

## BOARD OF GOVERNORS Audit & Finance Committee

**February 13, 2024**  
**2:00 p.m. to 5:00 p.m.**  
[Teams Meeting Link](#)

**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, Lori Livingston, Brad Maclsaac, Jennifer MacInnis, Pamela Onsiong

**Guests:** Leila Fiouzi, PH&N

### AGENDA

No.	Topic	Lead	Allocated Time	Suggested Start Time
<b>PUBLIC SESSION</b>				
1	Call to Order	Chair	5	2:00 p.m.
2	<a href="#">Agenda</a> (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	<a href="#">Third Quarter Financial Reports</a> * (U)	Pamela Onsiong	10	2:20 p.m.
6.2	<a href="#">2025-2026 Tuition and Ancillary Fees</a> *(M)	Lori Livingston Sarah Thrush & Brad Maclsaac	10	2:30 p.m.
7	Compliance and Policy			
7.1	<a href="#">Interim Risk Management Update</a> * (U)	Brad Maclsaac & Jackie Dupuis	10	2:40 p.m.
7.2	<a href="#">Procurement of Goods &amp; Services Procedure</a> * (M)	Brad Maclsaac	5	2:50 p.m.
8	Consent Agenda (M):	Chair	5	2:55 p.m.

No.	Topic	Lead	Allocated Time	Suggested Start Time
8.1	<i>Minutes of Public Session of A&amp;F Meeting of November 21, 2024*</i> (M)			
8.2	Investment Oversight: Semi-Annual Investment Portfolio Report*(I)			
9	<b>Adjournment (M)</b>	Chair		3:00 p.m.
<b>BREAK – 10 minutes</b>				
<b>NON-PUBLIC SESSION (material not publicly available)</b>				
10	<b>Call to Order</b>	Chair	5	3:10 p.m.
11	<b>Conflict of Interest Declaration</b>			
12	<b>President's Remarks</b>	Steven Murphy	10	3:15 p.m.
13	<b>Investment Oversight: Semi-Annual Investment Manager Report* (U)</b>	Brad Maclsaac PH&N	20	3:25 p.m.
14	<b>Strategic Discussion:</b> Progress Report: University Budget & Efficiency Measures* (D)	Brad Maclsaac	30	3:45 p.m.
15	<b>Governance</b>			
15.1	Audit and Finance Terms of Reference Revisions* (U)	Nicola Crow	5	4:15 p.m.
16	<b>Compliance and Policy</b>			
16.1	Non-Public Risk Update – Questions Only	Jackie Dupuis & Brad Maclsaac	5	4:20 p.m.
16.2	Cybersecurity Update* (U)	Brad Maclsaac	5	4:25 p.m.
16.3	Responsible Investing Procedures (U)	Brad Maclsaac	5	4:30 p.m.
17	<b>Consent Agenda (M):</b>	Chair	5	4:35 p.m.
17.1	Minutes of Non-Public Session of A&F Meeting of November 21, 2024* (M)			
17.2	MCU Directives Update* (I)			
17.3	A&F 2024-2025 Workplan & Action Points* (I)			
18	<b>In Camera Session (M)</b>			
18.1	Committee <i>in Camera</i>		10	4:40 p.m.
19	<b>Termination (M)</b>			4:50 p.m.

Nicola Crow, University Secretary

## COMMITTEE REPORT

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**SESSION:**

Public   
Non-Public

**ACTION REQUESTED:**

Decision   
Discussion/Direction   
Information

**TO:** Audit and Finance Committee

**DATE:** February 13, 2024

**PRESENTED BY:** Pamela Onsiong

**SLT LEAD:** Brad MacIsaac

**SUBJECT:** 3rd Quarter - Operating Forecast for year ending March 31, 2025

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**COMMITTEE MANDATE:**

The Committee is responsible for overseeing the financial affairs of the University, including approval of the annual budget and financial reporting to ensure that appropriate financial controls, reporting processes and accountabilities are in place at the University.

**BACKGROUND/CONTEXT & RATIONALE:**

In February 2024, and in response to the Blue-Ribbon Panel recommendations, the Ontario government announced a **\$903.0M investment over 3 years** through the new Postsecondary Education Sustainability Fund (“PESF”) starting in 2024-25. At the time the 2024/25 budget was finalized in March 2024, the University had no indication from the Ministry as to the amount of PESF fund it will receive for the current year.

In April 2024, the Board approved a **balanced budget for 2024/25** based on estimated revenue and expense assumptions. This budget included **an estimated \$2.0M PESF in revenue** and a **net surplus contingency of \$5.4M** that will be released for future capital infrastructure and new investments in IT, academic and student-related space, should the budget assumptions be met or exceeded.

This report provides the Committee with an overview of the projected year-end results against the approved budget (Appendix 1).

**Technical point only:** The operating budget is based on a projection of cash receipts and expenditures for the year. This contrasts with the audited financial statements which are prepared in accordance with generally accepted accounting principles (“GAAP”) for non-for-profit organizations in Canada. In arriving at the year-end results on a GAAP basis, adjustments are required to be made to the management report, e.g.

- The management report includes cash outlays for capital investment in the budget year while the GAAP financial statements include an expense that reflects the amortization of capital assets over their useful lives.
- Conversely, the GAAP financial statements include the non-cash unrealized gain/loss on endowed investments while these are not budgeted and therefore not included in the management report.

## HIGHLIGHTS

Based on Winter 2025 Day 10 enrolment count and expense forecasts from budget holders the **net operating surplus for the year projected at \$6.5M**, is ~ \$1.1M above the \$5.4M planned surplus to be set aside for reserves, albeit with **forecast variances to budget** across several revenue and expense lines.

### Revenue

Total revenue is favourable \$9.4M (or 4%) against original budget. Approximately 60% of the increase in revenues have offsetting expenses or were for planned reserves, and these are included in this forecast under the Expense and Capital sections. Revenue increase is largely driven by:

- 1) **Grant** increase of \$5.9M (or 7%), comprises of higher than expected provincial grants, including \$3.6M of one-time PSEF grant, \$0.5M of a new one-time Efficiency and Accountability Fund (“EAF”) and \$0.5M higher than expected facilities renewal grant, and other increases, none of which exceeds \$0.5M.
- 2) **Tuition revenues** increase of \$4.6M (or 4%) against budget is largely driven by a higher than budgeted domestic enrolment. Total enrolment projection is favourable ~ 403 FTE (or 4%) against an approved budget of 10,387 FTE – see Appendix 2.

Domestic enrolment remains strong with a net forecast increase of 312 FTE (additional ~ \$3.4M in revenues) with the most significant increases in Education and Health Sciences. Total international enrolment increased net 91 FTE against budget with \$1.2M increase in tuition revenues and with international students registering in lower fee programs than outlined in the budget assumptions.

## Revenue (contd)

As a result of the increase in projected enrolment and revenues, Management has allocated funds to support academic growth and invested in strategic initiatives in support of student experience and capital infrastructure at the University. These additional costs are included in the forecast expenses.

## Expenses

**Total operating expenses** for academic, academic and support units are unfavourable net \$3.3M (or 2%) against budget.

- 1) **Total labour** is favourable \$1.0M, and comprises of \$5.1M of savings in full-time positions primarily attributable to vacant positions and some labour cost recovery from externally funded research grants. These savings are offset by \$4.1M increase in limited term contracts.

Increase in limited term contracts is driven by:

- (a) \$2.1M increase required to back-fill full-time vacant positions, increase in administrative workload and increase in contracts for students in the University's work study program.
  - (b) \$1.0M increase in teaching assistants and sessionals due to increased enrolment
  - (c) \$1.0M salary adjustment retroactive to Sep 1, 2022 further to the ratification of the collective agreement for teaching & research assistants and exam invigilators in Nov 2024.
- 2) **Operating expenses** for the academic, academic support and administrative units are unfavourable \$4.3M against budget and include:
    - a) \$1.8M of higher than budgeted **consulting services**, including costs associated with the new student residence and campus land development, the purchase of Campus Corners, and IT consulting services.
    - b) \$1.7M of unbudgeted estimated loss for its subsidiary, Ontario Tech Talent
    - c) \$0.5M increase in **entrance scholarships** as increased enrolment resulted in more students meeting the eligibility criteria for these scholarships.

**Capital Expenses** are unfavourable \$3.4M (or 40%) against budget, and is mainly driven by:

- 1) \$1.0M of campus renovations, funded by higher than expected provincial facilities renewal grant and expendable donations.
- 2) \$1.0M of Banner (the University's Enterprise Resource Planning system) migration to Cloud. This project was initially budgeted to be funded from prior year student ancillary reserves (see offsetting \$1.0M positive variance under Revenue "Student Ancillary"), and is now being funded using current year operating surplus.
- 3) \$1.3M capital investment for the portion of the purchase of the **Campus Corners location which is not funded by prior year reserves and external financing** (see under "Other disclosures" below).

#### **Other disclosures**

On September 17, 2024, and in alignment with its Campus Master Plan, the University acquired **50% of an administrative building and its surrounding locations**, "Campus Corners" valued at \$35.4M for a net cash consideration of \$12.9M (\$13.3M including HST, net of rebate) . This acquisition is being funded through a combination of current year surplus (see under "Capital Expenses" Item 3, above), prior year reserves and external financing.

#### **FINANCIAL IMPLICATIONS:**

The primary purpose of this financial update is to report on the projected year-end results of the operating budget. Maintaining a balanced (or surplus) budget is critical to Ontario Tech University's short-term financial health and long-term financial sustainability.

#### **SUPPORTING REFERENCE MATERIALS:**

- Appendix 1: Management Reporting: Operating Forecast Summary for the year ending March 31, 2025

## APPENDIX 1

### Ontario Tech University

#### Management Reporting: Forecast vs Approved Budget Summary For the year ending March 31, 2025 (in \$ 000's)

April 1, 2024 - March 31, 2025				
	Total Annual Budget	Y/E Forecast	Fav. (Unfav.) Forecast vs Budget \$ / %	
<b>Revenue</b>				
Grants	86,974	92,894	5,919	7%
Tuition	112,234	116,814	4,580	4%
Student Ancillary	18,261	17,279	(982)	-5%
Other	26,785	26,714	(71)	0%
<b>Total Revenue</b>	<b>\$ 244,254</b>	<b>\$ 253,701</b>	<b>\$ 9,447</b>	<b>4%</b>
<b>Expenditures</b>				
Academic	97,473	96,686	787	1%
Academic Support	55,055	55,912	(857)	-2%
Administrative	33,345	36,544	(3,199)	-10%
<b>Sub-total</b>	<b>\$ 185,873</b>	<b>\$ 189,141</b>	<b>\$ (3,268)</b>	<b>-2%</b>
<b>Purchased Services</b>	<b>16,323</b>	<b>16,469</b>	<b>(146)</b>	<b>-1%</b>
<b>Total Ancillary/Commercial</b>	<b>11,981</b>	<b>11,230</b>	<b>751</b>	<b>6%</b>
<b>Debt Interest Expense</b>	<b>8,474</b>	<b>8,200</b>	<b>274</b>	<b>3%</b>
<b>Total Operating Expenses</b>	<b>\$ 222,650</b>	<b>\$ 225,040</b>	<b>\$ (2,390)</b>	<b>-1%</b>
<b>Net Contribution from Operations</b>	<b>\$ 21,605</b>	<b>\$ 28,661</b>	<b>\$ 7,056</b>	<b>33%</b>
<b>Capital Expenses funded from Operations</b>	<b>8,424</b>	<b>11,820</b>	<b>(3,396)</b>	<b>-40%</b>
<b>Principal Repayments - debt &amp; capital leases</b>	<b>10,567</b>	<b>10,317</b>	<b>250</b>	<b>2%</b>
<b>Operating Surplus</b>	<b>2,613</b>	<b>6,524</b>	<b>3,911</b>	<b>150%</b>
<b>Funded through PY restricted reserves</b>	<b>373</b>	<b>0</b>	<b>(373)</b>	<b>-100%</b>
<b>Contingency Fund</b>	<b>2,443</b>	<b>0</b>	<b>(2,443)</b>	<b>-100%</b>
<b>Total Operating Surplus</b>	<b>\$ 5,429</b>	<b>\$ 6,524</b>	<b>\$ 1,095</b>	<b>20%</b>

#### Additional disclosures:

Purchase of 50% of Campus Corners, to be funded by current/prior year reserves and external financing

\$ -	\$ 12,059	\$ (12,059)	N/A
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## **APPENDIX 2**

### **Ontario Tech University**

#### **Management Reporting: Enrolment Table**

<b>FTE's</b>	<b>2023/24 Actual</b>	<b>2024/25 Budget</b>	<b>Q3 Forecast *</b>	<b>Variance to Budget</b>
<b>Undergraduate</b>				
Domestic	8,717	8,783	9,069	286
International	753	776	753	-23
<b>Graduate</b>				
Domestic	462	477	503	26
International	354	351	465	114
<b>Total FTE's</b>	<b>10,286</b>	<b>10,387</b>	<b>10,790</b>	<b>403</b>

\* Q3 Forecast reflects Winter 2025, Day 10 enrolment count. With four enrolment count dates over the year, this is currently an estimate until final winter count in February 2025.

Current eligible undergraduate and graduate enrolment projection is within the + / - 3% of the University's corridor midpoint. Core Operating Grant remains flat as under the new funding formula implemented by the Ministry in 2017 -18, the funding for domestic students for the current year remains at the 2016 – 17 level.



## COMMITTEE REPORT

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**SESSION:**

**Public**   
**Non-Public**

**ACTION REQUESTED:**

**Decision**   
**Discussion/Direction**   
**Information**

**TO:** **Audit & Finance Committee**

**DATE:** **February 13, 2025**

**PRESENTED BY:** **Pamela Onsiong**

**SLT LEAD:** **Brad MacIsaac**

**SUBJECT:** **Financial Statements (unaudited) for the 9 months ending December 31, 2024**

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**COMMITTEE MANDATE:**

The Committee is responsible for overseeing the financial affairs of the University, including approval of the annual financial statements and financial reporting to ensure that appropriate financial controls, reporting processes and accountabilities are in place at the University.

**BACKGROUND/CONTEXT & RATIONALE:**

This report provides the Committee with an overview of the statements of financial position, operations and cash flow as at December 31, 2024, together with a year-over-year comparison (Appendix 1).

