward, the fact is if IT is required to support several changes we may need to stagger the implementation more than what is suggested in the Report. Further, there are several projects that require upfront investment for the potential of future savings. As the University is not expecting to receive any stimulus funding to move this forward, a more in-depth review is required in those areas before starting a change.

Common Messages

Based on the expanded report some of the “first thoughts” that had emerged:

- With frozen grants and tuition many programs are already showing negative margins. The focus will be on continued growth, consolidating more sections and finding the right mix of full-time and part time hires.

- Ontario Tech has capitalized on many administrative savings such as utilizing very centralized units and finding economies of scale with Durham College in back office supports. Ontario Tech is more efficient than perceived to be.

- Savings alone will not close the financial gap.

- Any new projects/savings opportunities must be realistic, measurable and achievable. Investments are required to implement many projects; this is particularly challenging in times of diminishing resources.

- Fundraising continually emerges as an idea, but there is often a misunderstanding around the restrictions that donors place on these funds (i.e., donors do not often fund ongoing operational costs).

- There is a perception that there are substantial reserves that can be used; however, the majority of Ontario Tech reserves are contractually committed.

SUPPORTING DOCUMENTATION:

- MCU Efficiency and Accountability Fund Review - Final Report, March 31, 2025

Ontario Tech University

Ministry of Colleges and Universities
Efficiency and Accountability Fund Review

Final Report

March 31, 2025

Disclaimer

This report has been prepared by KPMG LLP ("KPMG") for The University of Ontario Institute of Technology ("Ontario Tech", "OTU", "Client") pursuant to the terms of our engagement agreement with Client dated **2024-10-23** (the "Engagement Agreement"). This draft report is being provided to Client and such other persons or entities as may be specified in the Engagement Agreement, on a confidential basis and may not be disclosed to any other person or entity without the express written consent of KPMG and Client. KPMG neither warrants nor represents that the information contained in this report is accurate, complete, sufficient or appropriate for use by any person or entity other than Client and such other persons or entities as may be specified in the Engagement Agreement, or for any purpose other than set out in the Engagement Agreement. This report may not be relied upon by any person or entity other than Client and such other persons or entities as may be specified in the Engagement Agreement, and KPMG hereby expressly disclaims any and all responsibility or liability to any person or entity in connection with their use of this report other than Client and any other persons or entities as may be specified in the Engagement Agreement. The information provided in this report are not subject to assurance. No opinions or conclusions intended to convey assurance have been expressed.

Land Acknowledgement

We would like to begin by acknowledging that we are in Robinson-Huron Treaty territory and that the land on which we are gathered is the traditional territory of the Anishnaabeg, specifically the Garden River and Batchewana First Nations, as well as Métis People

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APPENDIX: Detailed Findings & Benchmarking

Executive Summary

Scope & Background

This review has been conducted for Ontario Tech University, in alignment with the requirements set out by the Ministry of Colleges and Universities Efficiency and Accountability Review. The review covers five key scope areas: 1. Governance, Administration and Student Services, 2. Academic Programming, 3. Physical Assets and Facilities, 4.Collaborative Procurement, and 5. Revenue Generation.

Ontario Tech shares a campus with Durham College in north Oshawa, and efficiencies are realized through various shared functions including Facilities, Information Technology, Procurement and Parking Services. Joint pathway programs are offered to allow students to advance their diploma into a degree through studies at Ontario Tech.

Our review identified additional efficiency opportunities primarily in Academic Programming, Revenue Generation and through furthering the use of AI and technology.

Next Steps

The University should create a comprehensive detailed action plan by combining the individual implementation plans from this report together with other ongoing activities and existing initiatives. Collaboration with the Board is essential to prioritize and finalize this plan, detailing key steps and individual responsibilities.

Key Observations and Opportunities

As a maturing University, fixed and growing operating costs of the institution are distributed across a smaller number of students, thus impacting financial viability.

With grant and tuition revenues frozen and costs increasing with inflation, various programs will not be sustainable into the future. Ontario Tech has been innovative in offering similar courses across programs to help program sustainability; however the University should consider options such as leveraging part-time faculty, consolidating sections to decrease costs, removing unnecessary course prerequisites to increase student retention and increasing enrolment via expanding Winter and Spring intakes.

Significant opportunities to increase continuous learning enrolment, operating grant funding, and ancillary revenues exist.

Ontario Tech can boost enrolment through expanding alternative learning offerings, increasing donation and operating grant revenues through more streamlined and efficient advancement processes, and generating additional ancillary revenues through better utilization of unique venue spaces such as ACE and Windfields Farm Lands.

Manual processes and system limitations in administrative areas inhibit process efficiencies through data silos and a lack of standardized operating procedures

Onboarding, Offboarding, and service requests in Information Technology and Facilities would benefit from streamlined processes/workflows with clear roles and responsibilities. Further collaboration opportunities exist to enhance the shared services model by implementing Service Management (ITSM) functionality and an improved prioritization system for facilities maintenance requests.

Academic Programming

Potential Savings:
Significant

Ontario Tech has demonstrated a commitment to offer a wide array of programs and courses to meet student preferences and enhance their academic experience.

Ontario Tech will need to increase enrolment while optimizing its academic portfolio to ensure long-term financial viability and consider canceling and/or consolidating programs with low student enrolment.

In addition, efforts to optimize course sizes and section sizes will ensure teaching resources are allocated effectively.

Enhance Flexibility of Course Offerings ($$$)

- For most programs, core courses are only offered once per year creating challenges for students who are off-track and do not meet course pre-requisites. Ontario Tech should offer greater flexibility in course requirements and timing via the removal of unnecessary prerequisites (where possible) which will increase student retention.
- Most programs are designed to intake students starting in the fall semester. Ontario Tech should expand program intake into the winter/spring terms to increase enrolment through the year.

Review Course & Section Sizes ($$)

- Approximately 16% lecture-type courses at the undergraduate level have fewer than 20 students enrolled. Some courses are offered in multiple sections, suggesting there is an opportunity to consolidate sections. It is recommended Ontario Tech establish a minimum threshold to evaluate the viability of cancelling courses, and/or adjusting their frequency or timing.

Optimize Teaching Ratios & Workload ($$)

- In the 2023-24 academic year, almost 80% of sections are covered by full-time faculty members. Aligned with optimizing program offerings, an opportunity exists for Ontario Tech to optimize its workforce and staffing ratios to be responsive to market needs and adopting a more variable cost structure.
- As a STEM-based institution, utilizing highly skilled professionals from industry as contract teaching resources to supplement the delivery of courses will further enhance the student experience.

Optimize Program Offerings ($)

- Ontario Tech has actively restructured programs to improve financial stability, however due to the reduction and freeze on domestic tuition and the cap on international study permits, an increased number of programs are no longer profitable. While not all academic programs will necessarily be profitable as there are reasons beyond purely financial to offer academic courses, it was noted that several programs (both graduate and undergraduate) had a negative contribution margin. To ensure financial viability, Ontario Tech should review all program offerings and implement a program annual review process to determine either: cancellation, conversion of a program into another program major/minor or continuing the program for strategic purposes.

Potential Savings / Revenues Generated	$$$ = Significant	$$ = Moderate	$ = Minimal

Revenue Generating Opportunities

Potential Savings: **Moderate**

Ontario Tech has shown innovative revenue generation methods including summer camps, conferences services, Regent Theatre, Campus Ice Centre, and the Campus Fieldhouse.

Further opportunities exist through expanding continuous learning offerings, capitalizing on unique spaces by increasing public access, streamlining the advancement process and industry partnerships to increase donations and grant submissions.

Efficiencies realized will enable the institution to grow without a linear increase in the cost base.

Grow Alternative Learning Offerings ($$)

- Ontario Tech should review current continuous learning offerings to identify courses with minimal revenues generated and courses which are similar to those offered by other competitors in the market and whether they should be continued in the foreseeable future. The University should strive for a profit margin of 40% or above.
- Expand continuous learning offerings by partnering with industry to offer courses tailored to market need. Additionally, partnerships with the International Office to offer services in other countries will allow Ontario Tech to increase revenues on educational services.
- Additional learning offerings and associated revenues exist through greater use of licensing, selling of simulations or ready-made micro-credentials.

Capitalize on Unique Spaces ($)

- Opportunities exist for Ontario Tech to utilize their unique facilities including: ACE and Windfields Farm Land for public events. Exploring alternative uses for these spaces including special events, conference rentals, community events and weddings will result in additional revenues.
- A review was conducted over the potential third-party monetization of land identified that the sale of land would be a short-term gain, however would not be beneficial for the institution's future.

Streamline Advancement Processes (-)

- Proposals, donor relations, and campaigns are completed manually with limited tools available to streamline these tasks. Ontario Tech should build a repository of past proposal submissions, implement an AI tool to assist with fundraising activities and collaborate with their unique services (e.g., ACE) to increase donation revenues to support new capital, infrastructure and student supports.

Reserves (-)

- The review identified that Ontario Tech does not have sufficient reserves to cover forecasted deficits. Existing reserves are internally restricted for various purposes including research, capital projects and student assistance to support the institution.

Potential Savings / Revenues Generated	$$$ = Significant	$$ = Moderate	$ = Minimal

Governance, Administrative & Student Services

Potential Savings:
Moderate

Ontario Tech has continuously worked towards enhancing processes, and staff are highly engaged and keen on implementing improvements.

Opportunities to minimize reliance on manual processes and increase system integration will provide time savings and process efficiencies.

In addition, the enhancement of the level of service provided as part of the existing shared services and collaboration with Durham College will result in additional savings to the institutions.

Lastly, we noted some opportunities to improve training and reporting to the Board to increase the effectiveness and ease of oversight.

Process Efficiency Improvements ($$)

- Our review identified time-saving opportunities to reduce manual effort in various administrative areas where bottlenecks exist including Payroll, Onboarding and Offboarding, Information Technology support, Course Scheduling and Student Registration.
- Employee hiring and departures is decentralized resulting in inconsistencies across departments. Human Resources (HR) has limited visibility and oversight over the process, impacting reliability of information within Banner which impacts the Payroll department and Faculties.
- Administrative burdens can be reduced by establishing streamlined standard processes across the University to reduce duplication and confusion. Once established, use of artificial intelligence (AI) and process automation will provide additional efficiencies across the institution.

Enhancing the Employee Experience ($$)

- Staffing costs are approximately 63% of Ontario Tech's total costs. Streamlining and centralizing key processes relating to the hiring, on-boarding and off-boarding processes will deliver significant cost savings.
- Increasing collaboration between HR and the respective units across the institution will enhance data accuracy, ensure employee changes are processed quickly, and enable better decision making relating to the most significant costs for the institution.

Better Integration with Durham College ($)

- Opportunities exist for further integration of back-office services (e.g., food services, network, infrastructure, health services etc.) between Ontario Tech and Durham College to achieve cost savings. Further integration should consider risks including the impact to each institution's reputation, and existing standard business processes.
- Opportunities exist to further collaborate with Durham College and centralize additional back-office processes such as establishing a central IT Service Management (ITSM) solution.
- Additionally, opportunity exists to improve quality of services provided as part of the services shared across institutions (e.g. IT, Facilities etc.) to enhance efficiency and reduce costs.

Potential Savings / Revenues Generated	$$$ = Significant	$$ = Moderate	$ = Minimal

Physical Assets & Facilities

Potential Savings: Minimal

Ontario Tech can improve operational efficiency and better prepare for the future through strategic actions in various areas.

Key recommendations include streamlining maintenance request processes and improving user interfaces to enhance service management.

Although the University has a strong track record in energy efficiency, further opportunities exist but are hindered due to staffing and funding challenges.

Overall, these initiatives are expected to yield annual savings but will require initial investments to realize these efficiencies.

Maintenance Request Processing ($)

- Key efficiencies include streamlining the ticket submission process with Durham College to minimize delays, expanding the pool of trained requestors, and establishing a prioritization system for urgent requests. Additionally, a centralized intake process and enhancing the user interface of the Archibus software will significantly improve service request management.
- A structured communication and feedback mechanism is essential for assessing user satisfaction and improving service quality. These changes will lead to better resource allocation and operational performance, ultimately driving cost savings and efficiency improvements.

Capital Planning and Delivery ($)

- Implementing an improved ranking system for asset replacements based on urgency will streamline decision-making and ensure resources are directed to critical needs, and prevent inefficient resource allocation. Utilizing an AI tool for data visualization and analysis will significantly enhance decision-making processes, leading to better financial planning and resource allocation.

Physical Space Management ($)

- Several improvements can be made to save costs and drive efficiencies. Key areas include streamlining enhancing space utilization, data collection processes, and implementing improved space visualization through AI tools. These initiatives can lead to better resource allocation and improved decision making.
- Annual classroom utilization analysis is performed, however opportunities still exist to increase utilization of classrooms and revenue generation in the evening, weekend and summer through Continuous Learning classes or renting out spaces to the public.

Energy Efficiency and Sustainability ($)

- Ontario Tech has been a leader in energy efficiency for decades and there is less opportunity. Minor opportunities for energy savings and greenhouse gas (GHG) reductions have been identified - however, staffing and funding barriers currently impede the realization of some of these opportunities.

Potential Savings / Revenues Generated	$$$ = Significant	$$ = Moderate	$ = Minimal

Collaborative Procurement Opportunities

Potential Savings:
Minimal

Ontario Tech has demonstrated commitment to collaborative procurement through active participation in multiple collaborative sourcing partnerships.

Building on existing collaborative procurement initiatives, our analysis identified key areas where Ontario Tech can further optimize procurement spending and achieve cost savings. Initiatives include supplier consolidation across categories, negotiating early payment discounts, increasing contract utilization through improved oversight and visibility and creating guidelines for compliance with payment.

Track Spend Against Defined Categories ($)

- Standardize spend category taxonomy (account or activity) across all departments and track spend across categories on a regular basis to identify opportunities for supplier consolidation.
- Provide training to staff on proper categorization to ensure consistency and accuracy

Enhance Contract Visibility ($)

- The Procurement team should have visibility into all contracts (e.g. revenue generating contracts etc.).
- Assess overlap of products / services across different contracts and prioritize purchasing from contracts that offer a better rate across all Ontario Tech and Durham College contracts.

Establish Non-Contract Procurement Guidelines ($)

- Require justification for off-contract purchases to minimize unauthorized spending.
- Create a standardized form for documenting reasons for deviation from existing contracts.
- Regularly review off-contract spend reports to identify opportunities for new contracts or supplier consolidation.

Potential Savings / Revenues Generated	$$$ = Significant	$$ = Moderate	$ = Minimal

Assumptions

Key assumptions made as part of this review include:

- The University will continue with its mission of **‘We equip future leaders to solve complex problems’** ensuring students receive the best possible education and employment opportunities.
- The University offers various high-cost programs (e.g. STEM) which do not meet the minimum contribution for financial viability, however we have assumed the University will continue to offer these programs to meet labour-market needs.
- **Number of students:** 11,678 (includes full-time and part-time students across undergraduate and graduate programs)
- **Number of full-time equivalent employees (FTE):** 946 for Fiscal 2023-24
- Employee costs are based on the average salary of an FTE at the University, or where possible, the exact salary of the related position. Salaries were increased by 2.5% annually.
- Analysis, work performed and quantification included within this report are based on:
  - Information provided by University for Fiscal 2023-24 (e.g., documents for review, interviews, walkthroughs etc.)
  - Benchmarking against industry best practices
  - Publicly available information
- Cost saving and revenue generating opportunities have been divided into two categories:
  - **Tangible:** Any cost reductions or revenue increases that can be quantified in monetary terms and dollars saved (cost savings) or earned (revenues generated).
  - **Efficiency:** In most instances, these include the hours saved through improved processes and better resource management.
- Financial values within this report are undiscounted (i.e., not at Net Present Value).
- Human Resource requirements have been evaluated on an opportunity to opportunity basis, not collectively. When implementing recommendations, the University should consider resource requirements to implement recommendations concurrently.
- The implementation plan will be reviewed by the Board at the next scheduled meeting in June 2025.
- The review identified opportunities which would contribute to a long-term benefit and return for the institution. For the purposes of the financial summary and implementation plans, only opportunities which deliver a positive return on investment over 5 years have been included

Financials - Summary

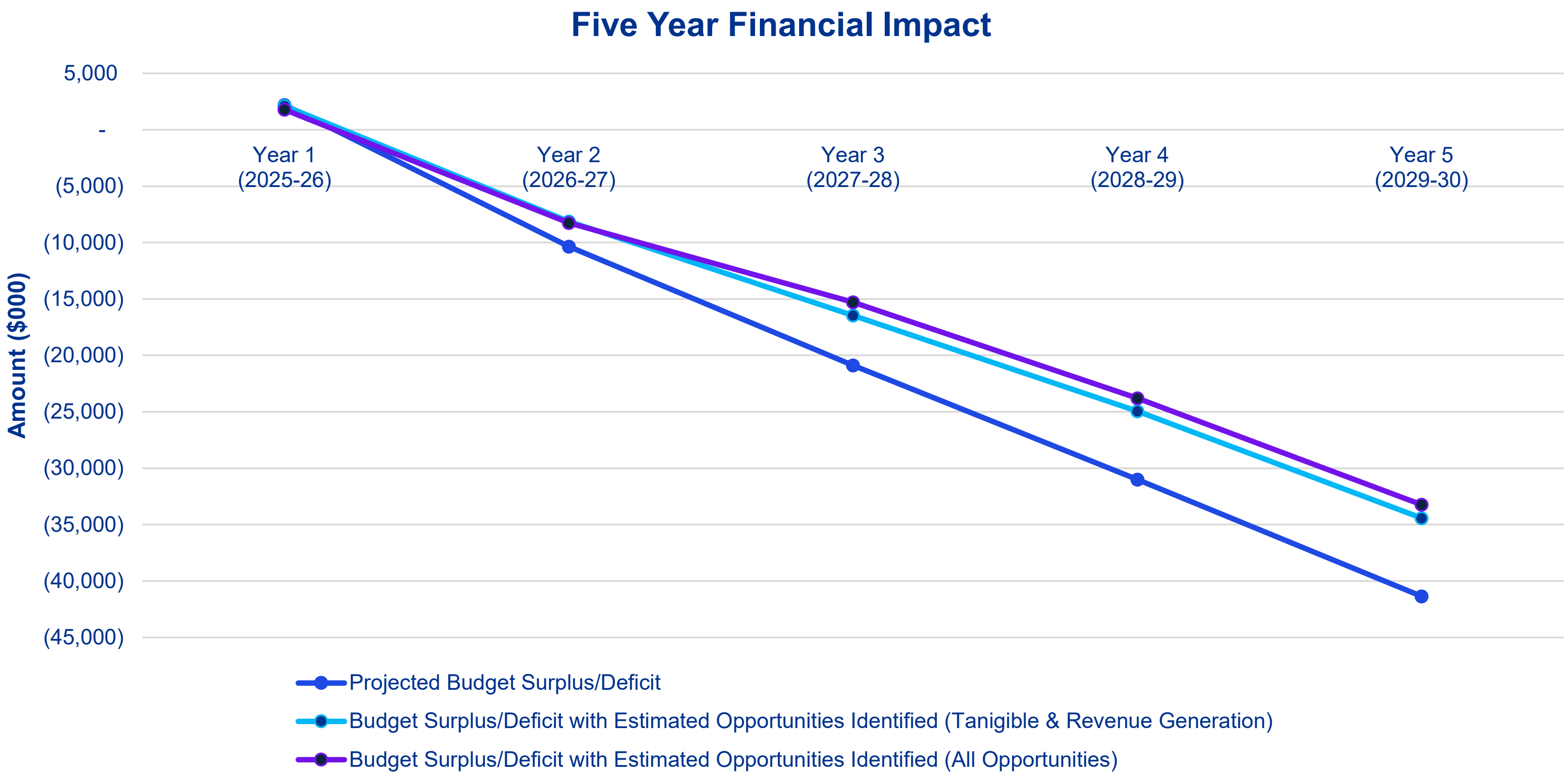
At a high-level, we have included the total impact of all identified opportunities below. Estimated opportunities identified do not cover the deficit forecasted by Ontario Tech over the next 5 years. Ontario Tech will be implementing over $7M in remediation measures in 2025-26 ($5M in administrative and $2M in academic areas) to help balance the budget.

