



## BOARD OF GOVERNORS

### Audit and Finance Committee (A&F)

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#### 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