These financial statements are prepared on a consolidated basis in accordance with Canadian Accounting Standards for Non-for-Profit Organizations and include the results of its fully-owned subsidiaries, Regent Square Property Corporation accounted for on a consolidation basis and Ontario Tech Talent (“TALENT”) accounted for on an equity basis. TALENT is a for profit entity, controlled by the University and it follows Canadian Accounting Standards for Private Enterprises, with no significant differences in accounting policies from those followed by the University.

**HIGHLIGHTS:**

In addition to normal operating activities, these Consolidated financial statements reflect the purchase of 50% of the Campus Corners location on September 17, 2024. This acquisition **aligns with the campus master plan and the “shift away” from the more expensive leased buildings** (Campus Corners was under

an operating lease agreement since 2010) **to owned buildings**. The impact of this financial transaction is disclosed in these financial statements.

The purchase price of Campus Corners was for net cash consideration of \$12.9M (\$13.3M including HST). This purchase is being funded through a combination of current year surplus, prior year reserves and external financing with a financial institution.

The University continues to operate within a fiscally-constrained environment, given the significant impacts of the provincially mandated 2019 tuition fee cut and the subsequent tuition freeze for Ontario students, the cap of provincial funding at the 2016-17 level for domestic students along with inflationary cost pressures on its operations.

### **Statement of Operations**

The statement of operations shows a **net deficit of \$1.0M** at the end of the reporting quarter. Total revenue increased \$12.8M (or 7.1%) and expenses increased \$13.5M (or 7.5%) over the prior year.

The University follows Canadian Accounting Standards for Non-for-Profit Organizations, Part III of the Chartered Professional Accountants of Canada (“CPA”) Handbook. In compliance with these standards, student tuition fees are recognized as revenue in the statement of operations when courses are provided, resulting **in the deferral of \$51.0M in tuition fees** at the end of the reporting quarter. This deferred revenue will be taken into income by the end of the fiscal year, thus bridging the gap in the operating deficit.

The \$12.8M increase in revenue is mainly driven by:

- (1) \$11.0M (or 13.8%) increase in **student fees**, of which \$8.1M relates to student tuition fees and \$2.8M to student ancillary fees. Increase in student tuition is attributable to the increase in domestic enrolment (669 FTE) and international undergraduate enrolment (118 FTE) over the prior year. Increase in ancillary fees is attributable to year-over-year growth and timing of spend of these fees.
- (2) \$1.2M increase in **non-cash unrealized gain on investments** due to more favourable global market conditions, driven by strong earnings in US tech companies at the end of the reporting quarter.
- (3) \$1.3M increase in **Other income** primarily due to the change in accounting and recognition of surplus revenues from the University’s revenue generating units in the current year. These revenues were deferred in the prior year.

The \$13.5M increase in expenses is largely driven by:

- (1) \$7.9M increase in **salaries and benefits** for faculty and staff. Increase is comprised of \$4.6M for annual salary increases, \$1.4M increase in new full-time hires and \$1.9M for limited term contracts for teaching assistants, sessionals and administrative staff, driven by year-over-year increase in enrolment growth.

Salaries and benefits which comprise over half of the total expenses of the University and are mostly tied to collective agreements, increased \$7.9M (or 7.7%) thus consuming ~ 62% of the year-over-year increase in total revenue.

- (2) \$1.1M increase in **unrealized non-cash loss on swap** due to the less favourable prevailing swap rate in the current year

### Statement of financial position

Despite the ongoing financial pressures attributable to the ongoing tension between revenues and expenses, the **statement of financial position** remains stable with stable liquidity and net assets increase of \$8.2M (or 6.8%) versus the prior year. Net Assets increased in line with the net increase in assets and liabilities, and are supported by cash and restricted investments.

**Total assets** at \$573.1M increased \$7.3M (or 1.0%) over the prior year and is largely driven by:

- (1) \$4.0M increase in **accounts receivable** includes \$3.9M of increase in student receivable attributable to year-over-year enrolment growth, offset by other immaterial variances.

Other accounts receivable balance of \$57.4M is comprised of \$53.0M of student receivable (\$49.0M for the winter semester with payment due date of Jan 17<sup>th</sup>, \$4.0M for fall 2024 and prior receivable), \$4.4M of trade, research and ACE receivables.

- (2) \$4.4M increase in **endowed investments** held at PH&N and comprising of \$3.1M of mark-to-market unrealized gains due to more favourable market conditions in the current year, \$1.7M net investment income and capital gains, \$0.6 new endowed donations, offset by \$1.0M of endowed awards to students.
- (3) \$4.6M in **capital assets** which comprises of net asset additions of \$26.3M (includes \$18.0M acquisition of the Campus Corners locations, \$4.3M of operating and research equipment, \$2.0M building renovations) vs net impact of accumulated amortization of \$21.7M.

**Total liabilities** at \$445.2M decreased \$0.9M over the prior year due to:

- (1) \$6.7M increase in **accounts payable and accrued liabilities**, largely driven by \$4.0M due to timing of payment for third party invoices and \$2.4M of student unapplied credits as a result of increased acceptance deposits and pending refunds at the end of the reporting quarter.
- (2) \$9.9M in total **debt repayment**

### FINANCIAL IMPLICATIONS:

The primary purpose of this financial update is to report on the statement of financial position of the University for the fiscal year ending March 31, 2024. Maintaining a stable financial position is critical to Ontario Tech University's long-term financial sustainability.

**COMPLIANCE WITH POLICY/LEGISLATION:**

These audited financial statements are prepared in compliance with generally accepted accounting principles for not-for-profit organizations.

**SUPPORTING REFERENCE MATERIALS:**

- Appendix 1: Consolidated (unaudited) Financial Statements for the 9 months ending December 31, 2024.

**Appendix 1**

*Consolidated (unaudited) Financial Statements of*

**ONTARIO TECH UNIVERSITY**

*For 9 months ending December 31, 2024*

**ONTARIO TECH UNIVERSITY**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2024 (in '000s)**

	<u>Dec 2024</u>	<u>Dec 2023</u>	<u>YOY Variance</u>	<u>Mar 2024</u>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 48,363	\$ 68,399	\$ (20,036)	\$ 82,502
Short-Term Investments	17,000	-	17,000	-
Grant receivable	10,972	11,680	(708)	9,859
Other accounts receivable	57,483	53,419	4,063	9,876
Prepaid expenses, deposits and inventories	2,412	2,694	(282)	2,656
	<b>136,229</b>	<b>136,192</b>	<b>37</b>	<b>104,892</b>
Endowed investments	39,707	35,307	4,399	36,442
Other assets	2,805	4,519	(1,714)	1,763
Capital assets	393,376	388,763	4,613	387,177
Intangible asset - goodwill	973	973	-	973
<b>TOTAL ASSETS</b>	<b>\$ 573,091</b>	<b>\$ 565,755</b>	<b>\$ 7,335</b>	<b>\$ 531,247</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	\$ 32,146	\$ 25,444	\$ 6,702	\$ 34,363
Deferred revenue	81,021	79,807	1,213	32,800
	<b>113,167</b>	<b>105,251</b>	<b>7,915</b>	<b>67,163</b>
Other debt	5,452	6,096	(644)	5,939
Obligations under capital leases	26,467	26,954	(487)	26,841
Debenture debt	120,778	129,205	(8,427)	129,205
Fair value of interest rate swap	20,917	21,228	(310)	20,263
Deficiency in other investments	3,002	2,417	585	1,811
Deferred capital contributions	155,399	154,878	521	153,400
	<b>\$ 445,182</b>	<b>\$ 446,029</b>	<b>\$ (846)</b>	<b>\$ 404,622</b>
<b>Net Assets</b>				
Net assets, excluding current year surplus	\$ 99,604	\$ 93,171	\$ 6,433	\$ 93,160
Endowments	29,282	26,855	2,427	27,022
Current year deficit	(977)	(299)	(679)	6,443
	<b>\$ 127,908</b>	<b>\$ 119,727</b>	<b>\$ 8,181</b>	<b>\$ 126,625</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 573,091</b>	<b>\$ 565,755</b>	<b>\$ 7,335</b>	<b>\$ 531,247</b>

**ONTARIO TECH UNIVERSITY**  
**Consolidated Statement of Operations**  
**For the 9 months ending December 31, 2024 (in '000s)**

	<u>Dec 2024</u>	<u>Dec 2023</u>	<u>Variance</u>
<b>REVENUE</b>			
Grants - operating and research	\$ 61,196	\$ 62,430	\$ (1,234)
Grants - debenture	13,500	13,500	-
Donations	1,773	1,850	(77)
Student tuition fees	90,654	79,681	10,973
Revenues from purchased services	1,146	1,036	110
Other income	11,655	10,336	1,320
Amortization of deferred capital contributions	6,349	6,058	291
Interest revenue	3,668	3,484	184
Unrealized gain on investments	1,678	470	1,208
	<u>\$ 191,618</u>	<u>\$ 178,844</u>	<u>\$ 12,774</u>
<b>EXPENSES</b>			
Salaries and benefits	\$ 111,231	\$ 103,306	7,925
Student aid, financial assistance and awards	11,894	11,061	833
Supplies and expenses	28,351	26,547	1,804
Purchased Services	11,366	10,025	1,341
Professional fees	1,673	861	812
Interest expense - debt obligations	8,214	9,029	(815)
Interest expense - other	218	178	40
Amortization of capital assets	17,255	16,638	617
Unrealized loss on interest rate swap	1,202	89	1,113
Loss on other investments	1,191	1,409	(218)
	<u>\$ 192,595</u>	<u>\$ 179,144</u>	<u>\$ 13,452</u>
<b>Excess of expenses over revenue</b>	<u>\$ (977)</u>	<u>\$ (299)</u>	<u>\$ (678)</u>

**ONTARIO TECH UNIVERSITY**  
**Consolidated Statement of Cash Flows**  
**As at December 31, 2024 (in '000s)**

	<u>Dec 2024</u>	<u>Dec 2023</u>
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES</b>		
<b>OPERATING</b>		
Excess of expenses over revenue	(977)	(299)
Items not affecting cash:		
Amortization of capital assets	17,255	16,638
Amortization of deferred capital contributions	(6,349)	(6,058)
Unrealized loss on interest rate swap	1,202	89
Unrealized gain on investments	(1,678)	(470)
Loss on other investments/gain on disposal of assets	1,192	1,381
	<u>10,646</u>	<u>11,282</u>
Working Capital		
Grant and other accounts receivable	(48,720)	(47,192)
Prepaid expenses, deposits and inventories	243	24
Accounts payable and accrued liabilities	(2,217)	(4,407)
Deferred revenue	48,221	44,481
	<u>8,173</u>	<u>4,188</u>
<b>INVESTING</b>		
Purchase of capital assets	(23,456)	(7,151)
Investments	(18,586)	15,598
Other assets	(1,042)	(2,270)
Endowment contributions	2,260	923
	<u>(40,824)</u>	<u>7,100</u>
<b>FINANCING</b>		
Repayment of interest rate swap	(548)	(532)
Repayment of long term debt	(8,914)	(8,756)
Repayment of obligations under capital leases	(374)	(322)
Deferred capital contributions	8,348	4,544
	<u>(1,488)</u>	<u>(5,065)</u>
<b>NET CASH (OUTFLOW)/INFLOW</b>	<b>(34,139)</b>	<b>6,223</b>
<b>CASH BALANCE, BEGINNING OF YEAR</b>	<b>82,502</b>	<b>62,176</b>
<b>CASH BALANCE, END OF PERIOD</b>	<b>\$ 48,363</b>	<b>\$ 68,399</b>



## BOARD COMMITTEE REPORT

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**SESSION:**

Public   
Non-Public

**ACTION REQUESTED:**

Decision   
Discussion/Direction   
Information

**TO:** Audit and Finance Committee

**DATE:** February 13, 2025

**PRESENTED BY:** Lori Livingston, Provost and Vice-President, Academic  
Sarah Thrush, AVP Planning and Strategic Analysis

**SUBJECT:** 2025-26 Tuition and Co-op Fees

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**BACKGROUND/CONTEXT & RATIONALE:**

The tuition fee framework, released by the provincial government in December 2018, regulates all publicly funded programs and allows for tuition fee differentiation based on program and program year. The framework initially had all domestic tuition rates decrease by 10% in 2019-20, then remain frozen since. The Ministry released the new framework for **2025-26 which continues the tuition freeze for domestic students** and allows for a 5% increase on out-of-province students.

As a reminder, MCU allowed for domestic tuition fee anomaly adjustments for three of our undergraduate degree programs in 2023-24. The tuition anomaly approval allows for annual increase adjustments of up to 7.5% for these programs until we reach the fee level approved by MCU for these programs. Our BCom and BSc and BSc Management Computer Science programs are increasing by 7.5% for 2025-26 and our Engineering undergraduate program is increasing to 3.4% to align with the tuition anomaly policy. The other domestic increase allowable is the 5% proposed increase for our Graduate diploma in Accounting as it is outside of the tuition fee framework.

The Ministry has allowed 5% increase to domestic out-of-province rates and the rates proposed below are within this framework. The university is proposing the maximum allowable for out-of-province fee increase for 2025-26.

International tuition or cost recovery programs are not included in the limits imposed by the provincial framework. Recommended international tuition fees for programs were informed by comparative analysis of international fees within the sector for similar programs. Tuition fees for the majority of Ontario Tech programs remain below the system average.

Recommended adjustments bring Ontario Tech tuition fee levels closer to the average of competing programs. Undergraduate international fee increases of 3% for most programs with 5% for BIT have been proposed for the first year of undergraduate programs with a commitment to capping further tuition fee increases in years 2, 3 and 4 (for undergraduate programs) to no more than 5% per year. The 5% increase for BIT is a market-based increase which still has the tuition fee at less than the average of our competitor.

The University is proposing 0% international tuition increase for research based Masters programs and PhD programs and 5% increase to Professional/course-based Masters and graduate diplomas.

Undergraduate Co-op and Internship fees are being adjusted for inflation and have a 2% increase to the current fee recommended for approval. These fees fall outside of the tuition fee framework and are being adjusted by the same percentage as ancillary fees.

Recognizing the need to address financial challenges of our students, the University continues to significantly invest in student financial supports by increasing the amount of entrance scholarships, in-course scholarships and bursaries available for students.

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**IMPLICATIONS:**

The tuition rates proposed in this document remain compliant with the current provincial government's tuition framework. Revenue projections for the 2025-26 Budget include the anomalies increase and 0% increase on domestic tuition levels. If there are any reductions to the tuition fee rates we would need to explore further reductions to expenses to offset the change. Co-op fees are not part of the tuition fee policy and the fee increase proposed is in line with the ancillary fee inflationary increase proposed for the upcoming year.