Scope Area	Expected financial impact ($000), up to a value of:*				
	Year 1 - *2025-26*	**Year 2** - *2026-27*	**Year 3** - *2027-28*	**Year 4** - *2028-29*	**Year 5** - *2029-30*
Budget Surplus (Deficit) forecasted by Ontario Tech before remediation activities	**2,200**	**(10,359)**	**(20,871)**	**(31,004)**	**(41,353)**
Tangible Opportunities					
Governance, Admin and Student Services	6	172	186	186	186
Academic Programming	-	1,241	1,860	2,568	2,568
Facilities	-	40	170	170	170
Procurement	43	160	163	168	172
Investment Required to Realize Tangible Savings	**(33)**	**(180)**	**(21)**	**(21)**	**(21)**
Revised Deficit After Tangible Savings	**2,216**	**(8,927)**	**(18,513)**	**(27,933)**	**(38,279)**
Revenue Generating Opportunities					
Academic Programming	258	556	904	1,271	1,624
Revenue Generation	88	281	1,239	1,797	2,326
Investment Required to Realize Revenue Generating Opportunities	**(450)**	**(43)**	**(89)**	**(92)**	**(94)**
Revised Budget Surplus (Deficit) after tangible savings & revenue generating opportunities	**2,112**	**(8,133)**	**(16,459)**	**(24,957)**	**(34,422)**
Efficiency Opportunities					
Governance, Admin and Student Services	223	484	557	568	582
Academic Programming	-	-	-	-	-
Facilities	-	280	750	750	750
Procurement	-	-	-	-	-
Investment required to realize efficiency savings	**(552)**	**(901)**	**(145)**	**(146)**	**(146)**
Revised Budget Surplus (Deficit) Net of All Savings	**1,783**	**(8,269)**	**(15,298)**	**(23,784)**	**(33,236)**

**Please note financial values are undiscounted (i.e., not at Net Present Value).*

Five-Year Financial Impact

The graph below illustrates the five-year financial impact considering the following scenarios: 1) projected ongoing deficit of Ontario Tech without any adjustments; 2) projected ongoing deficit considering estimated cost savings based on tangible and revenue generating opportunities identified; 3) projected ongoing deficit considering all estimated opportunities.



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COMMITTEE REPORT

SESSION:		**ACTION REQUESTED:**	
Public	☒	**Decision**	☐
Non-Public	☐	**Discussion/Direction**	☐
		Information	☒

TO: Audit & Finance Committee (A&F)

DATE: April 10, 2025

PRESENTED BY: Brad MacIsaac, VP Administration

SUBJECT: MCU Financial Accountability Framework

COMMITTEE MANDATE:
A&F is responsible for overseeing internal systems and control functions at the University.

BACKGROUND/CONTEXT & RATIONALE:
In June 2023 and February 2024 management provided an update on the discussions that were occurring with MCU on a Financial Accountability Framework they were creating. Based on MCU presentations and the draft technical manual we assumed we would be in the "medium risk" category. In May 2024 MCU sent the University a letter based on 2022-2023 Financial Statements in which we were listed as Medium Risk as assumed. As part of the report back requirement we indicated the assessment was 100% caused by the University debenture being calculated at the full amount even though the Ministry covers over 80% of the annual repayments. The University showed it had the continued payments in our long-term budget. No further actions were requested from MCU.

On March 25, 2025 we received our second annual assessment, based on the 2023-24 results, in which we remain at "medium risk". The next steps are:

- Within 4 weeks the University must confirm receipt of the ministry's letter and confirm our intention to development an internal recovery plan

- Within 3 months we must submit an internal recovery plan which will include:
    - Explanation/Analysis of Causes for Financial Health Metric Results that contains a detailed account for each financial health metric that contributed to risk category score, note any variances between the 2023-24 budget plan and the 2023-24 audited financial statements and highlight any qualitative factors that the University feels the Ministry should be aware of that contributed to financial metric result.
    - Steps to be Taken to Restore Metrics and Improve Financial Health that contains a detailed explanation of the next actions, a timeline and a projection for what the relevant metrics are to be next fiscal year, based on the budget plan.

The University will submit a report that shows the medium risk assessment is mainly driven by the debenture debt.

Please note that management has already provided A&F with the 2023-2024 report in the June 2024 presentation of Financial Statements. The document noted the University's financial ratios are stable.

- Liquidity ratios (primary reserve and working capital) measure the ability of the University to pay off its short-term liabilities. While the working capital ratio at 1.4 is at a healthy level, the primary reserve ratio at 70 days remains in the medium-risk category due to the utilization of internally restricted reserves to invest in the University's infrastructure in the last 5 years. Management is aware of the need to replenish these reserves and improve the primary ratio over time.
- Sustainability (or debt) ratios measure the University's debt capacity and affordability, as measured by its viability, debt, debt to revenue and interest burden ratios. Although the debt ratios have consistently improved over the years as the University continues to pay back its various debt obligations, these ratios all fall within the medium-risk and high-risk categories due to the level of debt on the University's books (total debt as at March 31, 2024 = $182k which includes an outstanding $129M debenture debt). Debt affordability is supported by the annual debt service grant of $13.5M from the province which covers over 80% of the University's annual debenture repayment. Adjusting for the impact of the debt funding by the Province, the University's debt ratios improve significantly and fall outside of the risk thresholds, except for the interest burden which, at 2.3%, still presents as a medium risk (see "Adjusted" ratios as highlighted in blue below).

Financial Ratios and Thresholds		2021/22	2022/23	2023/24	Thresholds: Medium-risk threshold	Thresholds: High-risk threshold	2023/2024 Results vs Thresholds: Medium-risk threshold	2023/2024 Results vs Thresholds: High-risk threshold
LIQUIDITY RATIOS								
Primary reserve (days)	(Expendable net assets / Total expenses) x 365 days	87	70	70	< 90	< 30	✗	✓
Working capital	Current assets / Current liabilities	1.4	1.3	1.4	< 1.25	< 1	✓	✓
SUSTAINABILITY RATIOS								
Viability ratio	Expendable net assets / Long-term debt	26.2%	24.2%	27.9%	< 60%	< 30%	✗	✗
	Adjusted Viability ratio	**65.0%**	**55.6%**	**60.9%**			✓	✓
Debt ratio	Total liabilities - DCC / Total assets	49.1%	48.5%	47.3%	> 35%	> 55%	✗	✓
	Adjusted Debt ratio	**28.0%**	**29.1%**	**27.8%**			✓	✓
Debt to revenue ratio	Long-term debt / Total revenue	86.0%	78.3%	66.5%	> 35%	> 50%	✗	✗
	Adjusted debt to revenue ratio	**35.0%**	**34.1%**	**30.5%**			✓	✓
Interest burden ratio	Interest expense / Total expenses less amortization	6.8%	6.1%	5.2%	> 2%	> 4%	✗	✗
	Adjusted interest burden ratio	**3.0%**	**2.6%**	**2.3%**			✗	✓
PERFORMANCE								
Net income / (loss) ratio	Net income (loss) / Total revenues	5.5%	1.1%	2.5%	< 1.5%	< 0%	✓	✓
Net operating revenue ratios	Cash flow from operations / Total revenues	13.1%	7.7%	7.1%	< 7%	< 2%	✓	✓
Credit Rating								
Moodys			**A1 stable**	**A1 stable**			✓	
DBRS			**A low**	**A stable**			✓	

COMMITTEE REPORT

SESSION:

Public ☒
Non-Public ☐

ACTION REQUESTED:

Decision ☒
Discussion/Direction ☐
Information ☐

TO: **Audit & Finance Committee**

DATE: **April 10, 2025**

PRESENTED BY: **Brad MacIsaac, VP Administration**

SUBJECT: **Annual Endowment Disbursement**

COMMITTEE MANDATE:

The Audit & Finance Committee is responsible for overseeing the financial affairs of the University with respect to all budget approval and investment of the university's endowment funds to ensure that appropriate financial controls are in place.

This memo is seeking A&F's recommendation to Board for a maximum spending level from the Endowment fund for fiscal year 2025-26.

BACKGROUND/CONTEXT & RATIONALE:

Ontario Tech's Endowment consists of funds, largely donations secured through Advancement, which are set aside permanently with a portion of investment returns used to support specific student awards as directed by the Donor. Part of Ontario Tech's endowment philosophy includes 'capital preservation' (i.e. adjusting the investment value by inflation) to preserve the inflation adjust value of the fund.

The university's Endowment Committee consists of representatives from Finance, Advancement and Financial Aid. Effective oversight requires analyzing sometimes contradictory goals of maintaining a target spending rate and preserving the real value of the fund while operating in an environment of unpredictable shifts in markets.

In general, donor agreements set out a disbursement expectation of the inflation adjusted principal (original donation). Ontario Tech assumes the long-term sustainability is supported by establishing a disbursement rate of approximately 3-4% based on a variety of market reports. Over time, the value of the portfolio has experienced significant growth both from new donations and market increases. A summary of the current portfolio cumulative balances (as at March 31) are as follows (all numbers in 000's):

Endowed balance as at March 31 ('000s)		2022 Actual	2023 Actual	2024 Actual	2025 Forecast	2026 Proposed
Donations (Principal Value)	A	$ 19,158	$ 19,800	$ 20,256	$ 21,406	$ 22,109
Realized Income (ii)	B	10,608	11,488	12,689	14,451	$ 15,550
Awards disbursed from endowed	C	(4,849)	(5,356)	(5,923)	(6,443)	(7,343)
Total adjusted base cost	D=A+B+C	24,916	25,932	27,022	29,414	30,316
Market Value	E	33,123	33,271	36,412	38,946	
Unrealised Gains available for disbursement (iii)	F=E-D	$ 8,206	$ 7,339	$ 9,391	$ 9,532	

Key facts:

i. There are currently 141 specific endowed funds.
ii. Realized income net of fees (i.e. interest, dividends, realized gains) has averaged 4.5% since 2004.
iii. Global markets witnessed a comeback in 2025 in the bond and equity markets, driven by a strong economy to the end of Dec 2024.
iv. With the recent US tariff announcements, the situation has since been fluid with developments that can swiftly alter the economic landscape and market conditions.

Due to increased donations and a stable portfolio, Ontario Tech has been able to increase disbursements over the last few years. With our students facing a cost-of-living crisis, the Committee notes that it is even more critical than ever to provide support.

Based on a review of the portfolio performance and allowing for a capital preservation of 3.4% (Consumer Price Index of prior year), the Committee recommends a maximum disbursement of $900k from the endowment fund which would allow support of 465 students whilst still preserving the capital of the fund. Disbursement amounts and number of awards have been as follows:

Disbursement Year	No of awards disbursed	Amount ($'000's)
2021	409	$711
2022	409	$718
2023	359	$647
2024	391	$716
2025 Forecast	394	$728
2026 Budget	465	$900

MOTION:

That the Audit and Finance Committee, hereby recommends that the Board of Governors approves the disbursement of up to $900,000 from the University's endowed fund and unrestricted expendable sources for distribution by Financial Aid in 2025-26.

SUPPORTING REFERENCE MATERIALS:

N/A

COMMITTEE REPORT

SESSION:		**ACTION REQUESTED:**	
Public	☒	**Decision**	☐
Non-Public	☐	**Discussion/Direction**	☐
		Information	☒

TO: **Audit & Finance Committee (A&F)**

DATE: **April 10, 2025**

FROM: **Brad MacIsaac, Vice President Administration**

SUBJECT: **Risk Management – Annual Report**

COMMITTEE MANDATE:
The Audit & Finance Committee (A&F) is responsible for overseeing risk management and other control functions at the University. This oversight includes reviewing and approving the risk management process at the University that ensures that appropriate processes are in place to determine management's risk parameters and risk appetite.

BACKGROUND/CONTEXT & RATIONALE:
While risk has been reviewed since the inception of the University, the structured process began with the inaugural Strategic Risk Retreat in 2018. This effort progressed in 2019 through the development of targeted mitigation strategies aligned with institutional priorities. By 2021, the integration of operational and strategic risks was achieved, strengthening our holistic approach to enterprise risk management.

In recent years, management has encountered a few challenges that prompted a reevaluation of the University's strategic risk approach. Key barriers included inconsistencies in terminology, varying understandings of enterprise versus operational risks, challenges integrating with existing University processes, and ambiguity in roles and responsibilities. These insights led to the creation of a focused and manageable set of thematic categories—referred to as Enterprise Risk Buckets—to better address institution-wide risk exposure. 2025 marks the first year in which reporting has been structured around these thematic enterprise risk categories.

While all risk buckets presented in the annual report currently carry a relatively even profile, further assessments in 2025 will allow for prioritization. However, two highly interconnected risks stand out today for their cross-cutting impacts on operations, continuity, and long-term institutional viability that are called to the Board's attention:

Technology and Growth Strategy

Technology continues to be a focus of institutional attention due to:

- Increasing sophistication of cyber threats (e.g., ransomware, phishing).

- Rapid adoption of Artificial Intelligence (AI) without centralized governance.
- Legacy IT infrastructure and inconsistent cybersecurity awareness.
- Growing need for scalable digital solutions to support the University's *Differentiated Growth Strategy*, including hybrid learning and digital transformation.

Mitigation Strategies include**:**
- Cybersecurity Enhancements
- Technology Modernization
- AI Governance
- Training & Awareness
- Regulatory Compliance
- Digital Learning Infrastructure investment

The University's *Differentiated Growth Strategy* remains a critical area of strategic focus, yet is challenged by several structural and capacity-related risks:
- Impending retirements highlight the need for stronger succession planning.
- Single incumbent roles in key areas pose continuity risks.
- Limited SOPs may affect onboarding and operational consistency.
- Inconsistent project governance may impact strategic alignment.
- Enrolment pressures persist amid demographic shifts and sector competition.

Mitigation Strategies include:
- Knowledge Retention & SOP Development
- Project Governance
- Data-Informed Enrolment Management
- Flexible Program Delivery
- Staff Engagement & Development

NEXT STEPS

The Technology and Growth Strategy risk areas are deeply interconnected. Success in one hinges on resilience in the other. Strategic investments in IT infrastructure and enterprise governance will be critical to supporting sustainable growth. At the same time, efforts to retain institutional knowledge, build internal capacity, and align operational execution with strategic goals will help ensure continuity and stability in the face of demographic and technological change.

Looking ahead, the University will continue to refine its Enterprise Risk Buckets through alignment with the Integrated Academic and Research Plan (IARP) and enhance the development of Key Risk Indicator (KRI) metrics to strengthen data-driven risk tracking.

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Attachments:

Annual Risk Report 2025

ANNUAL RISK MANAGEMENT REPORT

April 2025

Prepared by:
Brad MacIsaac - Chief Risk Officer
Jackie Dupuis - Director of Risk Management

BACKGROUND

Established in June 2014, the University Risk Management (URM) framework was a product of collaboration between faculty and administrative units, culminating in the development of a comprehensive institutional risk register in 2017. This foundational framework has been instrumental in identifying, assessing, and mitigating risks across the university, underscoring our collective commitment to safeguarding institutional interests. Building on this foundation, the University Risk Management Policy was expanded to formally designate Risk Owners and Risk Leads at the Director level, strengthening leadership engagement in risk oversight. By 2021 this expansion increased the number of risk registers from 27 to 36, ensuring broader participation in risk discussions and enhancing university-wide awareness of risk activities and mitigation strategies. The development of risk bulletins over 2023 have led to a measurable increase in risk-related inquiries and clarity requests from university stakeholders, demonstrating a heightened awareness of risk considerations across the institution.

As noted to the Board in April 2024, over the past few years, management encountered challenges that necessitated a reevaluation of our strategic risk management approach. This revealed several key barriers, such as the terminology used, fulsome understanding of enterprise versus operational risks, integration challenges with existing university processes, and confusion over responsibilities. Leadership's response involved a series of enhancement strategies aimed at transitioning to 'Enterprise Risks,' and improving transparency and communication. This process has led to the creation of a manageable number of thematic buckets or 'Enterprise Risks' that address major risk categories.

Progress to Date: Through environmental scanning, stakeholder engagement, and a structured risk evaluation, thematic risk categories have been developed to align with institutional objectives. Earlier phases focused on:

- Identifying gaps in risk oversight
- Reframing risks within the broader university context
- Strengthening alignment with strategic priorities

Next Steps: Finalizing Full Integration: The final phase of implementation is underway, focusing on embedding risk into institutional culture and governance. Key ongoing initiatives include:

- Finalizing risk reporting structures for Board and executive review
- Embedding thematic risks into annual operational and strategic planning processes
- Establishing a continuous feedback loop for risk refinement and responsiveness

DEVELOPMENT OF THEMATIC BUCKETS

These efforts bring us one step closer to fully embedding risk awareness into the university's already strong culture, ensuring that risk-informed decision-making remains a fundamental part of institutional governance.

MEASURING UNIVERSITY RISK MANAGEMENT – PROCESS

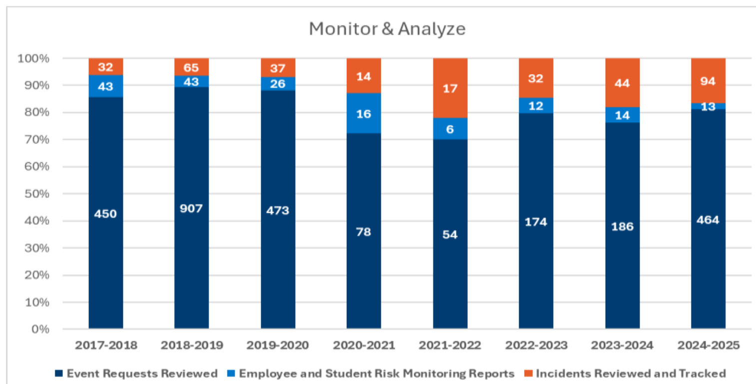
The Board is charged with ensuring a proper process is in place for risk management. The annual report provides information to the Board on the progress of the URM process and identifies all high-level risks and mitigation strategies for awareness.

The university adopted the following six measures of progress as recommended by The Association of Governing Boards in partnership with United Educators[1] and has reported on each below.

Measure 1: The university demonstrates how the URM is sustained as a priority.

SLT remains unified in managing risk and setting the appropriate 'tone at the top' by facilitating informed decision-making regarding financial, reputational, strategic, and operational risks within their portfolios.

The **Risk Management** website continues to evolve yearly with new tools and resources to support the university's membership.

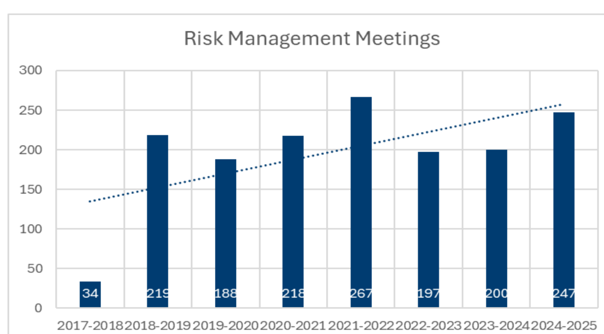


Dedicated Risk Management Office: The university has a dedicated Director of Risk Management to oversee all URM activities, with the support of the VP of Administration.

Risk Reporting: The ORM continues to advance analytical capabilities, enabling the creation of new reporting charts. These charts visually demonstrate the university's dedication to the ongoing growth and prioritization of risk management efforts.

Measure 2: The Board verifies that URM is an essential objective for leadership.

The President retains overall risk responsibility for the university, all SLT members are assigned risk work in various forms within their respective portfolios. These charts serve to visually demonstrate the ongoing meetings with leadership, management, and external stakeholders.



[1] From "A Wake-up Call: Enterprise Risk Management at Colleges and Universities Today", A Survey by the Association of Governing Boards of Universities and Colleges and United Educators, 2014, pp. 3 to 10

Measure 3: The Board discusses the top strategic and operational risks facing the University and understands how they are managed and monitored.
The Board receives an annual report and has been provided with regular progress updates during each A&F meeting. These updates encompass a comprehensive overview of emerging, high, and extreme risks necessitating significant work and mitigation efforts, including but not limited to the university' s growth strategy, external global factors, and artificial intelligence.
Measure 4: The A&F Committee includes risk management discussions in its work plan.
URM is part of the A&F Work Plan. As noted in the Board Memo, regular talks and reports on risk management are presented quarterly, with the annual report in April.
Measure 5: The University engages the Board in training sessions on risk
In addition to the general discussions about risk, Board professional development sessions typically focus on the university's risk areas.
Measure 6: The Board assesses the URM and the success of the stated URM goals and objectives.
A&F receives an annual report that aims to secure the Board's comments and direction on the URM process and progress.

RISK DASHBOARD

The annual report for 2025 has adopted a new direction on reporting based on the university's ten (10) thematic buckets identified during an exercise in 2023-2024 (attached for reference in **Appendix A**). The dashboards presented below provide a comprehensive overview of the university's risk portfolio for the 2024-2025 period.

The data count referenced in **Figure 1** summarizes the 2024-25 master registry, which encompasses <u>all</u> risks across the institution. In the past year, the university successfully transitioned 18 mitigation strategies into effective risk controls while incorporating additional language associated with 202 mitigative strategies to bolster ongoing risk treatment efforts.

The identified risks have risen compared to the previous reporting period (2023-2024) while the consolidated risks remains consistent. This increase can be attributed to the emergence of new risk factors and heightened external influences impacting the university, including shifts in social and cultural trends, global events, government regulations, and economic conditions, and additional risk leads supporting the growing footprint of the URM.

The content categories outlined below are formally defined in **Appendix B**.

2024-2025 RISK MANAGEMENT DASHBOARD									
Data Count	Local Risks	Institutional Risks (I)	Consolidated Risks (C)	Controls	Causes	Mitigation Strategies	Mitigation Strategies to Controls 2023-25	Mitigation Strategies Altered	Risk Drivers
22-23	**107**	**189**	**68**	**256**	**175**	**518**	**14**	**211**	**75**
23-24	**105**	**240**	**10**	**410**	**409**	**511**	**21**	**147**	**106**
24-25	**142**	**294**	**10**	**410**	**432**	**497**	**18**	**202**	**111**

Master Registry Summary & Thematic Buckets

This section provides a high-level overview of the university's 10 thematic risk buckets, including key risk factors, underlying causes, mitigation strategies, and progress to date. These categories represent the most significant and recurring risks affecting institutional operations, student experience, academic programs, financial sustainability, and external relations.

This report summarizes these risks and offers insight into the proactive steps taken to manage and mitigate challenges while aligning with the university's strategic priorities.

Academic								
Risk Factor	**Causes**	**Ops**	**Rep**	**Fin**	**Str**	**Comp**	**Mitigation Strategies**	**Progress**
Declining academic performance and student learning outcomes.	Lack of academic support, outdated curriculum, increased student mental health concerns, unprepared faculty	✓	✓	✓	✓	✓	Continuous investment in teaching excellence and faculty development.	✓
Risks to program accreditation and regulatory non-compliance.	Failure to meet evolving accreditation standards, lack of faculty qualifications, misalignment with industry requirements						Strengthened accreditation processes and compliance monitoring.	✓
Misalignment of curriculum with evolving labor market demands.	Rapid technological and industry changes, lack of employer partnerships, slow curriculum updates						Data-driven curriculum updates aligned with industry needs.	✓

Faculty workload, capacity, and teaching quality concerns.	High class sizes, administrative burdens, lack of professional development						Robust academic advising and student success initiatives.	✓
Enrollment shifts affecting program viability.	Changing student interests, demographic declines, program saturation						Introduction of flexible program delivery models (e.g., micro-credentials, hybrid learning).	✓
Reduced student engagement in academic life.	Ineffective teaching methods, lack of extracurricular activities, online learning challenges						Expansion of student-centered pedagogical innovations and experiential learning opportunities.	✓

Research

Risk Factor	Causes	Ops	Rep	Fin	Str	Comp	Mitigation Strategies	Progress
Uncertainty in research funding sources and long-term sustainability.	Government budget cuts, decreased corporate funding, global economic downturns		✓	✓	✓	✓	Diversification of research funding (grants, industry collaborations, philanthropic support).	✓
Ethical and compliance risks in research projects.	Inadequate oversight, data manipulation, conflicts of interest						Strengthened research ethics frameworks and compliance oversight.	✓
Increased competition for top-tier researchers and faculty.	Higher salaries at competing institutions, lack of research incentives, limited funding						Targeted recruitment and retention of high-impact researchers.	→
Research security threats, including intellectual property theft and cyber risks.	Weak cybersecurity, unauthorized access to sensitive data, international espionage risks						Enhanced cybersecurity measures for protecting research data and IP.	✓
Challenges in commercialization and knowledge transfer.	Bureaucratic approval processes, lack of market connections, limited business acumen among researchers						Expanded research commercialization support and innovation hubs.	✓
Changing global research priorities impacting funding availability.	Shifts in government policies, emerging research fields displacing existing ones						Agile strategic planning to align with evolving global research priorities.	✓

Student Experience

Risk Factor	Causes	Ops	Rep	Fin	Str	Comp	Mitigation Strategies	Progress
Rising mental health concerns and increasing demand for student wellness services.	Academic stress, financial pressures, societal changes	✓	✓	✓	✓	✓	Expansion of mental health resources and crisis intervention services.	✓

Campus safety risks, including harassment, discrimination, and security incidents.	Gaps in security measures, failure to enforce policies, increasing socio-political tensions						Strengthening campus security, anti-harassment policies, and reporting mechanisms.	✔
Mismatched student expectations regarding academic and campus life experiences.	Misaligned marketing vs. actual offerings, generational shifts in expectations						Regular student satisfaction assessments and engagement initiatives.	➡
Accessibility and equity challenges in student services and support programs.	Lack of inclusive spaces, inadequate financial aid, limited accommodations						Enhancing accessibility and inclusivity in academic and campus services.	✔
Campus infrastructure failing to meet evolving student needs.	Aging buildings, lack of study spaces, insufficient digital resources						Infrastructure improvements for modern and inclusive student spaces.	✔
Disruptions due to socio-cultural changes (e.g., activism, inclusion efforts, diversity gaps).	Political activism, generational value shifts, online misinformation						Collaborative engagement with student associations to shape policies and initiatives.	➡
Enrolment								
Risk Factor	**Causes**	**Ops**	**Rep**	**Fin**	**Str**	**Comp**	**Mitigation Strategies**	**Progress**
Demographic shifts leading to declining student applications.	Declining birth rates, reduced international student interest, tuition costs	✔	✔	✔	✔	✔	Data-driven recruitment strategies targeting high-potential markets.	✔
Increased competition from domestic and international institutions.	Rise of online learning alternatives, aggressive marketing from other institutions						Expansion of scholarships and financial aid to enhance accessibility.	➡
Barriers to student retention (financial, academic, or mental health challenges).	Financial hardship, mental health struggles, academic disengagement						Strengthening student support services (advising, career counseling, wellness programs).	✔
Program misalignment with evolving labor market needs.	Lack of employer input, slow curriculum adaptation						Predictive analytics for early identification of at-risk students.	✔
Challenges in achieving student diversity and inclusion targets.	Barriers in admissions, unwelcoming campus culture, affordability issues						Stronger employer partnerships for co-op and experiential learning opportunities.	✔
Student dissatisfaction impacting persistence and graduation rates.							Diversification of program offerings with career-focused pathways.	✔
Financial Sustainability								
Risk Factor	**Causes**	**Ops**	**Rep**	**Fin**	**Str**	**Comp**	**Mitigation Strategies**	**Progress**

Budgetary constraints and volatility in funding (tuition revenue, government grants).	Declining tuition revenue, funding cuts, rising costs	✓		✓			Implementation of diversified revenue strategies (philanthropy, industry partnerships, grants).	✓
Rising operational and capital costs affecting financial viability.	Inflation, wage increases, energy costs						Multi-year financial planning and risk forecasting.	✓
Uncertainty in macroeconomic conditions (inflation, interest rates, recession risks).	Global recessions, currency fluctuations, changing government priorities						Cost efficiency and operational optimization initiatives.	✓
Overdependence on specific revenue streams (e.g., international student tuition).							Strengthened financial governance, transparency, and internal controls.	✓
Financial aid sustainability and affordability concerns.							Advocacy for stable government funding and tuition policies.	✓
Unfunded liabilities.							Development of contingency reserves for economic downturns.	✓

Continuity

Risk Factor	Causes	Ops	Rep	Fin	Str	Comp	Mitigation Strategies	Progress
Natural disasters and climate-related disruptions impacting campus operations.	Climate change, geographic vulnerabilities	✓				✓	Development and regular testing of comprehensive emergency response plans.	✓
Public health crises (e.g., pandemics, infectious disease outbreaks).	Pandemics, poor ventilation, campus density						Investment in resilient infrastructure and campus-wide safety initiatives.	→
Infrastructure failures affecting safety and continuity of operations.							Collaboration with public health agencies for crisis preparedness.	✓
Emergency response coordination and crisis communication gaps.							Strengthening vendor relationships for supply chain resilience.	→
Supply chain vulnerabilities affecting essential services.							Regular security assessments and risk scenario planning.	→
Political and social disruptions impacting institutional stability.							Enhanced business continuity frameworks and disaster recovery strategies.	✓

People

Risk Factor	Causes	Ops	Rep	Fin	Str	Comp	Mitigation Strategies	Progress

Faculty and staff recruitment challenges in a competitive labor market.	Compensation gaps, work-life balance issues	✓	✓	✓	✓		Competitive compensation benchmarking and benefits enhancement.	✓
Retention issues due to compensation, workload, and job satisfaction concerns.	Retirement, lack of internal development						Leadership development programs and succession planning initiatives.	▽
Succession planning gaps in leadership and key academic/administrative roles.							Investment in workplace culture and employee engagement programs.	✓
Labor relations risks, including collective bargaining challenges.							Flexible work arrangements to attract and retain top talent.	✓
Declining employee engagement and workplace culture concerns.							Proactive labor relations management and conflict resolution strategies.	✓
Changing workforce expectations (hybrid work models, DEI considerations).							Professional development opportunities and upskilling initiatives.	✓

External Relations

Risk Factor	Causes	Ops	Rep	Fin	Str	Comp	Mitigation Strategies	Progress
Policy and regulatory shifts impacting higher education funding and compliance.	Government funding changes, new regulations			✓		✓	Proactive government relations and strategic advocacy initiatives.	✓
Geopolitical tensions affecting international student recruitment and partnerships.							Strengthened partnerships with industry and global institutions.	✓
Public trust erosion in academic institutions and higher education systems.							Transparent community engagement and public outreach programs.	✓
Challenges in Indigenous engagement and reconciliation efforts.							Dedicated Indigenous consultation, reconciliation, and inclusion efforts.	→
Reduced alumni engagement and philanthropic contributions.							Robust alumni relations and fundraising campaigns.	✓
Disruptions in local and regional economic conditions.							Economic impact studies to align with regional workforce development goals.	→

Reputation

Risk Factor	Causes	Ops	Rep	Fin	Str	Comp	Mitigation Strategies	Progress
Negative media coverage and crisis communication failures.	Controversial incidents, crisis mismanagement		✓				Proactive media relations and reputation monitoring tools.	✓
Declining academic rankings and perceived institutional quality.							Crisis communication and brand management strategies.	✓

Public scrutiny over controversial faculty, research, or student activities.							Stronger institutional positioning through thought leadership.	✔
Reputational damage from misinformation and online attacks.							Clear policies on faculty, staff, and student conduct expectations.	✔
Failure to align with evolving societal expectations (e.g., diversity, inclusion, ESG concerns).							Increased stakeholder transparency and community trust-building efforts.	✔
Disparity between institutional branding and stakeholder perceptions.							Reputation risk assessments and scenario planning.	➞

Technology

Risk Factor	Causes	Ops	Rep	Fin	Str	Comp	Mitigation Strategies	Progress
Increasing sophistication of cyber threats (ransomware, data breaches).	Ransomware, phishing, weak security measures	✔		✔		✔	Regular cybersecurity risk assessments and penetration testing.	➞
Weak cybersecurity awareness and training among faculty, staff, and students.	Outdated systems, lack of funding for upgrades						Implementation of multi-factor authentication and data encryption protocols.	✔
Outdated IT infrastructure leading to security vulnerabilities.							Cybersecurity awareness training programs for all users.	✔
Insufficient protection of research data and intellectual property.							Strengthened disaster recovery and incident response capabilities.	✔
Compliance risks related to data privacy regulations (e.g., PIPEDA, GDPR).							Regular compliance audits on data protection regulations.	✔
Digital transformation challenges, including hybrid learning infrastructure.							Strategic investments in digital learning innovations and IT modernization.	✔

Figure 1 – Master Registry Summary & Thematic Buckets

RISK REGISTERS TO THEMATIC RISK BUCKETS

This figure illustrates the percentage of risks falling under each Thematic Bucket in the risk register.

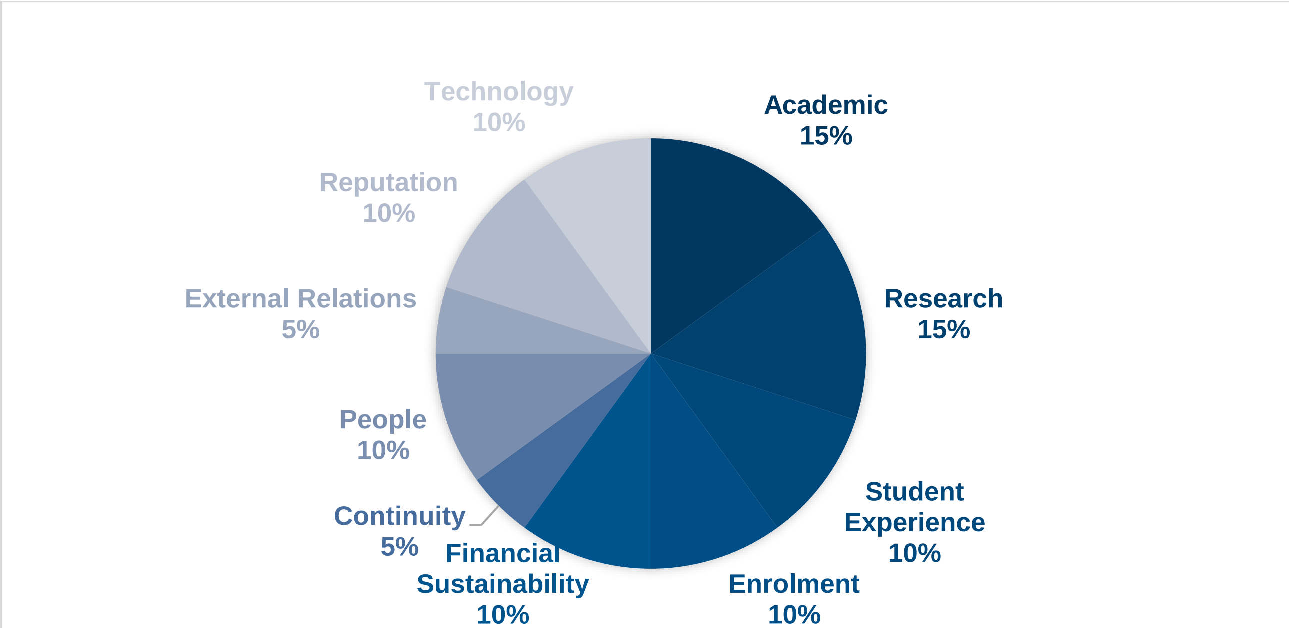


Figure 2 – Risk Register risks baked into Thematic Buckets

RISK DOMAINS

This diagram provides a visual representation of how frequently different risk domains appear in each of the Thematic Buckets.