**ALIGNMENT WITH MISSION, VISION, VALUES & STRATEGIC PLAN:**

The fees recommended will allow Ontario Tech to continue to provide quality undergraduate and graduate programs.

**ALTERNATIVES CONSIDERED:**

The tuition fees presented below bring Ontario Tech fee levels closer to the average of competing programs in the sector.

**CONSULTATION:**

These rates were presented to Academic Council at the January 28, 2025 meeting. Discussion centered around clarification of the tuition anomalies calculations and concerns for international student tuition fee increases and impact on students.

**COMPLIANCE WITH POLICY/LEGISLATION:**

The proposed tuition fees are in compliance with the province's tuition fee framework.

**NEXT STEPS:**

Update tuition within Ontario Tech's student information system and website after Board approval has been provided.

**MOTION FOR CONSIDERATION:**

*That 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.*

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**SUPPORTING REFERENCE MATERIALS:**

- Appendix 1: Recommendations for Ontario Tech 2025-26 tuition fees

## Appendix 1: Recommendations for Ontario Tech 2025-2026 tuition fees

### Undergraduate Domestic

Highlights reflect approved MCU Tuition Anomalies Review to increase domestic tuition up to 7.5% annually until fee has reached newly approved tuition maximum (applies to BCom, BEng and BSc Computer Science). Shaded cells highlight the tuition paid in 2024-25 and how tuition fee anomaly increase applies to student moving into the next year of study in 2025-26.

	2024-2025	2025-2026	2025-26 Increase
<b>BA, BAsC, BAS, BEd, BHSc, BSc, BSc &amp; Mgt, UG Diploma</b>			
First Year	\$5,982.80	\$5,982.80	0%
Second Year	\$5,956.38	\$5,956.38	0%
Third Year	\$5,926.62	\$5,926.62	0%
Fourth Year	\$5,920.76	\$5,920.76	0%
Fifth Year	\$5,914.98	\$5,914.98	0%
<b>BCom</b>			
First Year	\$9,347.00	\$10,048.02	7.5%
Second Year	\$9,347.00	\$10,048.02	7.5%
Third Year	\$8,011.44	\$10,048.02	7.5%
Fourth Year	\$8,003.52	\$8,003.52	0%
<b>BIT</b>			
First Year	\$9,031.18	\$9,031.18	0%
Second Year	\$9,022.42	\$9,022.42	0%
Third Year	\$9,013.68	\$9,013.68	0%
Fourth Year	\$8,991.78	\$8,991.78	0%
<b>BEng, BEng &amp; Mgmt</b>			
First Year	\$10,851.52	\$11,219.00	3.4%
Second Year	\$10,851.52	\$11,219.00	3.4%
Third Year	\$9,372.30	\$11,219.00	3.4%
Fourth Year	\$9,283.04	\$9,283.04	0%
Fifth Year	\$9,159.26	\$9,159.26	0%
<b>BSc &amp; BSc &amp; Mgmt (Comp Sci, Integrated Math &amp; Comp Sci)</b>			
First Year	\$7,326.54	\$7,876.01	7.5%
Second Year	\$7,326.54	\$7,876.01	7.5%
Third Year	\$6,327.84	\$7,876.01	7.5%
Fourth Year	\$6,321.78	\$6,321.78	0%
Fifth Year	\$6,321.64	\$6,321.64	0%
<b>BScN, BHA</b>			
First Year	\$6,100.68	\$6,100.68	0%
Second Year	\$6,094.76	\$6,094.76	0%
Third Year	\$6,088.84	\$6,088.84	0%
Fourth Year	\$6,082.92	\$6,082.92	0%

## Undergraduate Out of Province

Current framework allows up to 5% increase in tuition fees for out-of-province students (or application of tuition anomaly adjustment of up to 7.5% annually). *Note: Shaded cells show how the tuition anomalies policy applies to students (shading highlights the tuition paid in 2024-25 and how tuition fee anomaly increase applies to student moving into the next year of study in 2025-26).*

	2024-2025	2025-2026	2025-26 Increase*
<b>BA, BAsC, BAS, BEd, BHSc, BSc, BSc &amp; Mgt, UG Diploma</b>			
First Year	\$6,596.02	\$6,925.82	5%
Second Year	\$6,566.88	\$6,895.22	5%
Third Year	\$6,534.08	\$6,860.78	5%
Fourth Year	\$6,527.60	\$6,853.98	5%
Fifth Year	\$6,521.24	\$6,847.30	5%
<b>BCom</b>			
First Year	\$9,347.00	\$10,048.02	7.5%
Second Year	\$9,347.00	\$10,048.02	7.5%
Third Year	\$8,832.60	\$10,048.02	7.5%
Fourth Year	\$8,823.86	\$9,265.04	5%
<b>BIT</b>			
First Year	\$9,956.84	\$10,454.68	5%
Second Year	\$9,947.20	\$10,444.56	5%
Third Year	\$9,937.56	\$10,434.42	5%
Fourth Year	\$9,913.42	\$10,409.08	5%
<b>BEng, BEng &amp; Mgmt</b>			
First Year	\$10,851.52	\$11,219.00	3.4%
Second Year	\$10,851.52	\$11,219.00	3.4%
Third Year	\$10,332.94	\$11,219.00	3.4%
Fourth Year	\$10,234.52	\$10,746.24	5%
Fifth Year	\$10,098.08	\$10,602.98	5%
<b>Note:</b> BEng and BEng & Mgmt First Year to Third Year follow tuition anomalies increase policy, Fourth and Fifth Year follow Out-of-Province tuition increase policy.			
<b>BSc &amp; BSc &amp; Mgmt (Comp Sci, Integrated Math &amp; Comp Sci)</b>			
First Year	\$7,326.54	\$7,876.02	7.5%
Second Year	\$7,326.54	\$7,876.02	7.5%
Third Year	\$6,976.42	\$7,876.02	7.5%
Fourth Year	\$6,969.74	\$7,318.22	5%
Fifth Year	\$6,969.60	\$7,318.08	5%
<b>BScN, BHA</b>			
First Year	\$6,725.98	\$7,062.26	5%
Second Year	\$6,719.44	\$7,055.40	5%
Third Year	\$6,712.94	\$7,048.58	5%
Fourth Year	\$6,706.40	\$7,041.72	5%

\*Out-province tuition increase may change.

## Undergraduate International

Note: Shaded cells show how the tuition increases applies to international students (shading highlights the tuition paid in 2024-25 and how tuition fee increase applies to student moving into the next year of study in 2025-26).

	2024-2025	2025-2026	2025-26 Increase **
<b>BA, BASc, BAS, BEd, BHSc, BSc &amp; Mgt</b>			
First Year	\$32,188.02	\$33,153.66	3%
Second Year	\$32,188.02	\$33,153.66	3%
Third Year	\$32,188.02	\$33,153.66	3%
Fourth Year	\$26,722.70	\$33,153.66	3%
Fifth Year	\$26,604.84	\$27,524.38	3%
<b>BCom</b>			
First Year	\$35,703.16	\$36,774.24	3%
Second Year	\$35,703.16	\$36,774.24	3%
Third Year	\$35,703.16	\$36,774.24	3%
Fourth Year	\$34,080.28	\$36,774.24	3%
<b>BIT</b>			
First Year	\$38,967.30	\$40,915.66	5%
Second Year	\$38,967.30	\$40,915.66	5%
Third Year	\$38,967.30	\$40,915.66	5%
Fourth Year	\$35,578.82	\$40,915.66	5%
<b>BEng, BEng &amp; Mgmt</b>			
First Year	\$43,888.52	\$45,205.16	3%
Second Year	\$43,888.52	\$45,205.16	3%
Third Year	\$43,888.52	\$45,205.16	3%
Fourth Year	\$40,072.12	\$45,205.16	3%
Fifth Year	\$34,852.36	\$41,274.28	3%
<b>BSc &amp; BSc &amp; Mgmt (Comp Sci, Integrated Math &amp; Comp Sci)</b>			
First Year	\$35,659.76	\$36,729.54	3%
Second Year	\$35,659.76	\$36,729.54	3%
Third Year	\$35,659.76	\$36,729.54	3%
Fourth Year	\$32,558.90	\$36,729.54	3%
Fifth Year	\$28,317.80	\$33,535.66	3%
<b>BScN, BHA</b>			
First Year	\$32,822.26	\$33,806.93	3%
Second Year	\$32,822.26	\$33,806.93	3%
Third Year	\$32,822.26	\$33,806.93	3%
Fourth Year	\$31,330.34	\$33,806.93	3%

\*\*Commitment to cap future tuition fee increases to no more than a 5% increase per year for international students.

## Undergraduate Co-op and Internship

	2024-2025	2025-2026	2025-26 Increase
Mandatory Co-op and Career Readiness Workshop Series	\$720.00	\$734.40	2%
Co-op Work Term (per term)	\$720.00	\$734.40	2%
Internship Work Term (FBIT/FEAS only; per term)	\$900.00	\$918.00	2%

In order to receive the co-op designation, the following fees are required; mandatory co-op registration, the Co-operative Education Preparatory Course, and three work terms. Any additional work terms beyond the required three will be charged at the applicable co-op work term rate.

## Graduate Domestic

### Program Based Tuition

	2024-2025	2025-2026	2025-26 Increase
<b>Graduate Degree - Research Based Programs</b>			
MA (Crim, SPI), MHSc, MSc	\$7,579.30	\$7,579.30	0%
MSc (Computer Science)	\$7,579.30	\$7,579.30	0%
MASc	\$7,859.94	\$7,859.94	0%
PhD	\$7,579.30	\$7,579.30	0%
<b>Graduate Degree – Course Based Programs</b>			
MScN	\$8,761.50	\$8,761.50	0%
EdD	\$10,097.00	\$10,097.00	0%
<b>Graduate Diploma</b>			
Diploma in Accounting	\$9,380.28	\$9,849.28	5%
Diploma in Nuclear Technology	\$5,906.62	\$5,906.62	0%
Diploma in Nuclear Design Engineering	\$5,906.62	\$5,906.62	0%
Diploma in Engineering Management	\$5,906.62	\$5,906.62	0%

### Credit Based Tuition (per 3-credit course)

	2024-2025	2025-2026	2025-26 Increase
<b>Graduate Degree (Per 3-credit course)</b>			
MEd***	\$1,576.47	\$1,576.47	0%
MA in Education***	\$1,576.47	\$1,576.47	0%
MITS***	\$1,257.52	\$1,257.52	0%
MBAI, MFDA***	\$2,709.00	\$2,709.00	0%
MEng, MEngM***	\$1,476.66	\$1,476.66	0%
<b>Graduate Diploma (Per 3-credit Course)</b>			
Diploma in Ed & Digital Technology	\$1,576.46	\$1,576.46	0%
Police Leadership	\$1,576.46	\$1,576.46	0%
Work Disability Prevention	\$1,576.46	\$1,576.46	0%

\*\*\* Program requires 30 credits hours total.

## Graduate International

### Program Based Tuition

	2024-2025	2025-2026	2025-25 Increase
<b>Graduate Degree – Research Based Programs</b>			
MA (Crim, SPI), MHSc, MSc	\$20,124.30	\$20,124.30	0%
MSc (Computer Science)	\$20,124.30	\$20,124.30	0%
MASc	\$22,313.12	\$22,313.12	0%
PhD	\$19,166.00	\$19,166.00	0%
<b>Graduate Degree – Course Based Programs</b>			
MScN	\$25,618.58	\$26,899.50	5%
EdD	\$19,155.36	\$20,113.14	5%
<b>Graduate Diploma</b>			
Diploma in Accounting	\$14,704.47	\$15,439.68	5%
Diploma in Nuclear Technology	\$21,286.06	\$22,350.36	5%
Diploma in Nuclear Design Engineering	\$21,286.06	\$22,350.36	5%
Diploma in Engineering Management	\$21,286.06	\$22,350.36	5%

### Credit Based Tuition (per 3-credit course)

	2024-2025	2025-2026	2025-25 Increase
<b>Graduate Degree (Per 3-credit course)</b>			
MEd <sup>***</sup>	\$2,869.24	\$3,012.70	5%
MA in Education <sup>***</sup>	\$2,869.24	\$3,012.70	5%
MITS <sup>***</sup>	\$4,385.06	\$4,604.30	5%
MBAI, MFDA <sup>***</sup>	\$4,961.25	\$5,209.31	5%
MEng, MEngM <sup>***</sup>	\$4,257.21	\$4,470.07	5%
<b>Graduate Diploma (Per 3-credit Course)</b>			
Diploma in Ed & Digital Technology	\$2,869.24	\$3,012.70	5%
Police Leadership	\$2,869.24	\$3,012.70	5%
Work Disability Prevention	\$2,869.24	\$3,012.70	5%

<sup>\*\*\*</sup>Program requires 30 credits hours total.

### English for Academic Purposes (EAP) Program

	2024-2025	2025-2026	2025-26 Increase
All Levels	\$3,041.29	\$3,132.52	3%



## COMMITTEE REPORT

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**SESSION:**

**Public**   
**Non-Public**

**ACTION REQUESTED:**

**Decision**   
**Discussion/Direction**   
**Information**

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

**DATE:** **February 13, 2025**

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

**SUBJECT:** **2025-26 Ancillary Fees**

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**COMMITTEE/BOARD MANDATE:**

The Committee is responsible for overseeing the financial affairs of the University including reviewing and recommending approval of the tuition fees and ancillary fees.

**KEY CONSIDERATION(S) FOR A&F:**

We are seeking the Committee’s recommendation of the proposed 2025-26 ancillary fees for approval by the Board of Governors.

**BACKGROUND/CONTEXT & RATIONALE:**

Provincial policy requires that a negotiated Compulsory Ancillary Fees protocol exists between the board of governors of each university and their student association. For Ontario Tech our agreed upon protocol, signed June 2018, creates a committee that consists of three student and three administrative representatives.

The terms of the current Ontario Tech protocol outline that Consumer Price Index (CPI) increases do not require Committee approval. The University uses the Bank of Canada average in September each year. For clarity, CPI is an indicator of changes in consumer prices experienced by Canadians. It is obtained by comparing, over time, the cost of a fixed basket of goods and services purchased by consumers. Normally, the prices of certain CPI components can be particularly volatile; hence, the reason we use CPI-median as our tracker. This is a measure of core inflation corresponding to the price change located at the 50th percentile of the distribution. This measure helps filter out extreme price movements specific to certain components.