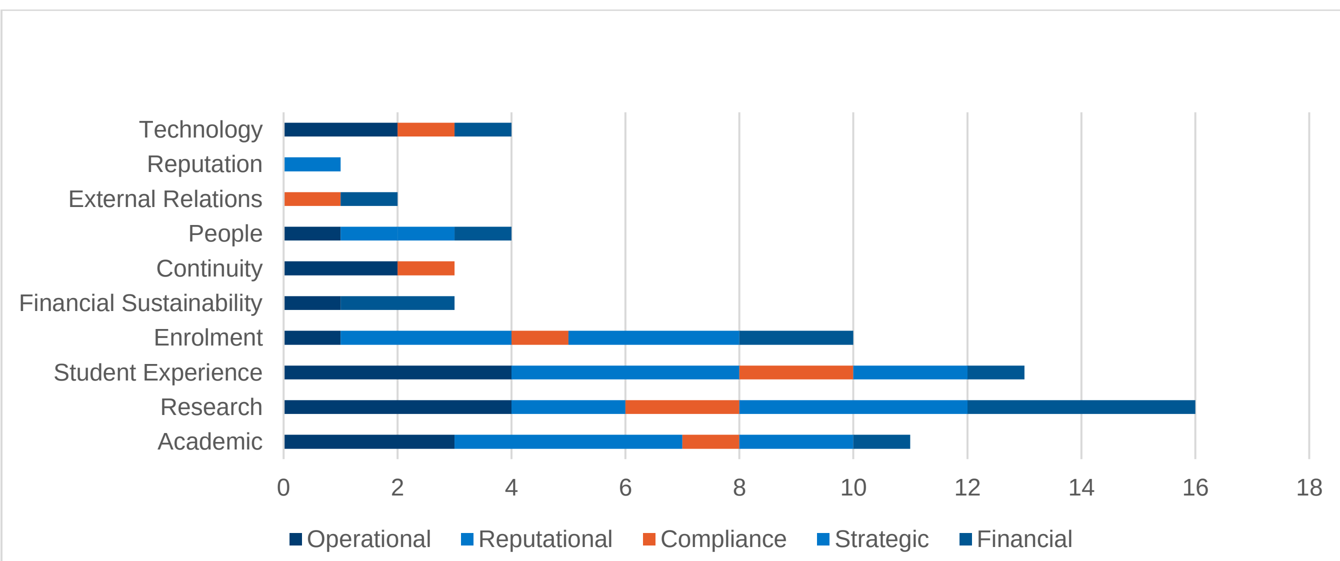


Figure 3 – Breakdown of Risk Domains

RISK MATRIX

This diagram illustrates the positioning of our unconsolidated risks within the risk matrix, categorized by domain.

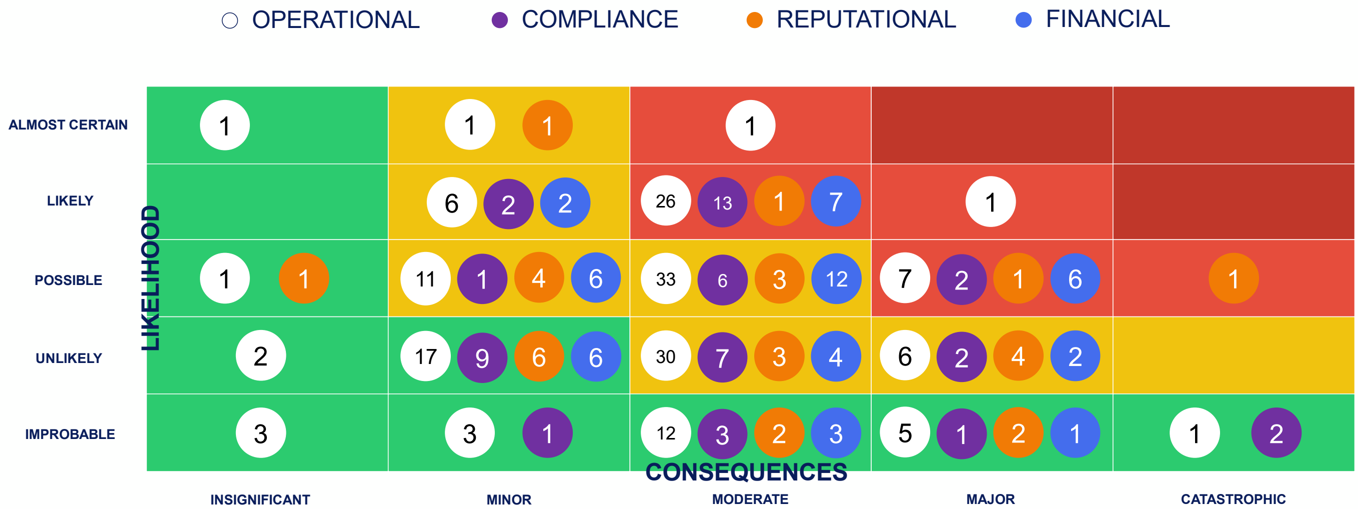


Figure 4 – Risk Heat Map Unconsolidated Overview of risks

THEMATIC RISK BUCKETS

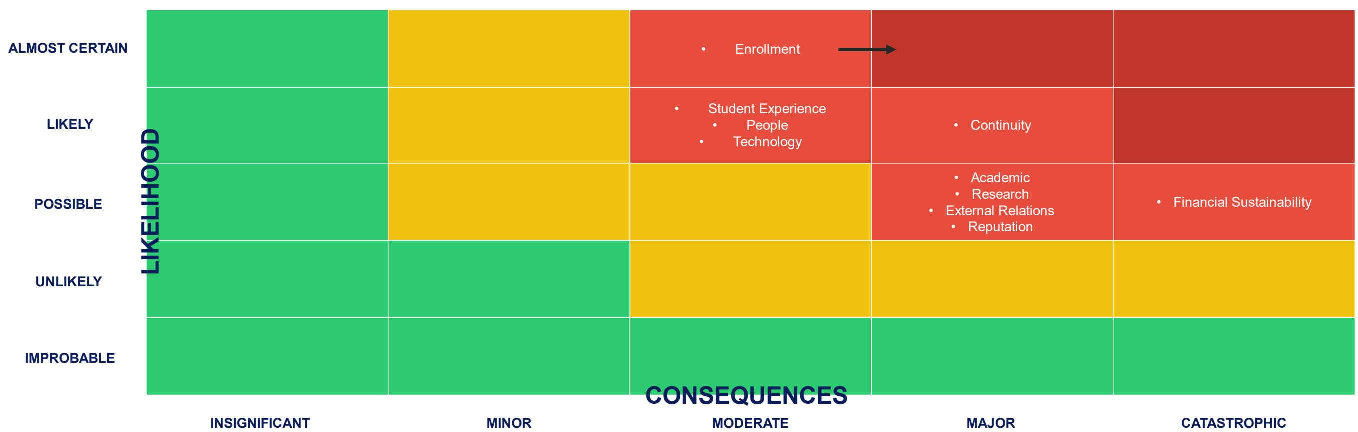


Figure 5 – Risk Heat Map of Thematic Risk Buckets

EMERGING RISK SUMMARY

Key Insights for the Board

- **Artificial Intelligence** risk has increased, suggesting a rise in likelihood (e.g., rapid AI adoption) and greater potential consequences (e.g., ethical/legal concerns).
- **Differentiated Growth Strategy** remains a top risk due to its high strategic importance.
- **Government Policy/Funding risk** has escalated, likely due to policy shifts and funding uncertainties.
- **Global Trends risk has decreased slightly**, indicating some stabilization but still requiring attention.

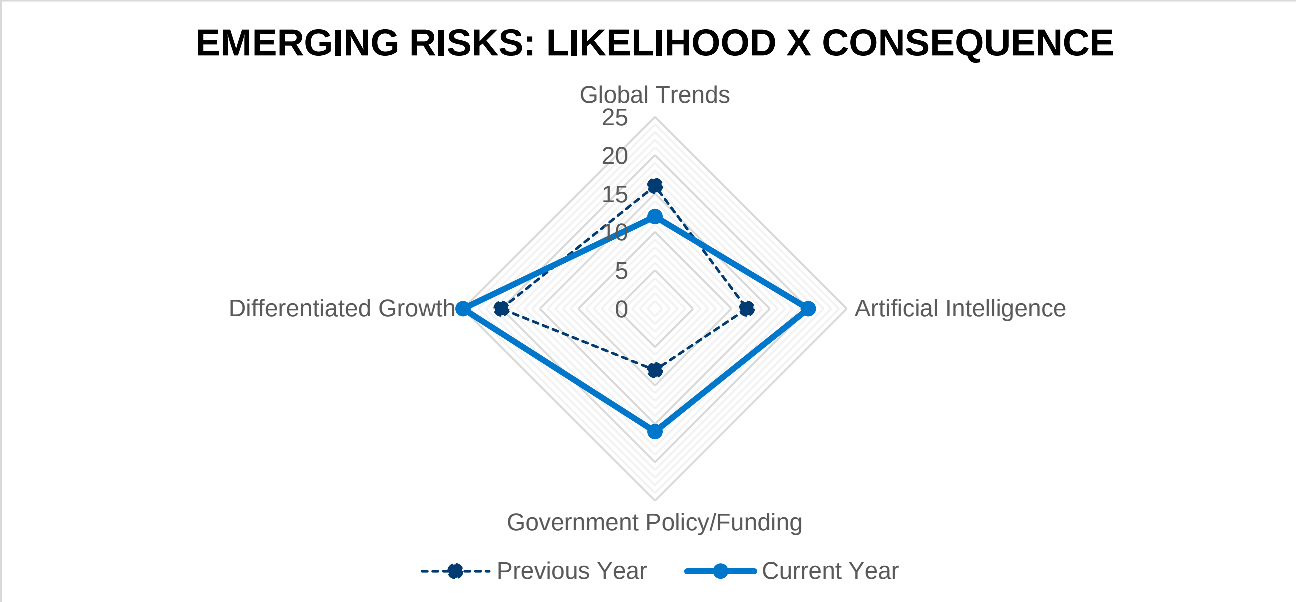


Figure 6 – Emerging Risks 2024-2025

EMERGING RISK KRI METRICS AND TOLERANCE

Risk Category	KRI Metric	Current KRI Value	Threshold (Concern Level)	Trend	Risk Level
Artificial Intelligence	AI Regulation Changes	75	70	△	High
Artificial Intelligence	AI Ethical Concerns Reports	60	55	➡	Moderate
Artificial Intelligence	AI Job Displacement Index	80	75	▽	High
Global Trends	Economic Instability Index	60	50	△	Moderate
Global Trends	Geopolitical Tension Level	70	65	➡	Moderate
Global Trends	Inflation Rate Variability	65	60	△	Moderate
Differentiated Growth Strate	Market Competitiveness Score	85	80	▽	High
Differentiated Growth Strate	Student Enrollment Trends	78	75	➡	Moderate
Differentiated Growth Strate	University Partnerships Stabilit	72	70	△	High
Government Policy/Funding	Policy Volatility Index	70	65	△	Moderate
Government Policy/Funding	Government Funding Allocatio	68	60	▽	Moderate
Government Policy/Funding	Legislative Proposal Changes	74	70	➡	Moderate

Figure 7 – Emerging Risk KRI Metrics and Tolerance

LOOKING AHEAD

Ontario Tech continues to navigate a dynamic external landscape where evolving risks and strategic challenges necessitate an adaptive and forward-looking risk management approach. While significant progress has been made in embedding risk awareness into decision-making processes, there remains a need to enhance our connection with the Integrated Academic Research plan and develop/ enhance Key Risk Indicators (KRIs) to ensure a more data-driven evaluation of risk trends over time. As part of this effort, we will continue refining our thematic risk buckets and advancing their review with Risk Owners within the Senior Leadership Team (SLT) to drive accountability and alignment with institutional priorities.

The latest risk register development process of visiting each unit has highlighted opportunities to enhance project management, particularly for pan-institutional initiatives. As the President and other senior leaders put forth ambitious and innovative ideas to propel the university forward, there is an opportunity to strengthen coordination and alignment across units. Currently, different units independently interpret and implement projects in varying ways that may not align with broader institutional goals. Strengthening project governance will help close this gap and foster a more structured and cohesive approach to these initiatives.

Additionally, there is an increasing awareness of the potential impact of institutional knowledge loss. As Ontario Tech nears its third decade, the transition of long-standing employees, many of whom possess valuable operational and strategic insights, presents a challenge for continuity. Strengthening Standard Operating Procedures (SOPs) and enhancing documentation of role-specific responsibilities would help mitigate this risk and support a smoother transition process.

In many offices, key roles are held by a single individual, which can make transitions more challenging without formalized documentation. This presents an opportunity to strengthen knowledge retention and continuity by developing a structured approach to capturing and transferring institutional knowledge.

Moving forward, our focus must remain on strengthening risk tracking through KRIs, refining thematic risk buckets, and addressing emerging structural challenges, such as project governance and institutional knowledge retention, to ensure the university remains resilient, agile, and positioned for long-term success.

Appendix A – Thematic Risk Buckets

Enterprise Risk Themes	Definitions
Academic	Academic encompasses rigorous standards, educational quality, diverse practices, and program offerings, all tailored to market demands and completion rates. Managing risk involves protecting the institution's credibility and competitiveness by ensuring academic integrity against compromises that could undermine its reputation and viability.
Research	Research can be defined as a systematic and strategic process guided by a research plan, ensuring integrity and compliance with regulatory and ethical standards. It involves securing and managing funding, protecting data, and adhering to health and safety protocols.
Student Experience	Student experience encompasses the comprehensive range of supports and opportunities provided to foster student well-being, mental health, and academic success. It aligns with student expectations for educational and campus life, ensuring inclusive access to diverse and socio-cultural resources and campus spaces.
Enrolment	Enrolment refers to the strategic enrollment management (SEM) process encompassing student recruitment, retention, persistence, and graduation. It ensures access to a diverse program and student mix, alongside the provision of student awards. Enrolment strategies consider market competition and socio-cultural factors to attract and retain students.
Financial	Financial management involves strategic planning, budgeting, and decision-making to effectively manage financial resources. This includes activities such as revenue generation, cost analysis, and ensuring compliance with regulations. Failure to manage financial risks may compromise operational efficiency and hinder the ability to make necessary investments for future success.
Continuity	Continuity refers to the ability to maintain consistent and efficient university operations through effective emergency management, adherence to health and safety protocols, and robust security measures. It includes ensuring the campus is in good repair, optimizing service delivery, and maintaining operational agility in response to environmental, global health, and supply chain challenges.
People	People management involves talent acquisition, performance management, and fostering employee well-being. This includes succession planning, leadership development, and labor relations within the sociocultural context. Failure to manage people-related risks may limit opportunities for growth and innovation, impeding academic, research, and student success priorities.
External	External refers to the relationships and interactions the university maintains with various stakeholders, including government entities, industry partners, alumni, local communities, national and global partners, satellite offices, and Indigenous connections. These collaborations are crucial for fostering a supportive community and advancing geopolitical interests.
Reputation	Reputation refers to the continuous effort to uphold and enhance the institution's public image and standing. This involves effective public relations management and maintaining a strong, positive brand.
Technology	Technology refers to the comprehensive management and implementation of digital infrastructure, encompassing cybersecurity, data protection, disaster recovery, and technology solutions. It includes fostering innovation in digital learning and hybrid work environments.

Appendix B: Risk Terminology

Data Count – The year the risks are identified and recorded within the risk register.

Local Risks – Risks that are specific to a particular department, faculty, or unit within the institution. These risks may not have a broad impact but can significantly affect individual areas. These risks may also be considered as *"low"*.

Institutional Risks (I) – Risks that have a university-wide impact, affecting multiple units or the institution as a whole. These risks require coordinated mitigation efforts and oversight at a senior level. These risks typically show consistently across a number of registers.

Consolidated Risks (C) – Risks that have been aggregated from multiple institutional risks to provide a broader thematic perspective, and often reviewed at a higher level and may require mitigation efforts panning several senior leaders.

Controls – Existing measures, policies, or practices in place to manage and mitigate risks. These help prevent or minimize the impact of identified risks. These are typically associated with repeatable processes or practices mirrored year over year.

Causes – The underlying factors or events that contribute to the emergence of a particular risk. Understanding causes helps in developing effective mitigation strategies.

Mitigation Strategies – Planned actions or initiatives designed to reduce the likelihood or impact of identified risks. These strategies may include policy changes, process improvements, or resource allocations.

Mitigation Strategies to Controls – A demonstration of the number of structured mitigation strategies moving to a proactive control.

Mitigation Strategies Altered – Adjustments or modifications made to previously established mitigation strategies based on new insights, changing circumstances, or lessons learned from past implementations.

Risk Drivers – Key internal or external factors that influence the likelihood or severity of a risk. These can include regulatory changes, financial constraints, technological advancements, or operational challenges.

Risk Domains:

- Ops = Operational
- Rep = Reputational
- Fin = Financial
- Str = Strategic
- Comp - Compliance

BOARD OF GOVERNORS

Audit and Finance Committee (A&F)

Minutes of the Public Session of the Meeting of February 13, 2025
2:00 p.m. to 2:54 p.m. Videoconference

Members: Carla Carmichael, (Chair), Susanna Zagar (Vice-Chair), Nolan Bederman, Laura Elliott, Mitch Frazer, Laura Money, Steven Murphy

Staff: Nicola Crow, Jacquelyn Dupuis, Krista Hester, Lori Livingston, Jennifer MacInnis, Brad MacIsaac, Pamela Onsiong, Sarah Thrush

Guests: Chelsea Bauer, Mikael Eklund, Matthew Mackenzie (guest governor), Dwight Thompson (guest governor)

1. **Call to Order**
   The Chair called the Public session of the A&F meeting to order at 2:00 p.m. and read aloud the Land Acknowledgment.

2. **Agenda (M)**
   The Chair noted an amendment to the agenda and informed the Committee that the revised agenda was shared in advance. The changes involve reordering items in the Non-Public Session as follows:
   - Item #14 is now #16.
   - Items #15 and #15.1 are now #14 and #14.1.
   - Items #16 to #16.3 are now #15 to #15.3.

   Upon a motion duly made by S. Zagar and seconded by N. Bederman, the Agenda was approved as presented, including approving and receiving the Consent Agenda and its contents.

3. **Conflict of Interest Declaration**
   No conflicts were declared.

4. **Chair's Remarks**
   The Chair opened the first A&F meeting of 2025. The Chair began by reminding Committee members of some meeting protocols, and Public session attendees were welcomed though were noted unable to participate or engage in the meeting.

Following these reminders, the Chair recognized notable achievements within the Ontario Tech community. Dr. Barbara Perry received the Order of Canada, while President Steven Murphy, Chancellor Mitch Frazer, and Dr. Jacqueline Gahagan, a 2024 Honorary Doctorate recipient, were awarded the King Charles III Coronation Medal. These accomplishments were celebrated as significant milestones for both the individuals and the University. She also highlighted Black History Month, with the theme this year: “Black Legacy and Leadership: Celebrating Canadian History and Uplifting Future Generations”. Ontario Tech’s celebrations include Stories in Colour on February 24th, showcasing the creativity and legacy of Black artists, and the launch of the Black Youth Visionary Program on February 25th, supported by Scotiabank. This launch coincides with the University’s first-annual Black Student Showcase. The Chair emphasized the importance of diversity, equity, and inclusion, encouraging A&F members to participate in learning opportunities.

5. President’s Remarks

The President provided an update on campus activities, including a successful staff appreciation event at the Tribute Communities Centre for the Carriage Cup, with 500 staff members attending this year.

He noted that Ontario Tech ranked #1 for reputation by Maclean's and has seen a 71% increase in applications over the past four years. Enrollment is stable for 2025-2026 with final numbers pending.

He further noted that financially, the University faces challenges from frozen tuition since 2019, rising costs, and uncertain Provincial funding making it hard to plan for the future. This is also within the context of declining international student enrollment nationally, due to federal policies and visa delays which are damaging “Brand Canada”.

The President outlined the recent Townhall and conversations taking place throughout the University where he is talking about the challenges that the University is facing and how the University is planning to control its own destiny to overcome these challenges. He updated the Committee on Ontario Tech’s plans to reduce dependence on government funding by developing its own unique value proposition through three focus areas:

1) More unique, market-oriented programs, which will be offered to learners beyond the traditional 18-23-year-old demographic.
2) Increasing flexibility in the business model, such as rethinking program scheduling, forming industry partnerships, and offering online programs to access new markets including global ones.
3) Enhancing job readiness for graduates to address concerns about the value of universities and their social license.

He advised that these strategies will be discussed further at the upcoming Board Meeting.

The Committee expressed kudos to the University Team for this proactive approach and re-affirmed its commitment that the Committee was here to help.

6. Finance

6.1. Third Quarter Financial Reports* (U)

P. Onsiong presented two financial reports, with a focus on the forecast for the current year. She highlighted that the forecast is trending to budget, with a projected surplus of $5-6 million, about 2% of the total budget. Notable factors include a 4% increase in revenues, driven by stronger domestic enrollment attributable to the differentiated growth strategy, and increased grants, such as one-time Provincial funding and the grant for an efficiency review.

She noted that Management has allocated some of the additional revenue for academic growth, including increased teaching assistance and consulting costs for strategic initiatives like IT investments and the purchase of Campus Corners. The forecast surplus will be reviewed at year-end alongside the generally accepted accounting principles (GAAP) financial statements to determine how much will be reserved for future initiatives or applied to the Campus Corners purchase. Management is also monitoring potential impacts from the tariff situation and associated interest rate changes.

In response to a question regarding the potential cost impacts from tariffs and retaliatory measures, B. MacIsaac noted that tariffs and the depreciation of the Canadian dollar could increase costs by $350,000 to $400,000, with larger projects potentially raising this further. He added that we have two major capital projects that could increase costs by $750,000. Consulting and software costs are not tariff-eligible at this time, but exchange rate changes could still affect them. He also highlighted the $4 million revenue from the Automotive Centre of Excellence (ACE) based on US funds which is also being taken into consideration. He noted that as part of the budget setting process Management is factoring in a number of contingencies.

A question was raised about how sensitive the University's financials are to changes in the Canadian dollar. B. MacIsaac explained that a 1-cent change in the exchange rate could result in a $200,000 impact, . He noted that the team monitors exchange rates and delays purchases when necessary to manage costs. P. Onsiong added that the 40-45 day payment terms with vendors offer flexibility in managing foreign exchange risks.

6.2. 2025-2026 Tuition and Ancillary Fees* (M)

The Chair advised that there will be two motions requiring approval: one for tuition and co-op fees, and another for ancillary fees. She noted that these items are brought to the Committee for approval annually.

L. Livingston noted that this annual review is handled by the Budget Working Group and Planning Team. It is a process that is taken very seriously and one which aims to balance the interests of both the students and the University.

S. Thrush provided an overview of the proposed tuition fee changes, confirming that the University's approach aligns with the Ministry's tuition fee policy.

She advised that domestic undergraduate tuition will remain frozen for most programs, except for three that are permitted anomaly exceptions to the tuition freeze: Bachelor of Commerce, Bachelor of Science in Computer Science, will increase by up to 7.5% per year and Engineering by 3.4%, in line with the allowable sector average. Another permitted exception is the Graduate Diploma in Accounting, which will increase by 5%. Out-of-province tuition fees will rise by 5%, as permitted by the policy.

In terms of international students, which are outside the tuition freeze policy, S. Thrush noted that the proposal is to increase most undergraduate tuition fees by 3%, with a 5% increase for the Bachelor in IT program due to market factors and the fact that tuition for this program is significantly below competing programs. International research-based master's and PhD programs will see no increase, while professional Masters programs will increase by 5%.

S. Thrush added that for co-op and internship fees, which are outside the tuition freeze policy, will rise by 2% to account for inflation which is also in line with the proposed ancillary fee increase that will be addressed next.

She emphasized that these fee adjustments aim to support student needs while adhering to the Ministry's policies and ensuring transparency. She also highlighted that the University has increased investments in scholarships and bursaries for undergraduate students by 55% since 2019, outpacing the 18% enrollment growth, with a strong focus on addressing students' financial needs.

In response to a question about whether Ontario Tech's enrollment growth is due to competitive tuition or other factors, and if high tuition could impact future success, S. Thrush explained that key factors include the University's reputation, rankings, employability outcomes, salaries graduates can earn, and scholarship packages, especially for international students. She also noted that from an international student standpoint, if fees are too low, this is perceived as an indication of low quality. She acknowledged that the total cost of degree attainment, including tuition and housing, plays a significant role in students' decisions. S. Thrush also noted that Ontario Tech monitors sector-wide tuition fees to remain competitive with Ontario Tech fees typically lower than others in the sector.

Upon a motion duly made by L. Elliott and seconded by L. Money, the Audit & Finance Committee hereby recommends the 2025-2026 tuition fees and co-op fee increase, as presented, for approval by the Board of Governors.

B. MacIsaac explained that a committee comprising of three administrators and three students reviews all ancillary fee requests. This year, the fee increase was set at 2.2%, below the 2.3% maximum allowed, with two new fees being re-allocations for better accounting transparency. He noted that international health insurance fees will be finalized before June registration with minimal changes expected. He reported that the key discussion this year is the student referendum on the U-Pass, a fee for Durham Region transit. Students are concerned about a 4.9% rate increase, even though this is a 70% discount from the adult fare and other DRT passes have seen double-digit rises. The referendum, scheduled for March 12-14, will decide if the fee proceeds; if not, it will be removed in the fall of 2026.

Upon a motion duly made by L. Elliott and seconded by S. Zagar, the Audit & Finance Committee hereby recommends the 2025-26 ancillary fees as presented, for approval by the Board of Governors.

7. Compliance and Policy

7.1. Interim Risk Management Update* (U)

B. MacIsaac noted that over the past three years, there have been ongoing discussions about differentiated growth, with related risks compiled from the risk register. He emphasized that the report is intended to highlight these risks and note that leadership is monitoring them.

J. Dupuis presented an overview of the risks associated with the differentiated growth strategy, urging the Committee to consider how the University should prioritize investments in infrastructure and services to sustain growth while maintaining academic quality.

She highlighted operational risks, such as strain on infrastructure, administrative capacity, and campus services, and discussed strategies being explored, including technology-driven learning solutions, expanded scheduling, service enhancements, and investments in cybersecurity and data management. She also emphasized the importance of finalizing the University’s business continuity plan by June, building on lessons learned during the pandemic.

In addressing reputational risks, she stressed the importance of maintaining a positive student experience, reinforcing the University’s core values, and ensuring that growth does not dilute the Institution’s identity. Efforts to strengthen alumni engagement and community initiatives were also noted, with the University continuing to receive academic and staff recognition despite challenges.

On strategic risks, she explained that leadership is aligning expansion efforts with long-term academic goals through ongoing discussions. She highlighted the review of partnerships, particularly through enhancing the potential of collaborative efforts with Durham College such as through shared services initiatives, to ensure mutual benefit, cost-effectiveness, and operational efficiency.

Regarding financial risks, she emphasized that growth requires significant investment, and the University is carefully balancing tuition revenue, grants, and partnerships to ensure financial sustainability. Efforts to leverage Ontario’s performance-based funding model and expand research initiatives to attract additional funding were also mentioned.

She also addressed emerging risks, particularly external factors such as Government caps on international student enrollment and shifting immigration policies, which could impact admissions. The University is actively monitoring these trends and adapting recruitment strategies accordingly. The Risk Management team is working with stakeholders to ensure that expansion strategies are aligned with both current needs and future growth.

In response to a question about scenario planning for extreme situations such as a cyber incident, J. Dupuis explained that the Risk Management Team conducts crisis management exercises, including playing out scenarios for major incidents to test cybersecurity and business continuity, which includes testing alongside external stakeholders to ensure effectiveness. She noted that they also focus on crisis communication and planning for potential on-campus or institutional crises.

B. MacIsaac emphasized the importance of business continuity planning, particularly focusing on what to do if the IT system fails and J. Dupuis highlighted key areas of focus: ensuring contact information is up to date for all team members, identifying backup personnel for key roles during crises, and outlining the top priorities each person must know to maintain operations. She noted that these steps are part of broader efforts to strengthen crisis management at the University.

7.2. Procurement of Goods & Services Procedure* (M)
B. MacIsaac clarified that the revised Procurement of Goods & Services Procedure, is being amended to reflect new requirements within the provincial legislation – Building Ontario Businesses Initiative Act. This Act requires Broader Public sector agencies to prioritize Ontario companies for purchases under $121,000.

He advised that the amendments are in line with this legislation and will ensure proper processes are followed.

In response to a question as to whether this is a recent development due to the tariff situation or part of an ongoing set of provincial regulations, B. MacIsaac confirmed that this legislative requirement pre-dates the current situation and acknowledged that there might be future adjustments as the tariff situation evolves.

Upon a motion duly made by L. Money, and seconded by L. Elliott, the Audit & Finance Committee hereby approves the Procurement of Goods and Services Procedure as presented.

8. Consent Agenda (M)

8.1. Minutes of Public Session of A&F Meeting of November 21, 2024* (M)
8.2. Investment Oversight: Semi-Annual Investment Portfolio Report* (I)

The Chair confirmed that the contents of the Consent Agenda were approved and received under Agenda Item #2.

9. Adjournment

There being no other business, and upon a motion duly made by N. Bederman, the Public session of the A&F meeting adjourned at 2:54 p.m.

Kirstie Ayotte, Assistant University Secretary

COMMITTEE REPORT

SESSION:

Public ☒
Non-Public ☐

ACTION REQUESTED:

Decision ☐
Discussion/Direction ☐
Information ☒

TO: **Audit & Finance Committee (A&F)**

DATE: **April 10, 2025**

PRESENTED BY: **Brad MacIsaac, VP Administration**

SUBJECT: **Ontario Tech Credit Rating**

COMMITTEE/BOARD MANDATE:
The Committee is responsible for overseeing the financial affairs of the University with respect to all financial reporting/ internal control functions. We are providing this report to the Committee to assist with the fulfilment of the Committee's financial oversight mandate, and as required by the covenants in the University's debenture.

BACKGROUND/CONTEXT & RATIONALE:
Ontario Tech has issued debt (debentures) initially valued at $220M. Covenants in the Agreement require annual credit ratings from two credit rating agencies. The University uses Dominion Bond Rating Services (DBRS) and Moody's Investor Service.

This report provides an update on Ontario Tech credit ratings, which were issued on December 19, 2024 (Moody's) and December 13, 2024 (DBRS). DBRS upgraded the University to A from A (low) in 2024 and it remains stable this year while Moody's has remained stable at A1. Both are considered "low credit risk".

Although Ontario Tech ratings have trended positively over the past five years, our credit rating remains at the low end of the range in our sector. This is due to high debt to student levels which are a consequence of the Provincial choice to have Ontario Tech fund its own initial infrastructure costs. In reaffirming their ratings, both agencies acknowledged Ontario Tech's positive operating results while highlighting the pressures caused by flat government grants and frozen tuition framework.

IMPLICATIONS:
Credit ratings assess a debtor's ability to pay back debt by making timely interest payments and the likelihood of default. It affects the interest rate that a security pays out, with higher ratings leading to lower interest rates. For Ontario Tech, an improved credit rating would result in lower borrowing costs on future debts.

NEXT STEPS:
Continue working with DBRS and Moody's to provide information, highlight Ontario Tech's operational improvements, and to ensure our credit rating accurately reflects the university's fiscal position.

SUPPORTING REFERENCE MATERIALS:

Moody's Credit Opinion

DBRS Rating Report

CREDIT OPINION

19 December 2024

Update

Send Your Feedback

RATINGS

University of Ontario Institute of Technology

Domicile	Ontario, Canada
Long Term Rating	A1
Type	Senior Unsecured - Dom Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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University of Ontario Institute of Technology (Canada)

Update to credit analysis

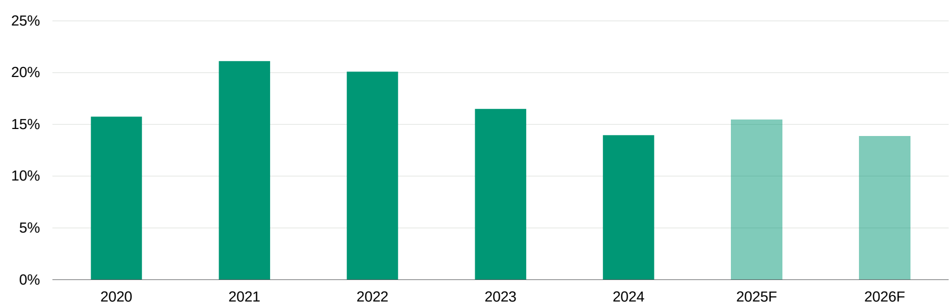
Summary

The credit profile of the University of Ontario Institute of Technology (Ontario Tech, A1 stable) reflects a niche market position which supports enrolment demand despite federal constraints on international student growth. Provincial debt subsidies support debt affordability which is coupled with solid levels of wealth from cash and investments. Credit challenges mainly reflect wage cost pressures from rising salaries, and constrained revenues given the extension of a freeze on domestic tuition fees by the Province of Ontario (Aa3 positive), which follows several years of freezes. The university's strategic position is also impacted by its smaller size than larger peers and low revenue diversification.

Exhibit 1

EBIDA margins have declined but will stabilize, aided by positive enrolment growth which balances domestic tuition fee caps and rising salaries

EBIDA margin



Year ending March 31

Sources: Ontario Tech and Moody's Ratings

Credit strengths

» Strong debt affordability benefits from provincial debt service subsidies

» Solid levels of cash and investments

» Niche focus supports enrolment growth despite federal policy changes for international students

Credit challenges

» Operating challenges from rising labour costs and provincial operating constraints

» Less recognized brand than peers

» Low revenue diversification and smaller endowment than peers

Rating outlook

The stable outlook reflects our view that the university will maintain solid wealth levels and strong cash flow along with good brand and strategic positioning that will attract healthy student demand. An increasing share of international students will enable the university to offset revenue pressures including constrained provincial funding and limits on domestic fee increases.

Factors that could lead to an upgrade

The rating could be upgraded if cash and investment levels rose materially, leading to improving coverage and leverage metrics, or if easing provincial restrictions resulted in higher revenue generation capacity.

Factors that could lead to a downgrade

The rating could be downgraded if operating results declined materially as a result of lower domestic or international enrolment levels, or weaker expenditure controls. Deterioration of wealth and liquidity levels that would lead to lower coverage of debt and expenses would also place downward pressure on the rating.

Key indicators

Exhibit 2

Ontario Tech University

Year ending March 31

Key Indicators	2021	2022	2023	2024	2025F	2026F
Operating revenue (CAD million)[1]	189.5	203.6	210.8	232.2	244.3	254.3
EBIDA margin (%)	21.1	20.1	16.5	14.0	15.5	13.9
Total cash and investments (CAD million)	84.9	119.2	111.6	118.9	118.9	118.9
Total cash & investments to Total adjusted debt (x)	0.44	0.57	0.56	0.64	0.67	0.70
Total cash & investments to operating expenses (x)	0.46	0.60	0.52	0.50	0.49	0.47
Annual debt service coverage (x)	1.96	1.94	1.64	1.46	1.86	1.74

[1] Revenue is net of scholarship expenses

Sources: Ontario Tech and Moody's Ratings

Detailed credit considerations

The credit profile of Ontario Tech, as expressed in its A1 stable rating, combines (1) a BCA of a3, and (2) a high likelihood of extraordinary support coming from the Province of Ontario (Aa3 positive) in the event that the university faced acute liquidity stress.

Baseline credit assessment

Strong debt affordability supported by provincial debt service subsidies

Ontario Tech maintains strong debt affordability with key debt metrics comparing favourably among Moody's rated peers. Annual debt service coverage has averaged 1.7x over the last five years. We expect similar levels over the next three years given our projection of no new debt issuances during the period.

Debt affordability is further supported by CAD13.5 million annual debt service subsidies from the Province of Ontario for the university's 2034 maturity debenture. The province's debt service subsidies significantly eases the financial impact of the debt burden on the university. The Durham College of Applied Arts and Technology provides a guarantee to Ontario Tech's 2034 debenture, providing additional credit support to debenture holders.