The September 2024 median CPI is 2.3%. Prior to March 2021 CPI was normally less than 2% so the University tried to keep fees more in line with that target. The recommended **average increase for full-time students in 2025-2026 is 2.2%**. Of note, we are saying average, as this takes in all fees which may neither apply to all students (i.e. specific society fees) nor some subsets (i.e. part-time students). This figure does not include course specific (i.e. nursing lab

fee) or contractual increases (i.e. health insurance plan under Ontario Tech Student Union (OTUSU) purview). It is important to note that there were two new Student Life fees created this year; however, these fees were reallocations of existing Student Life fee amounts and, outside of the CPI increase, did not increase the overall fees for Student Life. Looking through the lines you will see variations of increases with some larger increases (4.9% for UPASS) but, in aggregate, administration works to ensure the bottom-line average was under CPI.

Looking specifically at UPASS, we are asking approval to increase it to the maximum request. The OTSU will be running a referendum in February 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.

As we know that every dollar counts to students we have been watching our combined tuition and ancillary rates carefully and make any adjustments with this in mind. Our rates are higher than other Ontario institutions due to our smaller size and the fact that we have two capital projects (~\$350) approved through student referendum. Additionally, we have costs due to our dedication to providing a Technology Enhanced Learning Environment and Sustainable Campus. For many students this actually saves them money rather than having them go out and buy the materials independently.

**IMPLICATIONS:**

Altering the fees will alter our ability to provide specific services.

**ALIGNMENT WITH MISSION, VISION, VALUES & STRATEGIC PLAN:**

The fees recommended will allow Ontario Tech to continue to provide quality undergraduate and graduate services and experiences to its students.

**ALTERNATIVES CONSIDERED:**

Each fee change was reviewed by the Ancillary Fee Committee.

**CONSULTATION:**

A request for fees was sent out to all unit leads and OTSU in November. The Committee met to evaluate and decide on changes. Instead of applying the CPI to all fees the Student Union and management discussed, and agreed to, reallocating the increase across services.

**COMPLIANCE WITH POLICY/LEGISLATION:**

The increases are compliant with provincial policy and Ontario Tech's ancillary fee protocol.

**MOTION FOR CONSIDERATION:**

*That the Audit and Finance Committee hereby recommends the 2025-26 ancillary fees as presented, for approval by the Board of Governors.*

## Compulsory Ancillary Fees

Fee Classification/Description	2024-25	2025-26	% Increase
<b>Flat Fees. FT and PT students.</b>			
Career Readiness	75.16	46.82	-37.7%
Health Services (general)	29.26	29.85	2.0%
Mental Health Services	71.65	73.08	2.0%
Health and Wellness	16.37	16.70	2.0%
Sport and Recreation	98.05	100.50	2.5%
Campus Open Access	92.35	94.19	2.0%
Student Safety and Accessibility	36.22	36.95	2.0%
Student Success Support	33.97	34.65	2.0%
Physical and Virtual Infrastructure Enhancements	165.09	168.39	2.0%
Student ID	39.92	40.72	2.0%
<b>Charged to FT each term</b>			
U-Pass	305.70	320.68	4.9%
<b>Flat Fees Paid half Fall and half Winter. FT and PT students.</b>			
Campus Clubs	5.65	5.77	2.0%
Campus Life and Events	13.77	14.05	2.0%
Community and Social Programming	13.43	13.70	2.0%
Convocation	7.25	7.40	2.0%
Georgian Engagement Services	219.40	223.79	2.0%
Instructional Resource	151.83	154.87	2.0%
OUSA Membership Fee	3.58	3.65	2.0%
Student Life Admin		37.60	
Student Life Communications		41.35	
Student Engagement	73.75	60.72	-17.7%
Student Learning	126.94	94.88	-25.3%
Student Representation and Leadership	10.35	10.56	2.0%
Student Societies	3.58	3.66	2.0%
Student Society Fee FBIT	14.25	14.53	2.0%
Student Society Fee FEAS/FESNS	19.63	20.02	2.0%
Student Society Fee FHSc	10.51	10.72	2.0%
Student Society Fee FSCI	15.76	16.07	2.0%
Student Society Fee	7.73	7.88	2.0%
Technology-enriched Learning FBIT Non-Gaming	160.62	163.83	2.0%
Technology-enriched Learning FBIT -Gaming	355.78	362.89	2.0%
Technology-enriched Learning FEAS	208.80	212.97	2.0%
Technology-enriched Learning FESNS	208.80	212.97	2.0%
Technology-enriched Learning FEDU	235.44	240.15	2.0%

Technology-enriched Learning FEDU	116.52	118.86	2.0%
Technology-enriched Learning FHSc	167.84	171.19	2.0%
Technology-enriched Learning FSCI	162.79	166.05	2.0%
Technology-enriched Learning FSSH	138.96	141.73	2.0%
Technology-enriched Learning Undeclared	163.74	167.01	2.0%
Wellness and Support Services	12.26	12.50	2.0%
World University Services of Canada	2.96	3.02	2.0%
<b>Flat Fees Paid half Fall and half Winter. FT only</b>			
Benefit Plan Coordination	25.12	25.62	2.0%
USU Building	116.67	119.00	2.0%
Campus Recreation and Wellness Centre	183.58	185.42	1.0%
Varsity Sports	84.55	86.66	2.5%

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#### Appendix A

Material/ Service Fees and Administrative fees are exempt from this protocol. These fees are set through agreements with vendors and service providers that do not produce net revenue for the university and are charged in full to all students in applicable courses and programs. These fees may cover the costs of:

- i. Travel and accommodation of students on compulsory field trips;
- ii. Learning materials and clothing that are retained by the student;
- iii. Materials that are used to produce items that become the property of the student;
- iv. Materials and services that are set by a vendor and the university acts as a broker on behalf of students.

<b>Fee Classification/Description</b>	<b>2024-25</b>	<b>2025-26</b>	<b>% Increase</b>
Education Placement Fee UPAF	150.00	153.00	2.0%

## COMMITTEE REPORT

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**SESSION:**

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**ACTION REQUESTED:**

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Information

**TO:** Audit & Finance Committee**DATE:** February 13, 2025**FROM:** Brad MacIsaac, Vice President Administration**SUBJECT:** Quarterly Risk Management Report

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**COMMITTEE MANDATE:**

The Audit and Finance Committee (A&F) is responsible for overseeing risk management and other control functions at the University. This oversight includes approving the risk management process and ensuring appropriate mitigative actions are taken or planned in areas where material risk is identified.

**BACKGROUND/CONTEXT & RATIONALE:**

The University provides a quarterly update to the Board on risk management initiatives since the last report, culminating in a comprehensive annual review each April. This past quarter, Risk Management has focused on supporting the University's growth strategy, identifying areas of opportunity and addressing emerging risks to align with strategic objectives. Key themes include operational scalability, resource allocation, and maintaining institutional reputation amid growth.

This report outlines key developments and planned actions in four areas: Operational Risks, Reputational Risks, Strategic Risks, and Financial Risks.

To guide the Board's strategic discussions, the following key questions are proposed:

- 1) How should the University prioritize investments in infrastructure and services versus future reserves to ensure operational scalability while maintaining education quality and student satisfaction amid rapid growth?
- 2) What strategies should the University adopt to mitigate financial and reputational risks associated with emerging external factors, such as caps on international student enrollments and shifts in immigration policies?

**OPERATIONAL RISKS**

**Infrastructure Overload:** Due to increased student enrollment, the University anticipates challenges with both physical and digital infrastructure. Scalable digital solutions and gradual physical expansion

plans are being explored. Measures such as additional remote learning options and expanded scheduling (e.g., evening and weekend classes) are being evaluated for potential adoption.

**Administrative Capacity:** Current administrative processes are being streamlined through automation to accommodate higher workloads. Centralizing functions and implementing pan-institutional work plans are ongoing priorities. As we prepare for growth, all areas are encouraged to critically evaluate their priorities, identifying essential needs versus areas where adjustments or efficiencies may be feasible.

**Class Size and Quality:** Technology-enabled learning and additional part-time lecturers or guest professors employed to manage larger class sizes are under review. These potential measures aim to sustain education quality and student satisfaction.

**Campus Services Strain:** Due to increased demand, services such as counselling, healthcare, and career guidance may experience strain, potentially leading to lower service quality. To mitigate this, the University must consider enhancing services through additional staffing and/or adopting efficient service models. Front-facing services are encouraged to actively pursue additional funding opportunities through government and ministry grants. These efforts are critical to supplementing current financial resources and ensuring continued growth and sustainability.

**Technological Integration:** Investments in scalable technological platforms are enabling both operational and academic scalability. Enhanced data management systems ensure the secure handling of larger student datasets.

Cybersecurity measures are being strengthened to address increased risks associated with a growing user base. Regular audits, operational risk assessments, and proactive monitoring are being implemented to ensure resilience. Robust data management and privacy protection systems are being explored to securely handle the larger volume of student data. Plans for seamless integration of new technologies and systems are being developed to support operational and academic growth.

## **REPUTATIONAL RISKS**

**Student Experience:** A key focus is on maintaining a high-quality student experience through continuous feedback mechanisms. Measurement tools are being explored to monitor and adjust strategies.

**Brand and Institutional Reputation:** Growth efforts are being balanced with the retention of core institutional values to maintain brand exclusivity. Alumni engagement programs are fostering advocacy and support for these values.

**Community Engagement:** Enhancing inclusivity and accessibility through innovative campus and virtual experiences strengthens the University's connection to its stakeholders.

## **STRATEGIC RISKS:**

**Strategic Drift:** Senior leadership is engaging in regular and ongoing discussions with management and other members of the University to ensure growth strategies remain aligned with the Institution's core objectives. These conversations focus on aligning growth with the turbulent dynamics of the post-secondary education sector, with the President maintaining transparency about institutional goals and addressing challenges posed by ongoing volatility in the higher education landscape. Performance indicators and best practices are being developed collaboratively, and cross-departmental initiatives are being planned to prevent misalignment and foster strategic coherence.

**Long-term Viability:** Growth plans are aligned with long-term academic goals through phased timelines with defined milestones and performance indicators. Initiatives include differentiated program mixes, such as micro-credentials and stackable credentials.

**Partnerships and Collaboration:** Existing partnerships are being reassessed for alignment with growth objectives. Shared services agreements are under review to ensure cost-effectiveness and compatibility with future strategies. New collaborations aim to support research and community engagement.

The partnership with Durham College (DC) presents unique considerations that require targeted attention.

- Engage with DC to understand their growth strategy and assess compatibility with the University's objectives.
- Explore opportunities to strengthen shared services with DC by identifying areas where collaboration provides the greatest mutual benefit and determining how these can be enhanced to support both institutions' strategic goals.
- Analyze the cost implications of shared services in the context of the University's growth.
- Revisit Service Level Agreements (SLAs) to ensure alignment with evolving institutional needs.
- Explore additional technical and operational integration strategies to enhance efficiency and effectiveness.

#### **FINANCIAL RISKS:**

Optimizing financial resources to support the University's growth remains a key priority. While the institution is managing increased funding requirements for expansion, the focus is on ensuring efficient allocation and utilization of available resources.

In the absence of external grants, it is critical to determine the optimal operational model and enrollment thresholds to sustain growth through tuition revenue alone. Robust financial planning tools and data-driven models are being developed to identify the "right number" while supporting strategic objectives.

**Capital Expenditures:** Large investments required for expanding facilities and infrastructure present challenges due to delayed returns. Public-private partnerships (PPPs) and grants continue to be actively explored as viable funding sources to support these expenditures while minimizing financial strain.

**Performance-Based Funding and Strategic Allocation:** The University is leveraging Ontario's performance-based funding model to align with government priorities. Continued investments in skills development, experiential learning, and research initiatives help stabilize funding streams and align with institutional goals.

**Funding and Debt:** The University is prioritizing the diversification of funding sources to reduce dependency on any single stream and to maintain a balanced debt-equity ratio. Efforts include engaging with government and ministry bodies to secure additional grants and financial support.

**Enhanced Research Capacity:** The University continues to pursue strategic initiatives, such as the Automotive Centre of Excellence, to attract private sector funding and strengthen financial stability. These initiatives also support increased grant opportunities and expanded research collaborations.

## **EMERGING RISKS**

The University acknowledges external factors could significantly influence enrolment and operational planning. Recent federal government discussions regarding caps on international student enrollments highlight a shift in policies that will impact admissions and revenue streams.

Similarly, geopolitical and economic shifts, including evolving immigration policies in the United States, could influence international student preferences and the competitive positioning of Canadian institutions. Monitoring these external factors and adapting recruitment strategies accordingly is imperative to maintaining enrolment targets and financial sustainability.

## **NEXT STEPS:**

The Office of Risk Management will continue to collaborate with stakeholders across the University to address emerging risks and support the growth strategy. The annual risk register review is underway with a push on risk strategies associated with growth in enrollment.

## **Attachments**

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# Committee Report

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**SESSION:**

Public

**ACTION REQUESTED:**

Decision   
Discussion/Direction   
Information

**TO:** Audit & Finance Committee

**DATE:** February 13, 2025

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

**SUBJECT:** Procurement of Goods and Services Procedure

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**COMMITTEE MANDATE:**

Under the Policy Framework, the Audit & Finance Committee is responsible for the approval of Legal, Compliance and Governance procedures.

In accordance with the university's Policy Framework, Finance presents the attached Procurement of Goods and Services Procedure to the Audit & Finance Committee for approval.

**OVERVIEW:**

The Ontario government has recently passed new legislation to support its Building Ontario Business Initiative entitled, "Building Ontario Businesses Initiative Act" ("BOBIA"). This Act mandates public sector entities to give Ontario businesses preference when conducting procurement for goods and/or services under a specified threshold amount. Effective April 1, 2024, the university is required to give Ontario businesses preference when procuring goods and/or services (excluding construction or goods for resale) under CDN\$121,200 excluding HST. Purchases of goods and/or services under CDN\$121,000 from non-Ontario businesses is permitted with appropriate justification and documentation added to the purchase requisition.

We took this opportunity to make editorial amendments to the Procurement procedures to reflect current policy formatting standards. We have also made an additional note to section 8 to allow the use of Vendor of Record (VOR). These vendors have been vetted by the Ontario Education Collaborative Marketplace (OECM). If one of these vendors is selected no additional quotes are required for purchases between \$10,000 and \$121,200. Any purchases above \$121,200 must be procured through an Open Procurement.