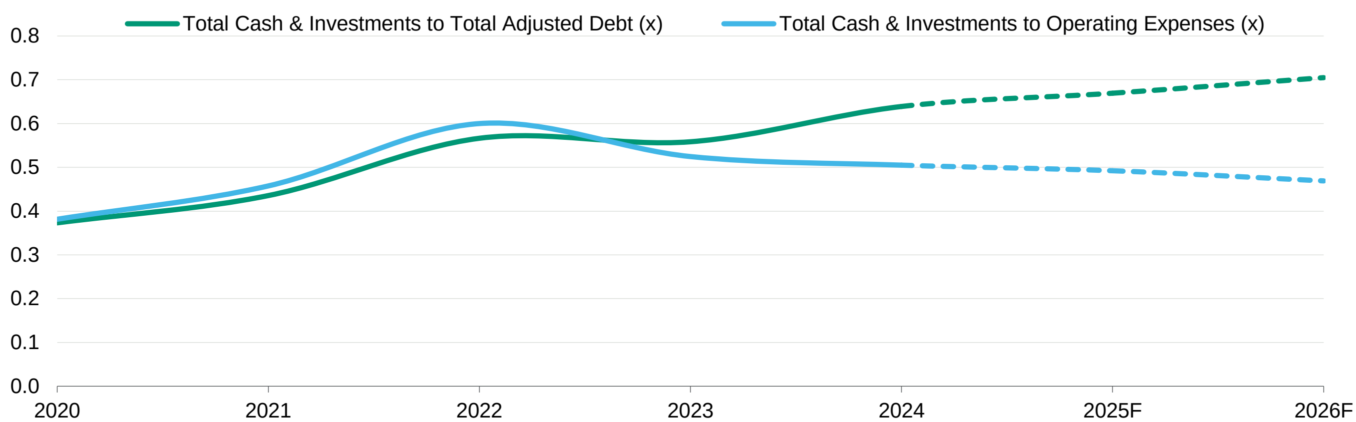
The university's total adjusted debt of CAD186.1 million (at March 31, 2024) mainly reflects its CAD129.2 million book value (at March 31, 2024) senior unsecured debenture maturing in 2034, CAD26.8 million present value of its long-term capital lease obligations for buildings in downtown Oshawa, and CAD20.3 million interest rate swap liability. These balances will continue to amortize annually.

Solid levels of cash and investments

Total cash and investments have grown significantly over the last five years but have largely stabilized since 2022, in part reflecting the weaker operating environment. Adjusted total cash and investments, including endowments, stood at CAD118.9 million at March 31, 2024, and we project modest annual growth in wealth levels over the next few years. Cash and investments provided 0.6x coverage of total adjusted debt in 2023-24, which has improved in recent years. We project continued growth in coverage metrics over the next three years, given gradually rising wealth levels and no new debt. However, cash and investments coverage of operating expenses has declined since 2022, mainly reflecting continued expense growth in a more challenging operating environment.

Exhibit 3

Debt coverage will continue to improve, but expense coverage will decline given a more challenging operating environment
Year ending March 31



Year ended March 31
Sources: Ontario Tech and Moody's Ratings

The university maintains sizeable liquidity portfolio including reserves which will continue to support the university's efforts in making moderate, internally financed investments in campus infrastructure, and provides a buffer against fiscal challenges from provincial tuition constraints.

The internally financed investments include capital projects financed through reserves instead of taking on new debt, with the goal of replenishing reserves following internal draws, a strategy that has proven successful in recent years. In our view the liquidity profile will continue to support the university's efforts in making similar investments in campus infrastructure. Short-term liquidity needs are further supported by a CAD17 million operating line of credit which remains undrawn.

Niche focus supports enrolment growth despite federal policy changes for international students

Despite its smaller size, Ontario Tech has carved out a niche market position as a career-oriented institution focused on engineering and applied sciences in the Greater Toronto Area. The university offers Canada's only undergraduate-level nuclear engineering program and a proposed infrastructure engineering program. Domestic demand remains strong within its local catchment area, which favourably distinguishes it from several of its small/mid-sized peers.

Ontario Tech also has strong partnerships with a number of academic institutions in Ontario that benefits student demand, including with Durham College other colleges, which provides diploma-to-degree opportunities between the two institutions. Ontario Tech also has joint programs with several institutions including Trent University, which has a campus in Oshawa.

We expect steady enrolment growth even as Ontario Tech faces competition among Ontario-based universities and more limited opportunities for growth in international students given recent federal policy changes. FTE student enrolment was 10,286 in 2023-24, a 14.7% cumulative growth over the last five years. The university projects growth of 1.0% for 2024-25 and 3.5% for 2025-26.

Academic focus is heavily weighted on undergraduate students. Graduate students comprise a relatively small share (7.9% of FTE students in 2023-24), although growth remains positive and they represent stronger revenue potential given generally higher tuition fees compared to undergraduate students. International students make up around 11% of total enrolment (2023-24), below the

Canadian sector average of 20%. In 2024, the federal government introduced several policy changes that will limit international student growth, including a cap on international students, resulting in a 35% reduction in the number of international students that will be permitted to enroll in first year undergraduate programs in 2024-25, a further 10% reduction in 2025-26 and held constant in 2026-27. Given these changes, the university revised its target for the share of international students to 13-14% over the next five years, from 18% previously.

The university is also an increasingly attractive space for research, with increased commitments from the federal and provincial governments including higher levels of Tri-Council funding and provincial funding for intellectual property and electric and autonomous vehicle research continues to support the growth in research grants. Ontario Tech's Project Arrow, an all-Canadian concept electric vehicle, has also gained both national and international recognition. Additionally, although they do not contribute to revenues, several partnerships with large corporations in the region for in-kind research collaborations, including for the university's climatic wind tunnel, enhance the university's research profile and reputation.

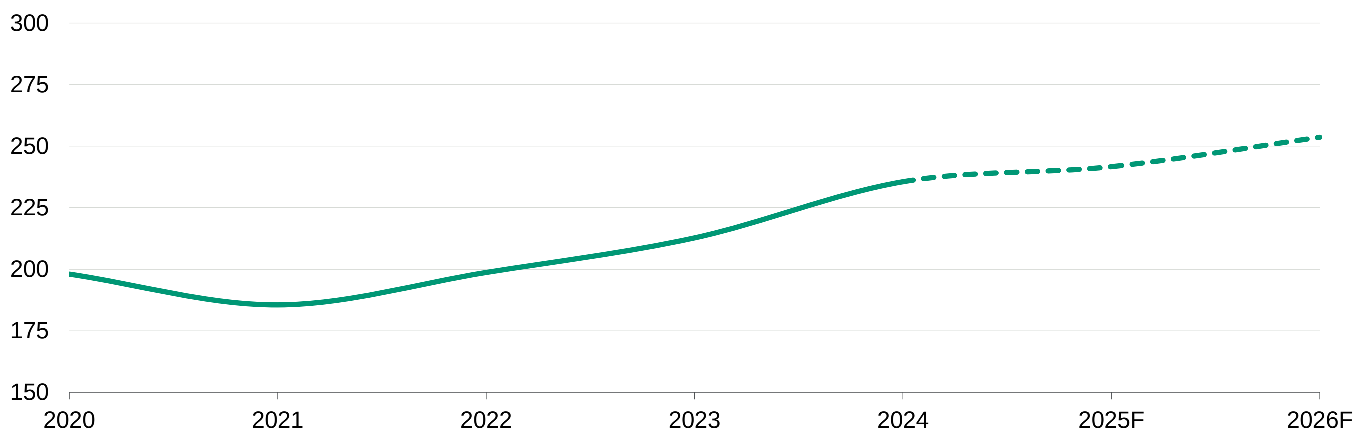
Operating challenges from rising labour costs and provincial operating constraints

The university faces rising expenses from general cost and wage increases. Salaries and benefits currently make up nearly 60% of total expenses, and therefore represent a key driver of expense growth. The Ontario government's repeal of its own Bill 124 in early 2024 following a court decision that deemed it unconstitutional has added further wage pressure for the university. Bill 124 previously capped salary increases for public sector workers at 1% annually for the fiscal years 2020, 2021 and 2022.

Exhibit 4

Operating expenses will continue to rise reflecting inflationary and other cost pressures

Operating expenses (CAD millions)



Year ended March 31

Sources: Ontario Tech and Moody's Ratings

Multi-year provincially mandated freezes in domestic tuition rates also constrain operating results. The provincial government continues to mandate a freeze in domestic tuition rates for 2024-25 which already follows four years of similar freezes on top of a mandated 10% fee reduction in 2019-20. These restrictions limit revenue growth from domestic tuition.

The province is now also transitioning the framework for university operating grants to reflect a gradually increasing emphasis on performance metrics (relative to grants based on enrolment), where universities are benchmarked against their own past performance based on a number of indicators. Although the change could create some volatility in the amount of grants for universities, the university expects to continue to meet its performance benchmarks.

Less recognized brand than peers

The university's rebranding exercise to Ontario Tech University (from the University of Ontario Institute of Technology) has helped avoid some of the negative pressures on enrolment experienced in recent years by several peers. However, despite the noted improvements in its name recognition following the rebranding exercise, the university will remain limited by its small size and weaker overall brand than its larger, more recognized peers.

Low revenue diversification and smaller endowment than peers

Ontario Tech receives around 70-80% of its revenues from two primary sources: provincial operating grants, and tuition fees. As a result, the university's revenues have low diversification from other sources, including from donations and investment income. As a result, the university's ability to meaningfully increase revenues from other sources will continue to be limited.

Relative to its more established peers, Ontario Tech has limited ability to raise significant fundraising revenue, reflecting a smaller alumni and donor pool. The lack of significant fundraising capacity limits the growth in endowment balances, and reflects the university's weaker strategic position relative to peers and a greater reliance on other revenue sources to fund initiatives. While the endowment portfolio grew in 2023-24 to CAD27.0 million, it remains small relative to most peers.

Over the next 10 years, the university is looking to improve its fundraising efforts with a greater emphasis on donor relations and a new fundraising campaign with a target of raising CAD250 million by 2034-35. This campaign will also support the university's desire to reduce its reliance on tuition, grants and ancillary revenues.

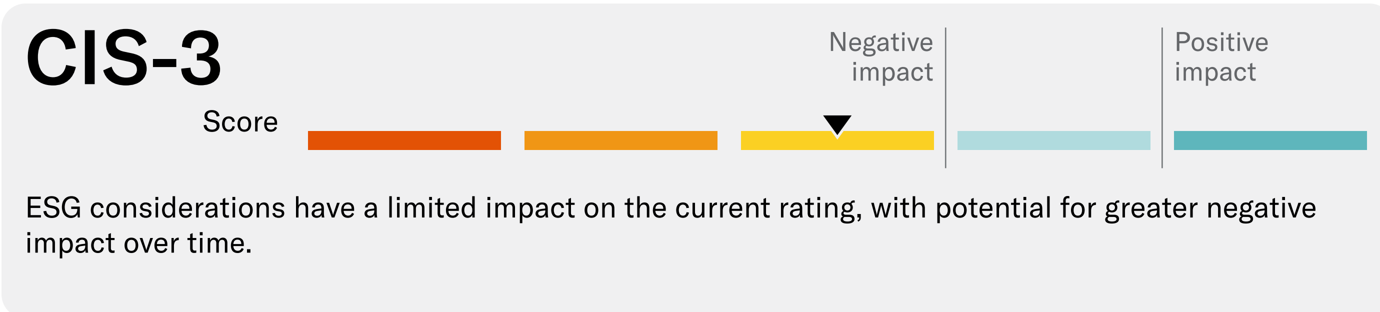
Extraordinary support considerations

Moody's assigns a 'high' likelihood of extraordinary support provided by the Province of Ontario in the event that the university faced acute liquidity stress. Durham College of Applied Arts and Technology provides a guarantee to Ontario Tech's 2004 senior unsecured debenture. As colleges in Ontario face stronger regulation than universities, and are therefore closer to the province, the guarantee provides for a stronger level of extraordinary support for Ontario Tech, if the university were to face acute liquidity pressure, than other universities in the province.

ESG considerations

University of Ontario Institute of Technology's ESG credit impact score is CIS-3

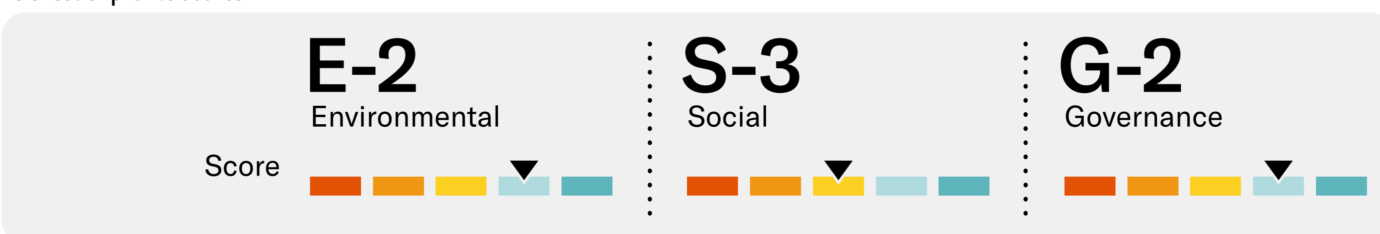
Exhibit 5
ESG credit impact score



Source: Moody's Ratings

Ontario Tech's **CIS-3** Credit Impact Score primarily reflects moderately negative ESG risks stemming from social factors including a decline in the university age domestic population in Ontario and the university's exposure to government tuition setting policies which limits increases in domestic student fees.

Exhibit 6
ESG issuer profile scores



Source: Moody's Ratings

Environmental

The **E-2** issuer profile score (IPS) reflects the university's limited exposure to environmental risks. The university is not subject to material environmental risks. While it owns land and buildings which may be subject to environmental risks (e.g., asbestos in older buildings or clean-up following construction), these risks are modest and the university proactively manages them through its operations and facilities maintenance.

Social

The **S-3** IPS reflects pressures Ontario Tech faces from a decline in the university age domestic population in Ontario which places some downward pressure on demand. In addition, physical infrastructure constraints and budget constraints limit the number of provincially funded students. Provincial funding policies designed to address affordability, both on tuition setting and support to students, also present moderate risks.

Governance

The **G-2** IPS reflects an organizational structure that is typical of Canadian universities, allowing for ease of funding from the provincial government as well as funding allocations between the university's departments. Each faculty is responsible for developing its own budget and adhering to self-imposed revenue and expense targets. Governance is strong with prudent oversight from the Academic Council and Board of Governors.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating methodology and scorecard factors

The assigned BCA of a3 is in line with the scorecard indicated outcome. For details of our rating approach, please refer to the Higher Education (July 2024) and Government-Related Issuers (January 2024) methodologies.

Exhibit 7
Ontario Tech University
(at March 31, 2024)

Scorecard Factors and Sub-factors		Value	Score
Factor 1:	**Scale (15%)**		
	Adjusted Operating Revenue (USD Million)	172	A
Factor 2:	**Market Profile (20%)**		
	Brand and Strategic Positioning	Baa	Baa
	Operating Environment	A	A
Factor 3:	**Operating Performance (10%)**		
	EBIDA Margin	14%	A
Factor 4:	**Financial Resources and Liquidity (25%)**		
	Total Cash and Investments (USD Million)	88	A
	Total Cash and Investments to Operating Expenses	0.5	A
Factor 5:	**Leverage and coverage (20%)**		
	Total Cash and Investments to Total Adjusted Debt	0.6	A
	Annual Debt Service Coverage	1.5	Baa
Factor 6:	**Financial Policy and Strategy (10%)**		
	Financial Policy and Strategy	Baa	Baa
	Scorecard-Indicated Outcome		a3
	Assigned BCA		a3

Data is based on most recent fiscal year available. Debt may include pro forma data for new debt issued or proposed to be issued after the close of the fiscal year.
For non-US issuers, nominal figures are in US dollars consistent with the Higher Education Methodology.
Source: Moody's Ratings

Ratings

Exhibit 8

Category	Moody's Rating
UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY	
Outlook	Stable
Baseline Credit Assessment	a3
Bkd Senior Unsecured -Dom Curr	A1

Source: Moody's Ratings

REPORT NUMBER 1427808

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

Rating Report
University of Ontario Institute of Technology

Morningstar DBRS
December 13, 2024

Contents

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Credit Ratings

Debt	Credit Rating	Credit Rating Action	Trend
Issuer Rating	A	Confirmed	Stable
Series A Senior Unsecured Debentures	A	Confirmed	Stable

Credit Rating Update

On November 29, 2024, DBRS Limited (Morningstar DBRS) confirmed the Issuer Rating of the University of Ontario Institute of Technology (the University or Ontario Tech) and the rating on its Series A Senior Unsecured Debentures (the Debentures) at "A." Both trends are Stable.

The credit ratings are supported by the University's gradually improving academic profile and the ongoing student demand for its science, technology, engineering, and mathematics program offerings. Morningstar DBRS notes that the current operating environment, given the constrained funding and tuition frameworks and changes to federal international student targets, remains a challenge for all public universities in the Province of Ontario (Ontario or the Province; rated AA with a Stable trend).

Ontario Tech reported a surplus of $6.4 million in 2023–24 (compared with a surplus of $2.6 million in 2022–23) as revenue benefitted from enrolment growth, higher on-campus activity, and a high interest-rate environment that supported investment income. Total expenses increased 9.5% from the prior year owing to higher costs for supplies, salaries and benefits, student aid, financial assistance, and awards.

As of Q2 2024, Ontario Tech's operating forecast is trending toward the original budgeted surplus for 2024–25. Total enrolment increased above target with higher-than-expected numbers of both domestic and international students. The ongoing freeze on domestic tuition fee increases, intense competition for domestic students, and recent international study permit cap may pressure the enrolment outlook in the coming years.

Morningstar DBRS' debt forecast has improved since its previous review, with the debt per full-time equivalent student expected to fall to less than $17,000 following the improved enrolment outlook and amortizing debt. Morningstar DBRS estimates debt will remain elevated through the near to medium term but will gradually decline as existing debt amortizes. Although Morningstar DBRS views Ontario Tech's debt burden as elevated among Ontario universities, it acknowledges the unique circumstances surrounding the debt, reflecting a policy decision made by the Province at the time the University was established. While the legal obligation rests with the University and provincial grants flow through

Ontario Tech, only about one-fifth of the debenture debt is serviced through the University's general operations.

A positive credit rating action could result from sustained improvement in financial risk assessment metrics and an improvement in Morningstar DBRS' assessment of one or more critical credit rating factors.

A negative credit rating action could result from a combination of a material deterioration in key financial metrics and critical credit rating factors.

Financial Information

	For the year ended March 31				
	2024	**2023**	**2022**	**2021**	**2020**
Operating result (adjusted, CAD millions)	6.4	2.6[1]	12.4	15.1	(2.6)
Debt per FTE (CAD)	17,718	20,197	21,342	19,898	21,796
Expendable resources to debt (%)	26.4	23.0	25.1	11.4	11.3
Interest coverage ratio (x)	2.6	2.5	3.0	2.7	2.0
Surplus-to-revenue (five-year rolling average) (%)	3.0	3.1	4.4	4.5	3.4

1 Includes a one-time charge related to the termination of a capital lease.

Issuer Description

Ontario Tech is in Oshawa, Ontario, and provides career-oriented university programs and transitional programs to enable college graduates to complete university degrees. The University was established in 2002 and has an enrolment of more than 10,200 full-time equivalent students (FTEs). Ontario Tech has developed a strong reputation for its STEM programming and industry partnerships.

Credit Rating Considerations

Strengths

1. Established reputation

Ontario Tech has grown rapidly since its establishment in the early 2000s and has developed a strong reputation in several high-demand, engineering- and technology-related fields. The University ranks reasonably well in Canada for a small university and is well established in the Durham Region (Oshawa). Ontario Tech's name recognition remains limited outside the Greater Toronto Area (GTA) but is improving with a growing alumni base and improved branding/visibility.

2. Provincial support

Universities are stable institutions and a critical component of the public sector. Access to high-quality postsecondary education remains a priority for the Province. As such, universities in Ontario and across Canada benefit from stable and consistent revenue sources. Government grants and tuition fees typically account for around 79% of revenue for Ontario Tech.

3. Effective financial management practices

Financial management practices have improved significantly over the past several years. The University has developed effective budget and planning processes, has improved internal and external reporting, and continues to make its operations more effective and cost efficient.

4. Defined contribution pension plan

Ontario Tech has a defined contribution pension plan, which alleviates the risk of meeting future benefit payments for retired employees. Defined benefit plans represent the prevailing standard for Canadian universities.

Challenges

1. Constrained policy environment and limited control of revenue

Canadian universities have limited control over their main revenue sources—tuition fees and government grants. In recent years, the Province of Ontario (Ontario or the Province; rated AA, Stable) implemented changes to the tuition fee framework for domestic students in regulated programs, limiting domestic tuition growth and freezing operating grants.

2. Cost pressures

Underlying cost pressures are somewhat detached from the University's revenue drivers. Canadian universities' expense bases are largely fixed and growing in the form of tenured faculty, unionized support staff, externally mandated student aid requirements, and large infrastructure footprints. In recent years, inherent cost pressures have outpaced provincially controlled revenue growth for many Morningstar DBRS-rated universities. Ontario Tech has less operational flexibility to adjust to the constrained operating environment than larger, more established universities.

3. Limited balance sheet flexibility

As a relatively small institution that has operated primarily in a constrained funding environment, Ontario Tech's balance sheet has limited financial flexibility compared with most other Morningstar DBRS-rated universities.

4. Sizable debt burden

Ontario Tech has a relatively high debt burden among Morningstar DBRS-rated Ontario universities at $17,718 per FTE; however, the debt burden and its funding are unique among Ontario universities because the amortizing Debentures, issued when the University was established, are largely serviced by restricted debt-servicing grants from the Province. Effectively, only one-fifth of Ontario Tech's debenture debt is serviced with general operations (e.g., unrestricted operating grants and tuition fees).

Operating Performance

2023–24 Results

For the fourth consecutive year, Ontario Tech reported a surplus: $6.4 million in 2023–24 compared with $2.6 million in 2022–23.

Total revenue increased 11.0% in 2023–24, mainly driven by total FTE growth of 7.6%, higher ancillary revenue, other revenues, interest income, and research grants. Tuition revenue increased by 10.9% as a result of growth in both domestic and international students. International students represented approximately 11.0% of total headcount as at YE2024. International enrolment also benefitted from the execution of targeted international recruitment efforts. Domestic enrolment increased 5.6% over the prior year and remains within the eligible corridor. The core operating grant was unchanged, in line with the current funding formula.

Total expenses increased 9.5% from the prior year because of higher costs for supplies and expenses, salaries and benefits, and student financial assistance.

While still weaker than many Ontario universities, Ontario Tech's net asset position continues to improve through its efforts to strengthen the balance sheet. As at March 31, 2024, net assets were $126.6 million, a 6.3% improvement from the previous year.

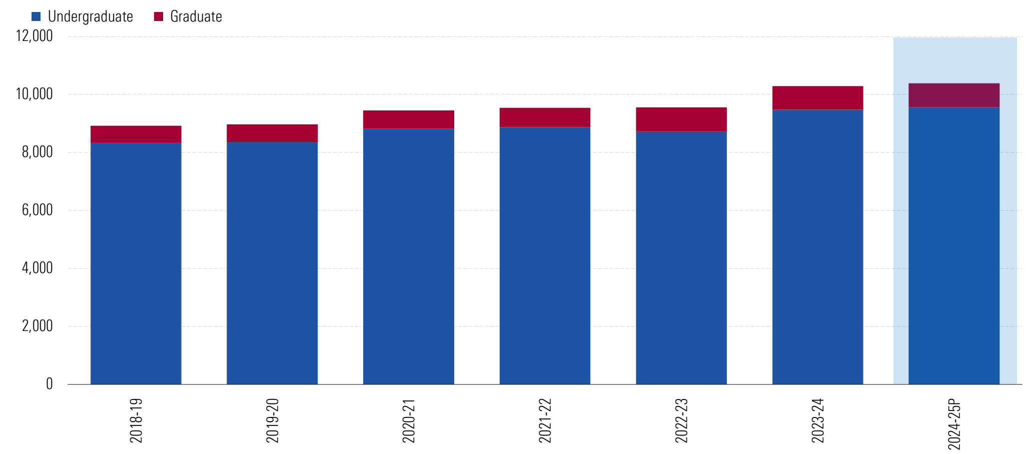
2024–25 Budget and Interim Forecast

The University uses an incremental budget model and prepares its budget on a modified cash basis. The budget’s scope differs somewhat from that of the audited financial statements, but variances between bottom-line results are clearly identified.

Based on the most recent financial update (for the six months ended September 30, 2024), Ontario Tech's operating forecast is trending toward the original budgeted surplus of $5.4 million for 2024–25. The University anticipates budgeted revenue to increase by 4% to $253.6 million relative to the previous budget. At the same time, operating and capital expenses are forecast to be 3% above budget at $247.7 million.

Total enrolment increased against target with higher-than-expected total numbers of both domestic and international students. Based on September 2024 data from Ontario Universities' Application Centre, in-province demand for Ontario Tech's undergraduate programs was strong, with 8.8% year-over-year (YOY) growth in high school applications and 3.4% growth in confirmations. All other undergraduate applications declined by 8.6% YOY to about 3,286 and confirmations declined by 10.3%.

Exhibit 1 Enrolment (FTEs)



P=Projected.
Source: Morningstar DBRS.

Operating Outlook

The University's strategy, as outlined in its 2023–28 Integrated Academic-Research Plan, identifies four areas of focus: creating a sticky campus, learning reimagined, tech with a conscience, and partnerships. To this end, Ontario Tech will provide increased supports to all stakeholders (students, staff, industry partners, etc.) to create a cohesive education framework that is focused on research and innovation; adaptability to an evolving operating environment; equity and inclusion in learning, teaching, and research; and an ongoing emphasis on technological/digital integration. Some specific initiatives include faculty additions, international student recruitment initiatives, financial aid/scholarships to students, and IT upgrades and facilities revitalization.

The ongoing freeze on domestic tuition fee increases and intense competition for domestic students could pressure the outlook for domestic enrolment in the coming years. While the recent international study permit cap may create some added pressure on international enrolments, and concurrently on domestic enrolments, the University has a modest proportion of international students, with a target of approximately 15% of total enrolment. Moreover, the Province has indicated that it will allocate its study permits based on several criteria, including prioritizing certain disciplines such as STEM and nursing, which should be favourable to the University. Furthermore, the University continues to explore innovative avenues for student outreach and nontraditional learning for international students, such as fully online micro-credential programs for mature students looking to upskill while continuing to work in their native countries.

Ontario Tech’s academic profile has improved over the past decade but has limited visibility outside the GTA. The University rebranded itself Ontario Tech University in 2019 and started to make changes to the campus to improve its attractiveness as a destination for students. The University continues to explore addition of new facilities, more student- and community-oriented spaces, and improved food services. The University's reputation as a research university continues to improve, with Ontario Tech ranking among top universities despite a relatively limited track record compared with more established university peers.

Capital

Capital investment was $11.6 million in F2024, compared with $12.7 million in the prior year.

During 2024–25, the University anticipates $22.5 million of capital expenditure toward IT, facilities, and equipment replacement to accommodate a flexible hybrid learning and work environment. The forecast also includes the recent purchase of 50% of the Campus Corners administrative building. Ontario Tech does not contemplate any major capital projects over the medium term, but it will continue to expand its presence in downtown Oshawa as it moves from leased space to University-owned properties, reimagines use of space to accommodate anticipated enrolment growth in future years, and creates a broader proportion of programming that is delivered virtually. Ontario Tech will seek to consolidate leased spaces in downtown Oshawa to develop a dedicated academic hub.

The University anticipates it will use operating reserves, donations, and grants if further capital opportunities arise. Over the longer term, however, financial sustainability and rebuilding of reserves remains a key priority for the leadership team.

Ontario Tech's deferred maintenance needs are limited because most buildings were built in the 2000s. As at F2025, the University estimated deferred maintenance of $3.9 million and an overall facilities condition index of 0.022, which is considered very manageable. The University estimated (in December 2024) that more than 80% of the building infrastructure is in great condition. Currently, the University is developing a longer-term deferred maintenance and space management plan and will look to set aside nearly $4.0 million annually in the form of deferred maintenance reserves and capital reserves.

Debt and Liquidity

Ontario Tech's total adjusted debt was $182.2 million as at YE2024, down from $193.0 million for the prior fiscal year. On a per-student basis, this equates to roughly $17,718 per FTE and is among the highest among Morningstar DBRS-rated universities. The University's debt comprises $129.2 million in amortizing Debentures, $26.8 million in capital leases, a $20.3 million unsecured loan, and $5.9 million in other long-term debt, which includes a reclassification from capital leases to other long-term debt relating to the lease termination and purchase of 55 Bond Street in F2023.

Although Morningstar DBRS views Ontario Tech's debt burden as elevated among Ontario universities, it acknowledges that the unique circumstances surrounding the debt reflect a policy decision made by the Province at the time of establishing the University. While the legal obligation rests with the University and provincial grants flow through Ontario Tech, the Province is effectively servicing more than 80% of the Debentures. The Province provides Ontario Tech a flat $13.5 million annual restricted grant that covers more than 80% of the annual $16.5 million requirement for principal and interest. Excluding this debt would yield a debt burden of $76.5 million, or $7,441 per FTE (roughly in line with the average of Morningstar DBRS-rated Ontario universities).

The Province has provided Ontario Tech with assurances that the restricted grant will continue until the Debentures are fully repaid in 2034 although the payments are subject to conditions and require annual legislative approval at the Province's end. Nevertheless, Morningstar DBRS is confident the Province will continue to provide the grants until the debt is retired because of the importance of postsecondary education to the provincial government, the political consequences resulting from the failure of a publicly funded and regionally important university, and the grant's relatively small size in Ontario's broader financial context. While not an immediate concern, a material reduction in the grant would challenge the University's finances and put downward pressure on the credit profile.

Debt-servicing costs remain manageable at 4.8% of total expenses. Interest coverage increased modestly to 2.6 times (x), compared with 2.5x in the prior year.

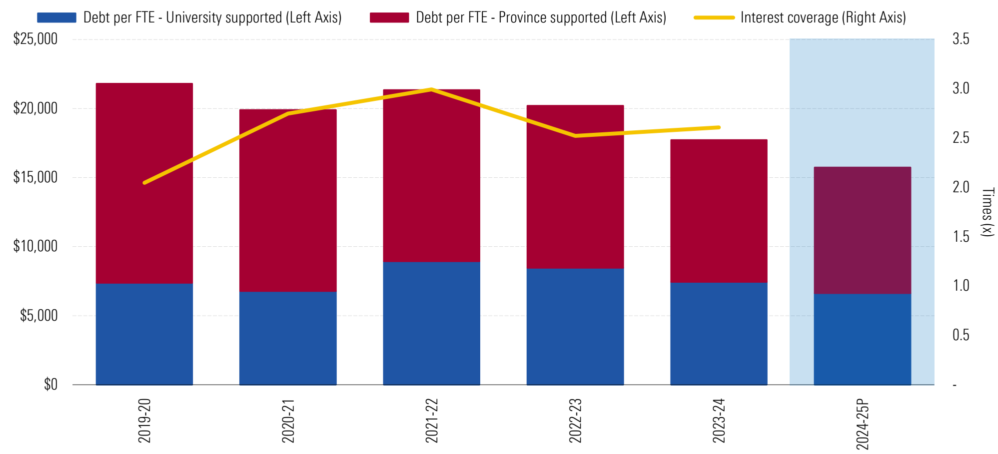
The University's balance sheet has improved significantly over the last 10 years, supported by the ongoing effort to improve operating results, accumulation of reserves, and financial management practices. Debt declined steadily over much of the past decade. Nevertheless, and consistent with the credit ratings, the University's balance sheet exhibits less flexibility relative to many other Morningstar DBRS-rated universities.

Expendable resources comprise a subset of net assets, including unrestricted net assets, most internally restricted net assets, and internally restricted endowments. Morningstar DBRS assesses Ontario Tech's expendable resources to be $48.1 million, or 26.4% of total debt outstanding at March 31, 2024. The University expects to use existing reserves to fund potential capital opportunities through the near to medium term. Over the longer term, the University anticipates expendable resources to be supported by positive operating results and as it sets aside capital reserves for future projects and prioritizes financial sustainability.

The University maintains a $17.0 million operating bank line with a major Canadian bank that was undrawn as of March 31, 2024. In September 2021, Ontario Tech also added a $25.0 million nonrevolving construction loan with a Canadian chartered bank. This arrangement involves an interest rate swap that had a fair value of $20.3 million as at F2024.

Unlike most Morningstar DBRS-rated universities, Ontario Tech does not have a defined benefit pension plan, which alleviates longer-term funding risks. Thus, the University does not report any long-term obligations associated with employee future benefits.

Exhibit 2 Debt per FTE and Interest Coverage



P=Projected.
Sources: Ontario Tech and Morningstar DBRS.

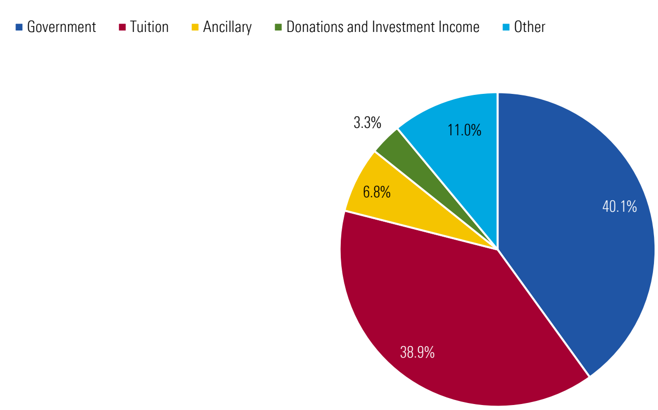
Outlook

Morningstar DBRS projects the debt per FTE ratio to decline to approximately $15,727 per FTE in 2024–25 largely as a result of an improved enrolment forecast. Morningstar DBRS expects debt will gradually decline over the medium term as existing debt amortizes.

University Funding in Ontario

Canadian universities in the Province generally have three key sources of revenue for their core teaching and research activities: (1) government grants, (2) student fees, and (3) donations and investment income. For Ontario Tech, these accounted for more than 82% of total revenue in 2023–24, which is comparable with other Morningstar DBRS-rated universities.

Exhibit 3 Revenue Breakdown (2023–24)



Source: Morningstar DBRS.

Government Funding (Provincial and Federal; 40.1%)

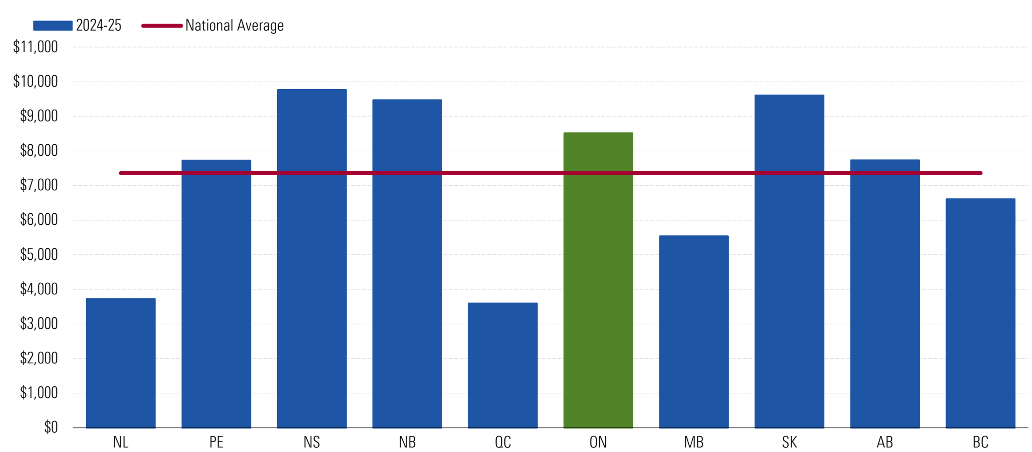
Government funding includes operating grants, research grants, and contracts as well as capital grants. Operating grants are the most important and stable revenue source and derived through strategic mandate agreements (SMAs) between a university and the Province, establishing performance-based funding targets over a specified time period. The Province activated system-wide funding-based performance targets beginning at a proportion of 10% in 2023–24 and increasing to 25% in 2024–25. The federal government typically provides 65% to 75% of all public research funding, whereas the Province provides the bulk of capital funding.

Tuition (38.9%)

On February 27, 2024, the Province announced that it would maintain a general tuition freeze (unchanged from 2019–20 levels) for domestic students in 2026–27. Fees for out-of-province domestic students will be allowed to increase by 5.0%. Morningstar DBRS notes that the Province has provided some modest flexibility through the tuition anomaly program under which universities are allowed to increase tuition rates by up to 7.5% for three programs below the sector's median rates.

International student fees are not regulated by the Province and so are generally set to recover the full cost of international student enrolment and may also provide some revenue to offset declines resulting from the current domestic tuition freeze.

Exhibit 4 Average Canadian Undergraduate Tuition Fees



Source: Statistics Canada.

Donations and Investment Income (3.3%)

Unrestricted donations and investment income, recognized on the statement of operations, represent a modest portion of the University's total revenue. As a relatively new university with a small alumni base, fundraising efforts have been modest. Ontario Tech focuses on the local community and companies in the region that have a stake in the University. The University has a 10-year, $263-million fundraising campaign under way. As of November 2024, the University has raised $68.5 million in pledges and donations.

Ontario Tech's endowment has risen steadily over the years and amounted to $27.0 million, or $2,627 per FTE as of March 31, 2024. This is relatively low in comparison with other Morningstar DBRS-rated universities.