**CONSULTATION:**

The Policy Advisory Committee (PAC) reviewed and provided feedback on the procedure and University on-line Consultation during the month of December with limited edits. The Academic Council was consulted on this change on January 28, 2025 and a section on sustainable and responsible procurement was removed as it was more confusing than directive.

**COMPLIANCE WITH POLICY/LEGISLATION:**

The proposed procedures comply with the government's legislation for BOBIA.

**MOTION FOR CONSIDERATION:**

That the Audit & Finance Committee hereby approves the Procurement of Goods and Services Procedure, as presented.

**SUPPORTING REFERENCE MATERIALS:**

Appendix 1: Draft Procedure



Classification Number	LCG 1131.01
Parent Policy	Procurement of Goods and Services Policy
Framework Category	Legal, Compliance and Governance
Approving Authority	Audit and Finance Committee
Policy Owner	Vice-President, Administration
Approval Date	<a href="#">February 23, 2022</a> <b>DRAFT FOR CONSULTATION</b>
Review Date	March 2025
Supersedes	Editorial Amendments, February 18, 2020; March 27, 2017; Minor Amendment, s. 6.1, s 9; Major Amendment November 2012; Purchasing Procedures (March 2009)

## Procurement of Goods and Services Procedures

### PURPOSE

1. The purpose of these Procedures is to complement the Procurement of Goods and Services Policy by serving to define and guide individuals in fulfilling their responsibilities and obligations throughout each phase of the procurement process. These procedures are consistent with the Broader Public Sector Procurement Directive, Supply Chain Code of Ethics, [Building Ontario Businesses Initiative Act, Bill S-211](#), Canadian Free Trade Agreement, Canada-European Union Comprehensive Economic and Trade Agreement, and have been developed to ensure that all goods and services are acquired by the University through a process that is open, fair and transparent.

### DEFINITIONS

2. For the purposes of these Procedures the following definitions apply:
  - “**Accessibility**” means the degree of ease that something (e.g. goods, service, facilities) can be used and enjoyed by persons with a disability. The term implies conscious planning, design and/or effort to ensure it is barrier-free to persons with a disability.
  - “**Accessible Procurement**” means determining what is required for a product or service to be accessible, and either consulting with persons with disabilities, finding ways to procure something that meets those requirements or, documenting why this is not possible and what will be done if an accessible alternative is requested.
  - “**Building Ontario Businesses Initiative Act (‘BOBIA’)**” means the act that requires publicly funded organizations to give businesses in Ontario preference when conducting procurements for goods and services (consulting and non-consulting) under \$121,200 threshold.
  - “**Contract**” means any document, or other evidence, of an intention to establish a binding legal relationship between the University and one or more third parties.
  - “**CFTA**” means Canadian Free Trade Agreement.

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“CETA” means Canadian European Trade Agreement.

“Forced and Child Labour in Canadian Supply Chains” (Bill S-211) means that the University must ensure that when purchasing goods & services that exploitative practices are addressed and eradicated from the supply chain.

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“Goods” means moveable property, as well as the costs of installing, operating, maintaining or manufacturing such moveable property which are purchased, rented or leased by the University, including raw materials, products, equipment and other physical objects of every kind and description whether in solid, liquid, gaseous or electronic form, unless they are procured as part of a general construction contract. It includes capital items, such as furniture, research equipment, telecommunications and computers, peripheral equipment and acquisitioned software where there is a one-time license fee and other items that have a useful life greater than one year.

Goods also include materials and equipment used for research purposes, such as controlled goods, animals, biohazardous, radioactive and other hazardous materials and equipment. The acquisition of these materials requires additional procurement procedures as outlined in Appendix B.

“Services” means any intangible product that does not have a physical presence. No transfer of possession or ownership takes place when services are sold, and they (1) cannot be stored or transported, (2) are instantly perishable, and (3) come into existence at the time they are bought and consumed. This includes construction related services.

“Consulting Services” is limited to the provision of expertise or strategic advice that is presented for consideration and decision-making. This does not include contractors who are performing work on a fee for service basis and who are NOT providing strategic/decision-making advice (e.g. police officers, specialists for disabilities, sign language interpreters, etc.). Consulting services are subject to different procurement practices than all other goods and services. A working list of common services procured by universities that would be deemed consulting services is provided in Appendix A.

“Limited Tendering” means a procurement method whereby the procuring entity contacts a supplier or suppliers of its choice.

“Procurement by Invitation” means the request of a bid, quote or proposal by the purchaser or Procurement Department.

“Purchase Order” means a written offer made by a purchaser to a vendor that formally sets out the terms and conditions of the proposed transaction.

“Purchaser” means the Ontario Tech Department that is initiating the purchase.

“Open Procurement” means a competitive procurement process open to all qualified and interested bidders.

“Requisition” means the process of initiating documentation for the applicable Means of Procurement.

“Regulated and Restricted Goods” means certain goods and services that require additional technical and/or regulatory approval or other review from a designated approving department to ensure they comply with internal university standards, licenses and regulatory requirements.

**“Budgeting”** means the process of determining whether there are sufficient funds available to commit the University to the purchase.

**“Commitment”** means the act of formally binding the University to a purchasing agreement.

**“Receipt”** means the physical receipt of the purchased goods or services by University personnel.

**“Payment”** means the processing of payment and transfer of funds from the University to the vendor, supplier or contractor.

#### **SCOPE AND AUTHORITY**

3. These Procedures apply to all purchases of Goods, Services or Consulting Services at the University.
4. These Procedures do not apply to payments related to employment or honoraria.
5. The Vice President Administration, or successor thereof, is the Policy Owner and is responsible for overseeing the implementation, administration and interpretation of these Procedures.

#### **POLICY**

##### **6. Procurement Principles**

###### **6.1. Segregation of Duties**

The University requires that at least three of the following five functional procurement roles are segregated between different departments or, at a minimum, between different individuals:

- a) Requisition
- b) Budgeting
- c) Commitment
- d) Receipt
- e) Payment

###### **6.2. Signing Authority and Approval**

All Goods and Services purchased at the University must be approved at the outset by the appropriate authority signing authority. Requirements for procurement are determined by the type of Good or Service to be purchased, as well as the financial (pre-tax) threshold of the expenditure. If the amount of a purchase is amended or increased after the order has been authorized, the revised total expenditure (original amount plus increase) will be used to determine approval authority.

###### **6.3. Types of Purchase**

The procurement process to be followed is determined by the type of purchase to be made: (a) Goods and Services, or (b) Consulting Services.

##### **7. Threshold Values and Means of Procurement**

- 7.1. The means by which goods and services are procured is determined by the total value in Canadian dollars of the item(s), before tax, in accordance with the chart below and as described in the subsequent sections of this procedure. The total cost will include the cost of associated warranties, maintenance and service agreements.

MEANS OF PROCUREMENT	REQUIREMENTS	THRESHOLDS
<b>CONSULTING SERVICES</b>		
Purchase Order	Three written quotations (by invitation); <u>from an Ontario based business (BOBIA)</u>	\$0- <del>\$99,121,999</del> 199.99
Purchase Order	Open competitive process	<del>\$100,121,000</del> 200 or more
<b>GOODS AND SERVICES (NON-CONSULTING)</b>		
<u>Purchase Order</u> , Purchasing Card or approved invoice processed through Accounts Payable	<u>One written quotation (by invitation); from an Ontario based business (BOBIA) Authorized cardholder and approval based on Signing Authority Registry</u>	\$0 - \$9,999.99
Purchase Order	Two written quotations (by invitation); <u>from an Ontario based business (BOBIA)</u>	\$10,000 - \$24,999.99
Purchase Order	Three written quotations (by invitation); <u>from an Ontario based business (BOBIA)</u>	\$25,000 - <del>\$99,121,999</del> 199.99
Purchase Order	Open competitive process	<del>\$100,121,000</del> 200 or more

- 7.2. Any attempt to circumvent or otherwise manipulate the thresholds used to determine the means of procurement (e.g., dividing a single procurement into multiple procurements) is strictly prohibited, and will result in delay of the purchase as the individual undertaking the requisition will be required to obtain additional quotes.

- 7.3. Under special circumstances, Limited Tendering may be used to have the quotation requirement waived.

- ~~7.3.7.4.~~ Where possible, and without compromising overall best value, purchasing preference for goods and services under \$121,200 should be sourced locally within the Province of Ontario or Canada.

## 8. Competitive Procurement

- 8.1. All Goods and Services valued greater than \$10,000 will be procured by an invitational or open competitive procurement process. An open competitive procurement process may be used, regardless of value, due to the high-profile nature of the requirement, at the discretion of the Procurement Department, or

where required by an external organization. If an existing Vendor of Record (VOR) contract is in place that satisfies the conditions of the Broader Public Sector (BPS) and other relevant trade agreements, you may select this vendor without obtaining additional quotes. However, if multiple vendors are listed under the Vendor of Record, it is encouraged to obtain multiple quotes to ensure competitive pricing and service options.

**9. Open Competitive Procurement**

- 9.1. All Goods and Services that are valued at greater than \$~~100,021,200~~ must be procured through an Open Procurement in order to solicit and evaluate bids in a fair, impartial manner prior to the issuing of a Purchase Order.
- 9.2. The Open Competitive Procurement process involves the following four stages:
  - a) Development of a bid request;
  - b) Posting and receipt of bid requests;
  - c) Evaluation of bid requests; and
  - d) Contract and award notification.
- 9.3. Detailed information and guidance regarding each of the above stages is included in Appendix C.

**10. Purchase Orders**

- 10.1. A Purchase Order must be used for all purchases of Consulting Services regardless of value, as well as Goods and Services, as required by the Threshold Values.
- 10.2. There are certain Goods and Services for which a Purchase Order may not be acceptable or appropriate. Such items may be procured through alternative means such as cheque requisitions, or expense reports.
- 10.3. Items exempt from a Purchase Order include the following:
  - a) Customs
  - b) Courier and freight charges
  - c) Conference or seminar fees
  - d) Course registration fees
  - e) Debt payments, including interest payments
  - f) Donations
  - g) Elevator license fees
  - h) Insurance premiums
  - i) Inter-institutional expenses or transfers
  - j) Investments and related fees
  - k) Leasehold payments
  - l) Membership fees

- m) Petty cash items
- n) Real property charges
- o) Recruitment agency fees
- p) Refunds
- q) Registry fees
- r) Sponsorship fees
- s) Subscription fees
- t) Support Allowance fees
- u) Taxes and charges
- v) Travel expenses
- w) Utilities
- x) Vehicle license fees
- y) Animal Care Veterinarian Services
- z) Patent Agents

**11. Purchase Requisitions**

**11.1.** A purchase requisition is a document used as part of the accounting process to initiate a merchandise or supply purchase. A purchase requisition identifies the business need for the Goods or Services and ensures appropriate controls are in place to monitor the legitimacy of a purchase.

**11.2.** All requisitions regardless of Purchase Order type must include:

- a) Valid Banner ID/Supplier Number
- b) Contact information of purchaser;
- c) Vendor contact information;
- d) Product or quote information including quote number, item description, catalogue or order number, quantity, pricing, and unit of measure, etc.;
- e) Date by which Goods and Services must be received;
- f) Account information (fund, org, account);
- g) Quotation, justification to validate the use of Limited Tendering;
- h) Where applicable any separate agreement and a note on restricted goods as outlined in Appendix B.

**11.3.** If the supplier does not have a valid Banner ID/supplier number, the individual initiating the transaction must complete the Supplier Setup Form. The Procurement Department will then check the validity of the Supplier through the Canadian Revenue Agency website and internet search before the Supplier record is established.



**11.4.** Purchase requisitions must be created and approved using the online Web Requisition portal and accompanied by the appropriate supporting documentation. There are requisitions for two types of Purchase Orders:

- a) **Regular Purchase Order:** Generally used for Goods and Services purchased at the time and paid for in a lump sum.
- b) **Blanket Purchase Order:** A blanket Purchase Order is an order of Goods and/or Services processed by the University with a supplier that contains multiple delivery dates scheduled over a fiscal year, sometimes at predetermined prices. It is normally used when there is a recurring need for Goods and/or Services. Accordingly, items are purchased under a single Purchase Order rather than processing a separate Purchase Order each time Goods and/or Services are needed.

**12. Equipment Standards**

**12.1.** Purchases of IT hardware, including laptops, tablets, workstations, monitors, printers and servers, with the exception of research hardware, must be selected from the list of standard hardware models and purchased or leased through a Purchase Order from the designated preferred vendor, as established by Information Technology Services (ITS).

**13. Furniture**

**13.1.** Requisitioners are asked to consult OCIS by phone or through a Service Desk request before purchasing office or classroom furniture to ensure that there is not existing inventory that would meet the requirements.

**14. Lab Consumable Supplies and Minor Equipment**

**14.1.** Before purchasing Lab Supplies & Equipment please contact [centralstores@ontariotechu.ca](mailto:centralstores@ontariotechu.ca)

**15. Lab Chemicals, and regulated and restricted goods**

**15.1.** These items cannot be purchased using a purchasing card unless exempt by the appropriate signing authority. See Appendix B for more information regarding regulated and restricted goods.

**15.2.** All lab chemicals, and regulated and restricted goods will be purchased using a Purchase Order or through an authorized individual to ensure compliance with applicable legislation and regulations, and University policy and procedures.

**15.3.** All Purchase Order of lab chemicals, and regulated and restricted goods must be signed off by the appropriate signing authorities: Biosafety Officer, Radiation Safety Officer, designated official (controlled goods), Health and Safety Officer (designated substances), or Animal Care Coordinator in the Office of Research Services (animal care and use).

**15.4.** When completing a purchase requisition for any of the Restricted Items Requiring a Purchase Order, the following information must be included in the comments section of the requisition form:

- a) Researcher/ Purchaser name;

- b) Certificate/permit approval number as assigned by the relevant research compliance committee (Animal Care Committee, Biosafety Committee or Radiation Safety Committee);
- c) Indicate if the material is biohazardous, radioactive, animals, controlled goods, hazardous. In rare circumstances, restricted items may be purchased using an alternative procurement method (e.g. purchasing card); however, prior approval must be sought from the Office of Research Services (Biosafety officer/Radiation Safety officer/Animal Care Coordinator).

**16. Execution of Purchase Orders and Purchasing Agreements**

**16.1.** On receipt of an approved purchase requisition, the Procurement Department will execute a Purchase Order which includes terms and conditions prior to the provision of Goods and Services and communicate this to the Purchaser and vendor. Unless a Purchase Order is issued under a separate written purchasing agreement between the purchaser and the vendor, the Purchase Order and any attachments are the sole agreement between the parties.

**16.2.** All purchasing agreements will include:

- a) Cancellation or termination clauses, as appropriate. When conducting complex procurements, the university may consider the use of contract clauses that permit cancellation or termination at critical project life-cycle stages.
- b) The specific term of the agreement and any options to extend the agreement. Any change or amendment to the term of a purchasing agreement will be made in accordance with the Signing Authority Registry and Approval Procedures and requires review by the Procurement Manager.

**17. Receipt of Goods**

**17.1.** All Goods are to be delivered to Shipping/Receiving, unless otherwise specified in the purchase requisition. Goods must be accompanied by a packing slip that indicates the Purchase Order number.

**17.2.** Shipping/Receiving will contact the Purchaser to indicate arrival of the order. The Purchaser or designate is responsible for signing the packing slip to validate that the Goods received are in accordance with the Purchase Order.

**17.3.** If Goods received are not in accordance with the Purchase Order, the Purchaser is responsible for following up with the vendor, in consultation with the Procurement Department.

**18. Payment of Invoices**

**18.1.** Payment through Accounts Payable would be through remitting the invoice, along with other required documentation (e.g. a cheque requisition), to Accounts Payable.

**18.2.** All invoices must be sent directly to Accounts Payable by the vendor. Invoices will be forwarded by Accounts Payable to the purchaser for approval prior to payment. All invoices for Goods submitted by the Purchaser for payment must be accompanied by a signed packing slip and sent to Accounts Payable.

**19. Return of Goods**

- 19.1.** For any Good that needs to be replaced or returned, it is the responsibility of the Purchaser to contact the vendor and make the appropriate arrangements in consultation with the Procurement Department. Where the replacement or return requires a change to the terms of the original Purchase Order, the purchaser will contact the Procurement Department to initiate the change.

**20. Trade Agreements**

**20.1. General**

The University will ensure the provisions of both the CFTA and CETA are considered during procurement activities and throughout the competitive tendering process. Both trade agreements are similar; however, CFTA is triggered first since that treaty has far lower thresholds for publicly tendering.

**20.2. CFTA**

CFTA will apply for the procurement thresholds listed on <https://www.cfta-alec.ca/procurement/covered-procurement-thresholds/>

\*Rates are in CDN currency and subject to inflation adjustment.

**20.3. CETA**

CETA will apply for the procurement thresholds listed on:  
<https://www.canada.ca/en/treasury-board-secretariat/services/policy-notice/contracting-policy-notice-2019-4-trade-agreements-thresholds-update.html>

\* Amounts are in CDN currency and subject to inflation adjustment

**20.4. Valuation**

In estimating the value of a procurement for the purpose of ascertaining whether it is a covered procurement, a procuring entity will include the estimated maximum total value of the procurement over its entire duration, whether awarded to one or more suppliers, taking into account all forms of remuneration, including premiums, fees, commissions and interest; and if the procurement provides for the possibility of options, the total value of such options.

**21. Limited Tendering**

- 21.1.** Limited Tendering represents a departure from the required number of quotes, as set out above, and must be accompanied by a waiver setting out the rationale for limited tendering. Limited tendering must be approved in advance of the purchase by the following:

- a) Purchases \$10,000 - \$25,000: the waiver must be approved by the Procurement Manager and Director of Financial Operations.
- b) Purchases over \$25,000 the waiver must be approved by the Procurement Manager and the Vice President Administration.
- c) Purchases of consulting services requires the waiver to be approved by the Procurement Manager, the Vice President Administration, and the President.

**21.2.** All such requests for using Limited Tendering must be approved in advance before the procurement process begins. If the Limited Tender is not approved in advance it runs the risk of not being approved and the vendor not being paid.

**21.3. Requests for Limited Tendering**

In order to obtain approval for Limited Tendering, the purchaser must make a formal request to the Procurement Department with a written explanation as to why it would be impracticable or otherwise inappropriate to put the Good or Service out for competitive procurement. Such requests should include specific requirements of the Good or Service, evidence that an objective market analysis has been undertaken and that the cost charged by the vendor is fair and reasonable. If the Good or Service is being purchased through a distributor of the manufacturer, a letter from the manufacturer should be obtained indicating a sole source distributor relationship exists between the parties.

**21.4. Granting Use for Limited Tendering**

- a) The use of Limited Tendering may be granted in the following special, limited circumstances:
- b) If no tenders were submitted or no suppliers requested participation or if no tenders conformed to the essential requirements of the tender documentation or no suppliers satisfied the conditions for participation or if the submitted tenders were collusive (provided that the requirements of the tender documentation are not substantially modified);
- If the goods or services can be supplied only by a particular supplier and no reasonable alternative or substitute goods or services exist for any of the following reasons:
  - the requirement is for a work of art;
  - the protection of patents, copyrights, or other exclusive rights;
  - due to an absence of competition for technical reasons;
  - the supply of goods or services is controlled by a supplier that is a statutory monopoly;
  - to ensure compatibility with existing goods or to maintain specialized goods that must be maintained by the manufacturer of those goods or its representative;
  - work is to be performed on property by a contractor according to provisions of a warranty or guarantee held in respect of the property or the original work;
  - work is to be performed on a leased building or related property, or portions thereof, that may be performed only: by the lessor; or
  - the procurement is for subscriptions to newspapers, magazines, or other periodicals;

- c) For additional deliveries by the original supplier of goods or services that were not included in the initial procurement, if a change of supplier for such additional goods or services: (i) cannot be made for economic or technical reasons such as requirements of interchangeability or interoperability with existing equipment, software, services, or installations procured under the initial procurement; and (ii) would cause significant inconvenience or substantial duplication of costs for the procuring entity;
- d) If strictly necessary, and for reasons of urgency brought about by events unforeseeable by the University, the goods or services could not be obtained in time using open tendering;
- e) For goods purchased on a commodity market;
- f) If a procuring entity procures a prototype or a first good or service that is developed in the course of, and for, a particular contract for research, experiment, study, or original development. Original development of a first good or service may include limited production or supply in order to incorporate the results of field testing and to demonstrate that the good or service is suitable for production or supply in quantity to acceptable quality standards, but does not include quantity production or supply to establish commercial viability or to recover research and development costs;
- g) For purchases made under exceptionally advantageous conditions that only arise in the very short term in the case of unusual disposals such as those arising from liquidation, receivership, or bankruptcy, but not for routine purchases from regular suppliers;
- h) If a contract is awarded to a winner of a design contest provided that: (i) the contest has been organized in a manner that is consistent with the principles of Chapter 5 of CFTA, in particular relating to the publication of a tender notice; and (ii) the participants are judged by an independent jury with a view to a design contract being awarded to a winner;
- i) If goods or consulting services regarding matters of a confidential or privileged nature are to be purchased and the disclosure of those matters through an open tendering process could reasonably be expected to compromise government confidentiality, result in the waiver of privilege, cause economic disruption, or otherwise be contrary to the public interest.

**21.5. Preferred Vendors**

- a) Preferred vendors are established via a contract or agreement with the University following a competitive procurement process. Agreements for preferred vendors have set terms, conditions and/or pricing over a fixed period of time in order to maximize its ability to achieve the best economic value for its expenditures. A current list of preferred vendors is available through the Procurement Department.

**21.6.** Where the University has established such contracts or agreements, Goods and Services should be purchased against these contracts from these preferred vendors.

**b)21.7.** If an existing Vendor of Record (VOR) contract is in place that satisfies the conditions of the Broader Public Sector (BPS) and other relevant trade agreements, you may select this vendor without obtaining additional quotes. However, if multiple vendors are listed under the Vendor of Record, it is encouraged to obtain multiple quotes to ensure competitive pricing and service options.

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#### **MONITORING AND REVIEW**

22. These Procedures will be reviewed as necessary and at least every three years. The Procurement Manager, or successor thereof, is responsible to monitor and review these Procedures.

#### **RELEVANT LEGISLATION**

23. Broader Public Sector Financial Accountability Act  
Canadian Free Trade Agreement  
Canada-European Union Comprehensive Economic and Trade Agreement

#### **RELATED POLICIES, PROCEDURES & DOCUMENTS**

24. Accessibility Policy  
Procurement of Goods and Services Policy  
[Academic Staff Employment Policy](#)  
Conflict of Interest in Research Policy  
Gift Acceptance Policy  
Designated Substance Permit  
Health and Safety Policy  
Radiation Safety Manual  
Biosafety Manual  
Policy on the Care and Use of Animals in Research and Teaching  
Statement of Investment Policy and Procedures  
Procedures for the Determination of Contractor Status  
Risk Management Policy  
[Signing Authority Registry and Approval Procedures](#)  
Supply Chain Code of Ethics  
Expenses Policy  
Expenses Procedures  
Safe Disclosure Policy

Safe Disclosure Procedures

Contract Management [and Signing Authority](#) Policy

[Signing Authority and Approval of Expenditures Procedure](#)

Legal Review of Contracts Procedures

Supply Chain Code of Ethics

**APPENDIX A: NON-CONSULTING AND CONSULTING SERVICES**

The following is a list of services that are commonly used by universities and that would be deemed to be “Services”, and not “Consulting Services” as defined in the Procurement Directive under the Broader Public Sector Financial Accountability Act (Bill 122).

<b>1 - NON-CONSULTING SERVICES</b>		
<b>REVIEWS</b> (predominantly subject matter experts)	Academic departmental/peer reviews Faculty/decanal review Division reviews Endowed chair reviews Dean initiated reviews Reviewers for chair selection processes Governance reviews Research/scientific reviews	Research/curriculum development/expertise Accreditation reviews Undergraduate and graduate program reviews Clinical program reviews/clinical trial reviews Thesis defense and reviews Independent review of a student’s evaluation Evaluation specialists or performance measurement specialists
<b>SPEAKERS</b>	Invited Facilitators for retreats (sometimes working on strategic plans) and workshops	Invited Speakers – for lectures, research seminars, endowed lecture series, continuing educational series programs, continuing professional development series
<b>TRAINING</b>	Training sessions	ITS course trainers
<b>TECHNICAL SERVICES</b>	Design and print agencies Program brochure design/printing/ mailing Annual report / newsletter design services/printing Technical writers, copy and writing editors or case writers – speech and article writers Business plan writing Consultants to write analytical summaries of specific government conferences Project management Business development Web design/maintenance	Event planning or management services TSSA – Technical Safety Standards Association ESA – Electrical Safety Association BI&I – insurance company, that does inspections DJ services Couriers Sports game officials Translation services/transcription services English language training provided by Applied Language Associates Onsite ergonomists



	<p>Graphic services</p> <p>Videotaping and production for teaching support materials</p> <p>Photographers</p> <p>AV support/recording of continuing education programs</p> <p>Audio support/equipment rental for convocation and outdoors</p>	<p>Implementation services for proprietary equipment (usually through an RFP)</p> <p>Security services</p> <p>Police officers<sup>1</sup></p> <p>Specialists for disabilities<sup>1</sup></p> <p>Sign language interpreters<sup>1</sup></p> <p>Musicians<sup>1</sup></p>
<b>IT SERVICES</b>	<p>Scheduling system maintenance</p> <p>Cable installers</p> <p>Hosting services (servers and web)</p> <p>Design analysis for ITS hardware/software/facilities</p>	<p>Computer programmers hired to develop surveys/databases</p> <p>Service on equipment/software where service or warranty no longer applies</p>
<b>HR/STAFFING</b>	<p>Non-continuing non-employment remuneration (NCNER) compensation</p> <p>Retired faculty members paid through NCNERS</p> <p>Preceptor payments</p> <p>Psychologists</p> <p>HR counselling/coaching services</p> <p>Career advisors offering training, coaching and assistance with applications and career strategies for students</p> <p>Career transition consultants</p>	<p>Benefit provider -employee assistance program (family counselling)</p> <p>Benefit provider -mental health and addiction counselling</p> <p>Compensation and evaluation providers</p> <p>health, dental, insurance benefit plan administration services</p> <p>Mediators</p> <p>Investigators</p> <p>Recruitment specialists</p>
<b>FINANCIAL / MONEY MANAGEMENT</b>	<p>Moneris/PSigate</p> <p>Investment management services related to pension plans and endowments</p> <p>Custodial investment services related to pension plans and endowments</p> <p>Banking services</p> <p>Procurement and travel card providers</p> <p>Insurance brokerages</p>	<p>Actuarial services</p> <p>Contingency based auditors (for tax recovery)</p> <p>Consulting services related to pension plan and endowments in regards to investment managers and market trends</p> <p>Audit services related to the pension plan and endowments financial statements</p> <p>Auditing and accounting agencies</p>

2 - SERVICES THAT CAN BE EITHER CONSULTING OR NON-CONSULTING SERVICES <sup>2</sup>		
<b>BUSINESS PLANNING</b>	Strategic planning consultant	Management services
<b>FINANCIAL MANAGEMENT BASED</b>	Consulting services related to pension plan communication and actuarial reporting	Consulting services related to health, dental, and insurance benefit plans and administrative services
<b>LICENSED PROFESSIONAL SERVICES</b>	Legal services related to pension plans and labour issues <sup>3</sup> Legal fees for consultation <sup>3</sup> Legal advice/services related to clinical care <sup>3</sup>	
<p>1. The Ministry of Finance has agreed these items are non-consulting services</p> <p>2. Most of these services can be either consulting or non-consulting services. The differentiating factor is whether or not the service is "thinking" or strategic versus tactical in nature. Actual consulting services must be competitively bid regardless of value or signed off by President/Board of Governors.</p> <p>3. Exempt under Canadian Free Trade Agreement (CFTA) therefore not required to be competitively bid but will require President or Board of Governors sign-off.</p>		

#### APPENDIX B: PURCHASES OF RESTRICTED ITEMS

1. In the interest of user and public safety, the purchase, use and disposal of restricted items is subject to provincial, federal and, in some cases, international legislation and regulations, in addition to University policy and procedures. To ensure compliance with applicable legislation and regulations, and University policy and procedures, all restricted items will be purchased using a Purchase Order, and must be signed off by the appropriate signing officials: Biosafety Officer, Radiation Safety Officer, designated official (controlled goods), Health and Safety Officer (designated substances), or Animal Care Coordinator Office of Research Services (animal care and use).
2. **Restricted Items Requiring a Purchase Order**
  - 2.1. **Controlled goods** as listed in the Controlled Goods List, a schedule to the Defence Production Act. This includes military, strategic, and military-related goods and technology, as well as dual-use goods and technology as identified in Group 2 (not all items), Item 5504 and Group 6 (all items), of the Export Control List. This also includes any US-origin good or technology that is a "defence article" as defined under the ITAR or non-US origin goods that is manufactured using "technical data" of United States origin, as defined under the ITAR if the "technical data" is a "defence article".
  - 2.2. **Animals** used for research and/or teaching purposes as regulated by Canadian Council on Animal Care (CCAC) and OMAFRA Animals for Research Act.
  - 2.3. **Controlled substances or controlled drugs** used for research/teaching purposes as defined by Health Canada, Office of Controlled Substances (OCS) as any type of drug

that the federal government has categorized as having a higher-than-average potential for abuse or addiction. Controlled substances are listed in Schedules I, II, III, IV and V of the Controlled Drugs and Substances Act (CDSA) of Canada and Part G (Controlled) and Part J (Restricted) of the Food and Drug Regulations, under the Food and Drugs Act of Canada. Controlled status applies to the drugs themselves, their salts and derivatives and to diagnostic or test kits containing these drugs.