Environmental, Social, and Governance (ESG) Credit Risk Considerations

Environmental

There were no environmental factors that had a relevant or significant effect on the credit analysis. Ontario Tech has targets to reduce its greenhouse gas emissions by 30% by 2030 from its 2022 levels and achieve net-zero emissions by 2050. Moreover, the University's campus and operations include several sustainability-related considerations including one of Canada's largest geothermal heating and cooling systems. Ontario Tech also has several on-going commitments to research and adoption of technical advancements that concurrently support Ontario and Canada's emission reduction targets.

Social

There were no social factors that had a relevant or significant effect on the credit analysis. Public universities operate under a social responsibility to provide quality education to student communities while maintaining synergistic relationships with employee groups and the broader community. The University has a strong academic profile and healthy student demand for its programs.

Governance

There were no governance factors that had a relevant or significant effect on the credit analysis. The University's bicameral governance structure ensures decentralized decision-making with each body playing a complementary role, thereby averting concentration of authority. Universities are subject to periodic audits and extensive oversight, which increases accountability for their outcomes to the Province. The strong governance frameworks at Ontario Tech and other Canadian universities, in addition to provincial oversight, mitigate governance risks.

For more details about which factors could have an effect on the credit analysis, please refer to the following checklist.

A description of how Morningstar DBRS considers ESG factors within the Morningstar DBRS analytical framework can be found in the *Morningstar DBRS Criteria: Approach to Environmental, Social, and Governance Factors in Credit Ratings* at https://www.dbrsmorningstar.com/research/437781.

University of Ontario Institute of Technology

ESG Checklist

ESG Factor		ESG Credit Consideration Applicable to the Credit Analysis: Y/N		Extent of the Effect on the ESG Factor on the Credit Analysis: Relevant (R) or Significant (S)*
Environmental		**Overall:**	N	N
	Emissions, Effluents, and Waste	Do we consider that the costs or risks for the issuer or its clients result, or could result, in changes to an issuerÆs financial, operational, and/or reputational standing?	N	N
	Carbon and GHG Costs	Does the issuer face increased regulatory pressure relating to the carbon impact of its or its clients' operations resulting in additional costs and/or will such costs increase over time affecting the long-term credit profile?	N	N
	Resource and Energy Management	Does the scarcity of sourcing key resources hinder the production or operations of the issuer, resulting in lower productivity and therefore revenues?	N	N
	Land Impact and Biodiversity	Is there a financial risk to the issuer for failing to effectively manage land conversion, rehabilitation, land impact, or biodiversity activities?	N	N
	Climate and Weather Risks	In the near term, will climate change and adverse weather events potentially disrupt issuer or client operations, causing a negative financial impact? In the long term, will the issuer's or client's business activities and infrastructure be materially affected financially under key IPCC climate scenarios up to a 2°C rise in temperature by 2050?	N	N
Social		**Overall:**	N	N
	Social Impact of Products and Services	Do we consider that the social impact of the issuer's products and services could pose a financial or regulatory risk to the issuer?	N	N
	Human Capital and Human Rights	Is the issuer exposed to staffing risks, such as the scarcity of skilled labour, uncompetitive wages, or frequent labour relations conflicts, that could result in a material financial or operational impact?	N	N
		Do violations of rights create a potential liability that can negatively affect the issue's financial wellbeing or reputation?	N	N
		Human Capital and Human Rights	N	N
	Product Governance	Does failure in delivering quality products and services cause damage to customers and expose the issuer to financial and legal liability?	N	N
	Data Privacy and Security	Has misuse or negligence in maintaining private client or stakeholder data resulted, or could it result, in financial penalties or client attrition to the issuer?	N	N
	Occupational Health and Safety	Would the failure to address workplace hazards have a negative financial impact on the issuer?	N	N
	Community Relations	Does engagement, or lack of engagement, with local communities pose a financial or reputational risk to the issuer?	N	N
	Access to Basic Services	Does a failure to provide or protect with respect to essential products or services have the potential to result in any significant negative financial impact on the issuer?	N	N
Governance		**Overall:**	N	N
	Bribery, Corruption, and Political Risks	Do alleged or actual illicit payments pose a financial or reputational risk to the issuer?	N	N
		Are there any political risks that could impact the issuer's financial position or its reputation?	N	N
		Bribery, Corruption, and Political Risks	N	N
	Business Ethics	Do general professional ethics pose a financial or reputational risk to the issuer?	N	N
	Corporate / Transaction Governance	Does the issuer's corporate structure limit appropriate board and audit independence?	N	N
		Have there been significant governance failures that could negatively affect the issuer's financial wellbeing or reputation?	N	N
		Corporate / Transaction Governance	N	N
		Consolidated ESG Criteria Output:	N	N

* A Relevant Effect means that the impact of the applicable ESG risk factor has not changed the rating or rating trend on the issuer.
A Significant Effect means that the impact of the applicable ESG risk factor has changed the rating or trend on the issuer.

Statement of Operations (Adjusted)

(CAD thousands)	For the year ended March 31				
	2024	**2023**	**2022**	**2021**	**2020**
Revenue					
Student tuition fees	100,541	90,699	87,109	79,533	77,110
Other student fees	16,098	13,001	11,971	11,742	14,455
Government operating grants	64,553	65,817	70,671	67,221	64,046
Research grants	17,305	15,535	15,017	12,638	11,246
Debenture grant	13,500	13,500	13,500	13,500	13,500
Unrestricted donations	3,502	3,739	1,591	2,809	1,865
Interest income	4,909	3,176	1,130	1,132	1,586
Amortization of deferred capital contributions	8,235	8,252	9,131	9,612	9,559
Ancillary operations managed by Durham College	1,449	1,465	679	231	3,265
Other revenue	28,369	18,581	14,254	15,481	14,093
Total Revenue	**258,462**	**233,766**	**225,053**	**213,899**	**210,726**
Expenses					
Salaries and benefits	144,012	129,031	121,527	113,243	114,363
Student aid, financial assistance, and awards	15,675	15,040	14,296	12,720	12,839
Supplies and expenses	40,885	34,436	26,814	23,281	30,760
Amortization of capital assets	22,561	22,030	23,000	23,090	23,752
Interest expense	12,192	12,972	13,033	12,930	13,443
Other expenses	16,691	17,648	13,978	13,491	18,125
Total Expenses	**252,018**	**231,158**	**212,647**	**198,755**	**213,283**
Operating Surplus (Deficit), as Reported	**6,444**	**2,607**	**12,405**	**15,144**	**(2,557)**
Capital Expenditures	**11,597**	**12,707**	**20,885**	**29,800**	**28,535**

Statement of Financial Position (Adjusted)

(CAD thousands)	As at March 31				
Assets	**2024**	**2023**	**2022**	**2021**	**2020**
Cash and short-term investments	82,502	79,176	86,443	53,127	49,392
Receivables	19,735	17,907	14,719	18,002	17,727
Inventories and prepaid expenses	2,655	2,719	2,165	2,182	2,328
Long-term investments	36,443	33,435	33,523	31,947	26,137
Capital assets	387,177	398,222	403,864	405,979	396,613
Other assets	926	2,941	1,719	1,810	-
Total Assets	**529,437**	**534,401**	**542,433**	**513,047**	**492,197**
Liabilities and Net Assets					
Liabilities					
Payables and accrued liabilities	34,363	30,577	30,488	32,995	27,506
Deferred revenue	32,800	35,326	32,174	28,244	22,206
Long-term debt	155,407	165,727	168,279	151,845	158,532
Capital lease obligations	26,841	27,276	35,261	36,174	36,954
Deferred capital contributions	153,400	156,392	160,591	161,008	162,196
Total Liabilities	**402,811**	**415,297**	**426,793**	**410,266**	**407,395**
Net Assets					
Unrestricted net assets	23,236	24,924	21,776	1,230	4,504
Internally restricted net assets	24,839	19,419	29,215	20,127	17,589
Equity in capital assets	51,528	48,828	39,733	57,074	39,174
Endowment–externally restricted	27,022	25,932	24,916	24,350	23,536
Total net assets	126,625	119,103	115,640	102,781	84,803
Total Liabilities and Net Assets	**529,437**	**534,401**	**542,433**	**513,047**	**492,197**
Contingencies and Commitments					
Operating lease obligations	3,477	4,663	6,744	8,473	10,197

Calculation of Free Cash Flow (Adjusted)

(CAD thousands)	For the year ended March 31				
	2024	**2023**	**2022**	**2021**	**2020**
Operating balance as reported	6,444	2,587	12,405	15,144	(2,557)
Amortization	22,561	22,030	23,000	23,090	23,752
Other noncash adjustments	(9,403)	(4,870)	(9,430)	(15,637)	(7,125)
Cash Flow From Operations	**19,602**	**19,748**	**25,975**	**22,597**	**14,070**
Change in working capital	(504)	(549)	4,723	11,398	(2,055)
Operating Cash Flow After Working Capital	**19,098**	**19,198**	**30,698**	**33,995**	**12,015**
Net capital expenditures[1]	(6,355)	(8,654)	(12,172)	(22,336)	(17,879)
Free Cash Flow	**12,048**	**9,381**	**17,409**	**11,660**	**(5,864)**
Financing activities	(8,980)	(7,896)	17,092	(6,788)	(5,410)
Investing activities (excluding capex)	17,257	(8,535)	(18,402)	5,916	8,377
Increase (decrease) in cash	**20,325**	**(7,050)**	**16,098**	**10,787**	**(2,897)**
Cash & Cash Equivalents, Beginning	62,176	69,225	53,127	42,340	45,237
Cash & Cash Equivalents, End	**82,501**	**62,176**	**69,225**	**53,127**	**42,340**

1 Gross capital expenditures less restricted/deferred contributions for capital purposes received during the year.

Summary Statistics (Adjusted)

	For the year ended March 31				
	2024	**2023**	**2022**	**2021**	**2020**
Total Students (FTEs)	**10,286**	**9,556**	**9,537**	**9,449**	**8,969**
Undergraduate (%)	92	91	93	93	93
Graduate (%)	8	9	7	7	7
Annual change (%)	7.6	0.2	0.9	5.4	0.5
Enrolment (Headcount)	**11,678**	**11,054**	**10,969**	**10,674**	**10,390**
Domestic (%)	89	89	90	93	93
International (%)	11	11	10	7	7
Operating Results					
Surplus (deficit; CAD thousands)	6.4	2.6	12.4	15.1	-2.6
- As % of revenue	2.5	1.1	5.5	7.1	(1.2)
- As % of revenue (five-year rolling average)	3.0	3.1	4.4	4.5	3.4
Revenue Mix					
Government funding (federal and provincial; %)	40.1	44.1	48.1	48.1	46.7
Student fees (%)	38.9	38.8	38.7	37.2	36.6
Ancillary (%)	6.8	6.2	5.6	5.6	8.4
Donations and investment income (%)	3.3	3.0	1.2	4.2	1.6
Other (%)	11.0	7.9	6.3	4.9	6.7
Debt and Liquidity					
Total long-term debt (CAD millions)	182.2	193.0	203.5	188.0	195.5
- Per FTE student (CAD)	17,718	20,197	21,342	19,898	21,796
Interest costs as share of total expense (%)	4.8	5.6	6.1	6.5	6.3
Interest coverage ratio (x)	2.6	2.5	3.0	2.6	2.0
Expendable resources (CAD millions)	48.1	44.3	51.0	21.4	22.1
As a share of long-term debt (%)	26.4	23.0	25.1	11.4	11.3
Endowments (Market Value)					
Total market value (CAD millions)	27.0	25.9	24.9	24.4	23.5
Per FTE student (CAD)	2,627	2,714	2,613	2,577	2,624
Annual change (%)	4.2	4.1	2.3	3.5	7.7

Credit Rating History

Issuer	Debt	Current	2023	2022	2021	2020	2019
University of Ontario Institute of Technology	Issuer Rating	A	A	A (low)	A (low)	A (low)	A (low)
University of Ontario Institute of Technology	Series A Senior Unsecured Debentures	A	A	A (low)	A (low)	A (low)	A (low)

Related Research

- *Falling International Enrolment Exacerbates Financial Challenges for Canadian Universities*, September 26, 2024.
- *Canadian Universities: Allocating the Caps (and Gowns) for International Students*, April 29, 2024.
- *Study Permit Cap May Exacerbate Challenges for Some Ontario Universities*, January 24, 2024.
- *Canadian Universities Grappling With Diverse Post-Pandemic Challenges*, November 13, 2023.
- *Are Political Tensions Between Canada and India a Cause for Concern for Canadian Public Universities?*, October 17, 2023.
- *Free Tuition for Ontario's Indigenous University Students: Balancing Cost Concerns and Reconciliation*, September 29, 2023.

Previous Report

- University of Ontario Institute of Technology: Rating Report, December 14, 2023.

Notes:
All figures are in Canadian dollars unless otherwise noted.

For the definition of Issuer Rating, please refer to Rating Definitions under Rating Policy on www.dbrsmorningstar.com.

Generally, Issuer Ratings apply to all senior unsecured obligations of an applicable issuer, except when an issuer has a significant or unique level of secured debt.

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OntarioTech UNIVERSITY

COMMITTEE REPORT

SESSION:		**ACTION REQUESTED:**	
Public	☒	**Decision**	☐
Non-Public	☐	**Discussion/Direction**	☐
		Information	☒

TO: Audit & Finance Committee (A&F)

DATE: April 10, 2025

PRESENTED BY: Brad MacIsaac, VP Administration

SUBJECT: 2025-26 Ancillary Fees

BACKGROUND/CONTEXT:
On February 20, 2025 the Board of Governors approved the ancillary fees as present by A&F. The report noted that for the UPASS fee we were asking approval to increase it to the maximum request conditional on the student referendum.

The OTSU completed the referendum to see if the students accept the service continuing, or, if they vote against the increase and the fee will be removed for fall 2026. The results of the student referendum on whether to renew the DRT UPASS were:

Yes – 81.02% (1033 out of 1275 votes)
No – 18.98% (242 out of 1275 votes)

To quote the Executive Director of the OTSU, "this is obviously a strong mandate to keep the mandatory UPASS fee".

COMMITTEE REPORT

SESSION:		**ACTION REQUESTED:**	
Public	☒	**Decision**	☐
Non-Public	☐	**Discussion/Direction**	☐
		Information	☒

TO: **Audit & Finance Committee (A&F)**

DATE: **April 10, 2025**

FROM: **Brad MacIsaac, Vice President Administration**

SUBJECT: **Annual Compliance Update – Office of Risk Management**

COMMITTEE MANDATE:

The Audit & Finance Committee (A&F) is responsible for overseeing risk management and other control functions at the University. This oversight includes receiving regular reports from management on areas of significant risk to the University, compliance and other regulatory matters.

BACKGROUND/CONTEXT & RATIONALE

The Compliance Framework, established in 2021, set forth key operational initiatives, including the development of a compliance manual, register, and checklist. In January 2024, the Legislative Compliance Program was successfully launched, beginning with a pilot focused on highly regulated areas. To support this initiative, a draft inventory of 114 applicable provincial and federal legislations has been compiled, enabling ongoing assessment and monitoring of the University's compliance status. The program was designed to assess the University's compliance with relevant laws and ensure adherence to legal obligations and requirements. Over the past year, the pilot program was successfully completed, providing valuable feedback to enhance processes and identify additional information required for a more comprehensive compliance framework.

A key improvement identified was the need for more frequent inspections and audits, some of which were still being conducted manually using pen and paper. To enhance efficiency, we leveraged university-supported digital tools to transition these inspections to a digital format, enabling more robust data collection and improving internal audits and compliance reporting.

A challenge this year was the limited capacity to fully advance the Compliance Program, including University-wide implementation, integrating compliance-driven risks into risk registers, and reviewing compliance with internal policies. This was primarily due to the significant time and resources required to manage the Accessibility portfolio, which is highly regulated and carries annual obligations. However, all aspects of the program continue to be maintained.

As part of our commitment to stakeholders, governors and officers, the University maintains comprehensive insurance coverage to fulfill contractual obligations, manage financial risk, and ensure long-term financial stability.

COMPLIANCE UPDATES

Risk Management Policy

The Risk Management Policy serves as the foundation for Ontario Tech University's Risk Management Program, embedding risk management into the University's core strategy and operations. The policy was updated in November 2024 to clarify key elements, reflect evolving practices, and incorporate content from the Compliance Policy. With compliance now under the Office of Risk Management, this revision allowed for the retirement of the standalone Compliance Policy, consolidating compliance oversight within a more comprehensive risk management framework.

Annual Reporting

- *Fighting Against Forced Labour and Child Labour in Supply Chains Act*
  - April 2023 – March 2024 Annual Report
- *Higher Education Quality Council of Ontario Act*
  - Freedom of Expression Policy – August 2023 – July 2024 Report
- *Accessibility for Ontarians with Disabilities Act*
  - Annual Status Report May 2023 – April 2024

Training and Awareness

Throughout the year, we actively participated in awareness events and communication initiatives to support and encourage the completion of mandatory training. While full-time employees have improved training completion rates, limited-term employees struggle with participation, particularly in specialized training areas. To address this, a communication and change management plan is being developed to enhance training outreach and engagement for limited-term employees. Focused efforts may be required to increase engagement among this group (See Appendix A).

Audit

- The Audit Task Force Group continues to use the Audit Reporting Tool, developed and implemented following the Auditor General's 2022 recommendations.
- In December 2024, the Auditor General conducted a follow-up review and confirmed that the recommendations had been fully implemented. Moving forward, we will collaborate with Deloitte to further enhance internal audit functions.
- On January 10, 2025, the University was selected for a desk audit by the Ministry for Seniors and Accessibility to assess compliance with the Accessibility for Ontarians with Disabilities Act (AODA). In collaboration with Campus Infrastructure and Sustainability, Human Resources, and Student Accessibility Services, all required documentation and responses were submitted on time (January 27, 2025).

New and Emerging Legislation

The Strengthening Cyber Security and Building Trust in the Public Sector Act, 2024 received Royal Assent on November 25, 2024. This legislation introduces significant amendments to Ontario's Freedom of Information and Protection of Privacy Act (FIPPA) and establishes the Enhancing Digital Security and Trust Act (EDSTA). We will collaborate with the Privacy Office and Information Technology to ensure compliance and will continue to monitor and review any additional requirements.

NEXT STEPS

- Expand the Legislative Compliance Program university-wide, clarifying compliance responsibilities across departments.
- Update the compliance register to improve integration and data flow with the risk register.
- Finalize the current Multi-Year Accessibility Plan and develop the next five-year plan in collaboration with the Accessibility Working Group.

SUPPORTING REFERENCE MATIERALS:
Appendix A: Mandatory Training Data