- 2.4. **Hazardous Materials**, as defined by the Ontario Occupational Health and Safety Act in its Workplace Hazardous Materials Information System (WHMIS) Regulation. These items must have WHMIS labels and be accompanied by a current Safety Data Sheet (SDS), and may also require transportation of dangerous goods (TDG) documentation.
- 2.5. **Designated Substances** as defined by the Ministry of Labour I Regulation 833 – Control of Exposure to Biological or Chemical Agents.
- 2.6. **Human Pathogens and Toxins and/or Biohazardous materials** used for research and/or teaching purposes, including possession, use, import and export of human pathogens and toxins as defined and regulated by the Public Health Agency Canada (PHAC) and the Canadian Food Inspection Agency (CFIA).
- 2.7. **Radioactive material or devices containing radioactive material and/or producing nuclear radiation** as defined and regulated by the Canadian Nuclear Safety Commission (CNSC).
- 2.8. **Devices emitting electromagnetic radiation, including microwaves, ultraviolet, x-ray and lasers (class 3b/4 lasers)** as regulated by the Ontario Occupational Health and Safety Act.

## APPENDIX C: OPEN COMPETITIVE PROCUREMENT

### Development of a Bid Request

#### 1. Needs Identification

1. To ensure that the University obtains the most appropriate goods and/or services, the needs and objectives of the anticipated purchase, including all Accessibility requirements, must be well defined and communicated to potential vendors through a bid request.
2. Bid requests are normally executed through a “Request for Proposal (RFP)”, which requests vendors to supply solutions for the delivery of complex products or services or to provide alternative options or solutions using predefined evaluation criteria in which price is not the only factor.
3. Where the results of informal supplier or product research are insufficient, formal processes such as a Request for Information (RFI) or Request for Expression of Interest (RFEI) may be used if warranted, taking into consideration the time and effort required to conduct them.

- a) A “Request for Expressions of Interest (RFEI)” is a document used to gather information on supplier interest in an opportunity or information on supplier capabilities/qualifications and helps the organization to gain a better understanding of the capacity of the supplier community to provide the services or solutions needed.
  - b) A “Request for Information (RFI)” is a document issued to potential suppliers that sets out a general or preliminary description of a problem or need and requests information or advice about how to better define the problem or need, or alternative solutions.
4. A response to RFI or RFEI must not be used to pre-qualify a potential supplier and must not influence the chances of the participating suppliers from becoming the successful proponent in any subsequent opportunity.
5. The University may also gather information about supplier capabilities and qualifications through a Request for Supplier Qualification (RFSQ). This mechanism may be used either to identify qualified candidates in advance of expected future competitions or to narrow the field for an immediate need. The terms and conditions of the RFSQ document must contain language that disclaims any obligation of the University to call on any supplier to provide goods or services as a result of pre-qualification.
- a) Allow suppliers to apply at any time for inclusion on the pre-qualify suppliers list.
  - b) Allow all qualified suppliers to participate in a particular procurement, unless the procuring entity states in the notice of intended procurement any limitation on the number of suppliers that will be permitted to tender and the criteria for selecting the limited number of suppliers.
  - c) If the University rejects a supplier's request for participation in a procurement or application for inclusion on the pre-qualify suppliers list, ceases to recognize a supplier as qualified, or removes a supplier from a pre-qualify list, the University will promptly inform the supplier and, on request of the supplier, promptly provide the supplier with a written explanation of the reasons for its decision.
6. In developing bid requests, Accessible Procurement must be followed in the procurement process of the good, service or facility. Accessibility staff may be consulted to ensure a fair evaluation of Accessibility requirements. If it is determined that there are no Accessibility requirements to the goods, services or facilities being procured or that the Accessibility requirements are deemed not to be practicable, this decision and its explanation must be documented by the Procurement Department. A copy of this explanation will be made available to a member of the public upon request.

## **2. Evaluation Criteria**

- 1. The criteria that will be used to evaluate the monetary and non-monetary aspects of the anticipated purchase, and the relative weighting of each factor, must be developed and defined as part of the bid request process. The criteria will serve to facilitate the review of competing bids and ensure that the goods and/or services under consideration will meet the needs and objectives of the University.

2. The criteria to be used in evaluating potential vendors will include such monetary factors as price, quality, cost trends, lead-time, flexibility, technical capabilities and Accessibility requirements. In addition, potential vendors must also be:
  - a) Financially solvent and in good standing with the University;
  - b) In compliance with provincial, federal and international laws, regulations and trade agreements; and
  - c) In compliance with the technical requirements/deliverables of the tender document;
3. The methodology and process to be used in assessing the submissions must also be set out in advance, including the method of resolving a tie score. If the evaluation criteria is to be altered after the bid request is posted, an addendum must be made to the competitive procurement documents. Bid requests must also state that the addendum has been received, reviewed and will be complied with.
4. The University may request suppliers to provide alternative strategies or solutions as a part of their submission. Such alternative criteria must be established prior to posting of the bid request and cannot be considered unless they are explicitly requested in the competitive procurement documents.

### 3. Bid Requests

1. Documents pertaining to bid requests will be drafted by the Procurement manager, in consultation with the purchaser. All bid requests must clearly state:
  - a) The bid submission date and closing time. Suppliers must be given a minimum response time of 15 calendar days. Procurements that are high complexity, high risk and/or procurements that meet CETA thresholds will be accorded a response time of at least 30 calendar days;
  - b) The criteria, and weighting of the criteria, that will be used to evaluate submissions, along with the methodology to be used in assessing submissions;
  - c) A statement that submissions that do not meet the minimum requirements and/or minimum technical evaluation score will be disqualified;
  - d) The proposed term of the agreement and any options to extend the agreement (extending the term of agreement beyond that set out in the competitive procurement document amounts to non-competitive procurement where the extension affects the value and/or stated deliverables of procurement);
  - e) The cancellation or termination clauses, as appropriate;
  - f) The University's standard insurance clauses;
  - g) A bid resolution clause.
2. Bid request documents regardless of value must contain a form of agreement as defined by the Office of the University Secretariat and General Counsel Documents must be reviewed and approved by that office prior to their issuance. In circumstances where an alternative procurement strategy has been used (i.e., a form of agreement was not released with the procurement document), the agreement between the University and the successful supplier must be defined formally in a signed written contract before the

provision of supplying goods or services commences. Where an immediate need exists for goods or services, and the University and the supplier are unable to finalize the form of agreement, an interim purchase order or letter of intent may be used. The justification of such decision must be documented and approved by the appropriate authority.

#### **4. Posting and Receipt of Bid Requests**

1. Communications with potential suppliers concerning the posting of bid requests, both invitational and open, and acceptance of responses will be carried out by the Procurement Department to ensure the integrity of the competitive procurement process. In addition, the following must be adhered to:
  - a) The initial communication of any proposal must be communicated to all vendors at the same time;
  - b) All vendor responses must be due at the same time;
  - c) Any changes in due dates, requirements or information pertaining to the proposal or bid request must be communicated to all vendors at the same time and through the same method;
  - d) The bid proposal should be received in accordance with the bid documentation guidelines;
  - e) Any late proposals will not be accepted and will be returned to the supplier upon request;
  - f) All proposals and bid requests and responses and any subsequent feedback must be documented.
2. Calls for open competitive bid requests by the University will be posted by the Procurement Department on the electronic tendering system that is readily accessible by all Canadian and international suppliers (i.e. Bidding). In addition, a selected or recommended group of suppliers may be invited to respond.

#### **5. Evaluation of Bid Requests**

1. An evaluation team must be established and framework developed to provide business, legal, technical, and financial input into the review and evaluation of bid proposals. All members of the evaluation team must be aware of the restrictions related to the use and distribution of confidential and commercially sensitive information collected through the competitive procurement process. They must also refrain from engaging in activities that may create or appear to create a conflict of interest and must sign a conflict-of-interest declaration and non-disclosure of confidential information agreement.
2. Each evaluation team member must complete an evaluation matrix based on multiple, pre-defined evaluation criteria to rate each of the submissions. Records of evaluation scores must be retained in accordance with the University's Records Classification and Retention Schedule. Evaluators must ensure that everything they say or write about submissions is fair, factual, and fully defensible.
3. All qualified suppliers will be evaluated according to the same criteria and process. The submission that receives the best ranking and meets all mandatory requirements set out

in the competitive procurement document must be declared the winning bid. The University must not discriminate or exercise preferential treatment in awarding a contract to a supplier as a result of a competitive procurement process.

4. The basis for supplier selection will be the best value, which may not be the lowest bidder. Best value will be based on predetermined criteria such as (but not limited to); quality, service, added value, partnership initiatives, availability to meet delivery or service requirements, warranties, lesser ongoing operational costs, etc. The University reserves the right to conduct discussions with selected suppliers for the purpose of “purchase by negotiation” in certain circumstances such as (but not limited to): the lowest bid received substantially exceeds the estimated cost of the goods, limited or reduced project funding, change to scope unknown at time of bid request, etc.
5. Bids will not be opened publicly unless determined by the University that a public opening is deemed appropriate.

#### **6. Contract Award Notification**

1. For Open Procurement, once the agreement between the successful supplier and the University is executed, the Procurement Department will post a notification of the contract award on the electronic tendering system within 72 days after the award of the agreement between the successful supplier and the University, in the same manner as the procurement documents were posted, listing the name of the successful supplier.
2. All unsuccessful suppliers will be notified by the Procurement Department and will be informed of their entitlement to request a de-briefing within 60 calendar days.
3. Any disputes arising from the competitive procurement process, the methods employed or decisions made in the administration of a proposal, tender, or quotation must be dealt with in an ethical, fair, reasonable, and timely fashion.

#### **7. Tender Dispute Resolution**

1. Should a supplier wish to review the decision of the University in any respect of any material aspect of the tender process and subject to having a debriefing, the supplier will submit an appeal in writing to the Procurement Department within 10 days of such a debriefing. Any appeal in writing that is not received in a timely manner will not be considered and the supplier will be notified in writing. A protest in writing will include the following:
  - a) A specific identification of the provision and/or procurement procedure that is alleged to have been breached;
  - b) A specific description of each act alleged to have been breached in the procurement process;
  - c) A precise statement of the relevant facts;
  - d) An identification of the issues to be resolved;
  - e) The supplier's arguments and supporting documentation; and
  - f) The supplier's requested remedy.
2. The manager, Procurement will respond, in writing, to the supplier within 10 days of receiving the tender protest. Should the supplier still not agree with the University's

resolution, they can request a subsequent meeting with the CFO of the University. Should the supplier still not agree with the resolution they may bring the matter to the attention of an agreed upon mediator with no substantial interest in the outcome, to receive and consider the complaint and make appropriate findings and recommendations with respect to the complaint. Should both parties fail to agree on the identity of a mediator, or should mediation fail to bring about a resolution to the dispute, such dispute will then be transferred to a single arbitrator. The arbitrator will be appointed by agreement between the parties or, in default of agreement, such arbitrator will be appointed by a Judge of the Ontario Court of Justice (General Division) upon the application of any of the said parties.

#### **8. Contract Management**

1. The terms and conditions of any contractual agreement with vendors must be reviewed and approved by the manager of Procurement and the Director, Risk Management and Insurance and if the contract is facilities related, the director, Office of Campus Infrastructure and Sustainability. The University New Contract Control Form must be signed by the appropriate individuals listed on the form before sending the contract for final, formal senior level signature in accordance with the Signing Authority Registry.
2. Payments must be made in accordance with provisions of the contract. All invoices must contain detailed information sufficient to warrant payment. Any overpayments must be recovered in a timely manner.
3. Assignments must be properly documented. Supplier performance must be managed and documented, and any performance issues must be addressed.
4. To manage disputes with suppliers throughout the life of the contract, the University should include a dispute resolution process in their contracts.
5. For Services, the University must:
  - a) Establish clear terms of reference for the assignment. The terms should include objectives, background, scope, constraints, staff responsibilities, tangible deliverables, timing, progress reporting, approval requirements, and knowledge transfer requirements.
  - b) Establish expense claim and reimbursement rules compliant with the Broader Public Sector Expenses Procedure and ensure all expenses are claimed and reimbursed in accordance with these rules.
  - c) Ensure that expenses are claimed and reimbursed only where the contract explicitly provides for reimbursement of expenses.





## BOARD OF GOVERNORS

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

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#### Minutes of the Public Session of the Meeting of November 21, 2024 2:00 p.m. to 3:35 p.m., Videoconference

**Members:** Carla Carmichael, (Chair), Laura Elliott, Laura Money, Steven Murphy, Kim Slade, Susanna Zagar

**Regrets:** Nolan Bederman, Mitch Frazer,

**Staff:** Kirstie Ayotte (Secretary), Nicola Crow, Jacquelyn Dupuis, Krista Hester, Lori Livingston, Jennifer MacInnis, Brad MacIsaac, Pamela Onsiong, Sarah Thrush

**Guests:** Chelsea Bauer, Michelle de Cordova (ESG Global Advisors), Mikael Eklund, Matthew Mackenzie (guest governor), Dwight Thompson (guest governor)

#### 1. Call to Order

The Chair called the meeting to order at 2:00 p.m. and read aloud the land acknowledgment.

#### 2. Agenda

*Upon a motion duly made by L. Money and seconded by S. Zagar, the Agenda including the Consent Agenda items were approved as presented.*

#### 3. Conflict of Interest Declaration

None.

#### 4. Chair's Remarks

The Chair welcomed attendees to the meeting, remarking on the busy agenda and expressing appreciation for the engagement of new members. She thanked S. Zagar for accepting the role of Vice-Chair, acknowledging their shared work and future collaboration. She highlighted the importance of the Committee's work in providing oversight on critical issues and welcomed the contributions of all members.

## 5. President's Remarks

The President welcomed the Committee and noted the historic success of the Men's soccer team winning the Ontario University Athletics (OUA) championship securing a space at the USPORTS National Championships, hosted this year by Ontario Tech, marking a milestone for the University. In addition, he highlighted the University's strong performance in the latest Maclean's rankings, where Ontario Tech achieved the top spot in reputation among universities. He highlighted key strategic partnerships, including the Partnership for Advanced Technology in Health Care (PATH) initiative with Lakeridge Health, which focuses on advanced healthcare technologies, especially in AI, and furthering the University's healthcare capabilities.

## 6. Finance

### 6.1. Strategic Discussion: ESG and Responsible Investing\* (D)

B. MacIsaac introduced Michelle de Cordova from ESG Global Advisors, to lead a discussion on responsible investing, particularly in the context of environmental, social, and governance (ESG) factors. She began by providing an overview of responsible investing, explaining the growing importance of ESG integration in the university investment landscape and noted that Ontario Tech was committed to ensuring that its investments align with responsible practices that balance financial returns with societal impact. She walked the Committee through key aspects of responsible investing, including the need for transparency in investment decisions, the distinction between ESG and corporate responsibility, and the emerging global trends in sustainable investing. She also addressed the University's current ESG policy, which mandates that external asset managers integrate ESG factors into their decision-making processes.

The discussion emphasized Ontario Tech's commitment to meeting its fiduciary responsibilities while addressing growing stakeholder expectations for leadership in responsible investing, particularly from students, faculty, and alumni. The importance of monitoring ESG-related issues within investment portfolios was highlighted, with an emphasis on the role of external asset managers in flagging significant concerns through their reporting. M. de Cordova noted that boards and committees depend on portfolio monitoring reports to identify emerging issues and ensure alignment with ESG standards. B. MacIsaac explained that Ontario Tech receives quarterly reports from its investment manager, Phillips, Hager & North (PH&N), which include an attestation of ESG compliance. He also proposed enhancing transparency by incorporating updates on emerging issues directly into Board reports.

S. Murphy highlighted the importance of balancing transparency in investment practices with education, particularly for stakeholders who may be less familiar with the complexities of investment processes. He noted that without a proper understanding of the intricate structures and decision-making chains involved, people may arrive at conclusions that conflict with the values or objectives of the organization and stressed the need to continue educating stakeholders to ensure informed

discussions and decisions, concurrent with aligning transparency efforts with broader institutional goals.

## **6.2. Second Quarter Financial Reports\* (U)**

P. Onsiang presented the second-quarter financial reports, projecting a year-end surplus of \$5.9 million, aligning closely with the budgeted \$5.4 million. The surplus is earmarked for future strategic initiatives and/or operating contingencies as part of the University's due diligence in the current fiscal context.

She attributed the surplus to tuition revenue increases largely due to higher than budgeted domestic under-graduate student enrollment reflective of the differentiated growth strategy; and, provincial funding also exceeding budgetary expectations, including a \$3.6 million sustainability grant and \$500,000 earmarked for a third-party efficiency review of the University's structure and operational policies.

She noted that international enrollment saw a modest increase and cautioned that future caps could pose challenges.

On the expense side, P. Onsiang noted that increased enrollment raised operational costs, including expanded sessional hires, teaching assistant support, and scholarships.

With the increase in projected enrolment and associated revenues, funds have been allocated to support academic growth and invested in strategic initiatives to improve the student experience and upgrade campus technology. She highlighted the University's \$12 million acquisition of a 50% stake in the Campus Corners building, approved by the Board of Governors in June 2024. Aligned with the Campus Master Plan (CMP), this move further reduces reliance on leases, with tenant rental revenues used to service any debt arising from the acquisition. In response to a question about the CMP status, B. Maclsaac supported presenting a refresher on the CMP at a future meeting.

## **6.3. 2025-2026 Budget Assumptions\* (D)**

B. Maclsaac commenced the presentation on the 2025-2026 Budget Assumptions.

B. Maclsaac noted that the projected total revenue for the 2025-2026 fiscal year was \$260 million, a \$15 million increase from the previous year, with half of the growth driven by enrollment. Key budgetary factors under consideration include: a provincial freeze on domestic tuition; a 3% increase in international tuition; a 3% increase in provincial funding for 2024-2025 and an additional 2% the following year; and ancillary fees are expected to rise by \$2 million. He emphasized that much of the revenue, especially from government grants, is designated for specific purposes and cannot be freely allocated to broader strategic priorities.

S. Thrush outlined the enrolment assumptions underlying the budget for both domestic and international students, projecting moderate growth of 1.5 to 1.75% for un-capped domestic programs through 2025-2026. She highlighted separate targets for nursing and modest growth in Master's and PhD students, excluding new programs like Sociology and the PhD in Cybersecurity that are not launched yet. For international enrollment, she noted uncertainty due to new Immigration, Refugees and Citizenship Canada (IRCC) rules, with the assumption of steady intake for the next two years and a 5% increase thereafter. She presented three enrollment scenarios: a base scenario with moderate growth, a constrained scenario with lower international enrollment, and a growth scenario with 10% annual increase in undergraduates and 5% in international students, particularly in STEM.

B. MacIsaac explained that with \$252 million in projected expenses the university is left with \$8 million for allocation. As noted in the enrolment section there is an uncertainty on the international cap which could reduce the tuition revenue by about \$3.2 million next year. He highlighted the University's conservative budgeting and the strategic plans to set aside \$3 to \$5 million annually for future needs. Despite a 1.5% revenue increase, rising labour (6%) and operating costs (4%) are creating a budget gap.

L. Livingston acknowledged that the University is in a strong financial position compared to others, but faces challenges from external factors like geopolitical unrest, inflation, and uncertainty around international student policies. She emphasized the need for caution and stressed that the University will continue to focus on differentiated growth including expanding programs and adding new ones.

When asked how many years it would take before the University faces a deficit based on current projections, B. MacIsaac explained that with essentially no new operating funded hires a deficit would likely occur in year three if the current assumptions continue. He also noted that the April budget presentation will include projections for the following two years, providing a clearer view of the University's future financial outlook.

In response to a question about the University's efforts to obtain answers from the Federal government regarding international student policies, S. Thrush noted despite meetings with other institutions in Ottawa, the Government has not provided clear answers, so creating uncertainty. The University is proceeding with assumptions based on past policies but remains concerned about the volatility and lack of urgency from the Government.

## **7. Compliance and Policy**

### **7.1 Risk Management Update\* (U)**

J. Dupuis highlighted significant progress in advancing the University's risk management practices. Key achievements include strengthening insurance coverage while reducing premiums, streamlining insurance processes to improve user experience, and creating concise, user-friendly bulletins on common operational risks.

She noted that the development of risk-specific resources ensures alignment with institutional risk activities, with plans to finalize continuity planning by 2025 and to propose ten thematic risk categories to risk owners this winter.

Additionally, she advised that the office is preparing to launch resources on cyber and international travel risks and has transitioned inspection forms to digital platforms, enhancing efficiency and cross-departmental workflows. Future efforts will focus on providing training and webinars to familiarize members with these tools. J. Dupuis expressed appreciation and kudos to the hard-working Office of Risk Management team.

### **7.2 Risk Management Policy\* (M)**

J. Dupuis presented the updated Risk Management Policy, highlighting its alignment with current practices through clarified responsibilities, enhanced definitions, and the integration of the compliance policy to streamline governance processes. Feedback from consultations was instrumental in refining the changes, and B. Maclsaac commended the consolidation of three documents into one as a significant step toward greater efficiency.

*Upon a motion duly made by L. Money and seconded by L. Elliott, the Audit & Finance Committee hereby recommends the Risk Management Policy, as presented, for approval by the Board of Governors.*

### **7.3 MCU Efficiency and Accountability Fund Proposal\* (M)**

B. Maclsaac noted that the University has secured a one-time government grant for efficiency reviews and selected KPMG after a Request for Proposal (RFP) process. He advised that approval is being sought from the Committee to engage KPMG for up to \$350,000, as required by policy for using external auditors for non-audited services. Additionally, he noted that \$150,000 of the \$500,000 grant is allocated for a land monetization review. KPMG has signed an attestation confirming its independence from the auditors, and A&F approval is now sought.

*Upon a motion duly made by S. Zagar and seconded by K. Slade, the Audit and Finance Committee approves the engagement of KPMG LLP to provide non-audit services to Ontario Tech estimated at Three Hundred and Fifty Thousand Dollars (\$350,000) in respect of an efficiency and accountability review.*

### **7.4 Auditor General Value for Money Audit Status Update\* (U)**

B. Maclsaac provided an update on the Auditor General's upcoming 2 year review report, noting that Ontario Tech has completed 48% of the 2022 audit

recommendations. Key actions outstanding include presenting the costing model at the program level scheduled for April 2025 and addressing data collection through an Ontario Tech-specific exit survey, now set for summer 2025 after the external consortium confirmed it could not do this with the current system.

In response to a question, B. MacIsaac confirmed that Ontario Tech is held to the same standards as other universities audited, with similar recommendations. He explained that the Auditor General requested more detail on both short- and long-term presidential succession, as well as internal succession and that the University emphasized its open, international searches while also offering leadership training for internal candidates. He expressed confidence that, barring any major issues, all recommendations will be addressed within the 5 year timeline set by the AGO.

## **8. Consent Agenda**

- 8.1.** Minutes of Public Session of A&F Meeting of June 13, 2024\* (M)
- 8.2.** Annual Statement of Investment Policies\* (I)
- 8.3.** Internal Audit Update\* (I)
- 8.4.** Review of Audit and Finance Terms of Reference\* (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, upon a motion duly made, by L. Elliott, the public A & F meeting adjourned at 3:35 p.m.*

Kirstie Ayotte, Assistant University Secretary

# COMMITTEE REPORT

**SESSION:**

Public   
 Non-Public

**ACTION REQUESTED:**

Decision   
 Discussion/Direction   
 Information

**TO:** Audit and Finance Committee

**DATE:** February 13, 2025

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

**SUBJECT:** Investment Portfolio Update

**COMMITTEE MANDATE:**

The Committee is responsible for overseeing the investment of the Funds in accordance with the University’s [Statement of Investment Policies](#) (“SIP”) and the performance of the investment manager.

**BACKGROUND/CONTEXT & RATIONALE:**

In summer 2021 the Committee recommended receiving updates twice a year with management bringing forward updates if needed (i.e. changes outside of the Investment Manager’s purview). The overall objective is to obtain the best possible total return on investments that is commensurate with the degree of risk that Ontario Tech is willing to assume in obtaining such return. As of December 31, 2024 we have a market value of \$39.4M which is up from December 2023 (\$35M). Our performance measurements are:

1) **Asset mix range** as per SIP section 6.1 has been adhered to:

Asset Mix	Benchmark	Target	Min	Max
<b>Fixed Income</b>		<b>20%</b>	<b>15%</b>	<b>35%</b>
Cash & Short-term	<i>FTSE Canada 30 Day T-Bill Index</i>	0%	0%	10%
Universe Bonds	<i>FTSE Canada Universe Bond Index</i>	20%	15%	35%
<b>Equities</b>		<b>55%</b>	<b>45%</b>	<b>65%</b>
Canadian	<i>S&amp;P/TSX Capped Composite Index</i>	20%	10%	30%
Global	<i>MSCI World Net Index \$C</i>	30%	20%	45%
Emerging Markets	<i>MSCI Emerging Markets Net Index \$C</i>	5%	0%	10%
<b>Alternatives</b>		<b>25%</b>	<b>10%</b>	<b>30%</b>
Real Estate	<i>Canadian CPI (Non-Seasonally Adjusted) 1-month lag + 400 bps</i>	6%	0%	10%
Mortgages	<i>FTSE Canada Short Term Overall Bond Index</i>	5%	0%	10%
Infrastructure	<i>Canadian CPI (Non-Seasonally Adjusted) 1-month lag + 400 bps</i>	6%	0%	10%
Private Debt	<i>Morningstar LSTA US Leveraged Loan Index</i>	4%	0%	8%
Private Equity	<i>MSCI World Net Index (\$C)</i>	4%	0%	8%

- 2) **Minimum performance expectations** are above our desire 6% annually in a 5-year period as outline in SIP section 7.1. This is being closely monitored based on the volatile market and management is reviewing performance against benchmark as we have normally been above in pre-Covid years.

Performance <sup>1</sup>	Three Months %	One Year %	Three Years %	Five Years %	Since Incep. %
Ontario Tech Long Term Account	2.3	14.9	5.0	7.3	7.7
Benchmark <sup>2</sup>	2.8	16.0	6.2	7.7	7.4
Ontario Tech Term Account	1.0	4.9	4.0	2.7	1.9
FTSE Canada 30 Day T-Bill Index	1.0	4.7	3.7	2.4	1.6

<sup>1</sup> Total returns are gross of investment counseling fees and reported in Canadian dollars. Performance for periods of one or more years is annualized. Performance inception date for Long Term Account is August 31, 2010. Performance inception date for Short Term Account is November 30, 2013.

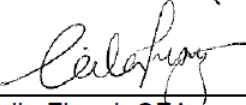
<sup>2</sup> Current Custom benchmark: 8% FTSE Canada Short Term Overall Bond Index; 20% FTSE Canada Universe Bond Index; 20% S&P/TSX Capped Composite Index; 30% MSCI World Net Index (C\$); 5% MSCI Emerging Markets Net Index (C\$); 17% Canadian CPI (Non-Seasonally Adjusted) 1-month lag + 400 bps.

- 3) **ESG Compliance** is of value to the University as is responsible investing. There are no emerging trends/issues to report, and PH&N has signed off on its required attestation.

We confirm that the Short Term Account remains compliant with the letter of understanding regarding the Short Term Fund dated November 9, 2017.

We confirm that RBC Global Asset Management (“RBC GAM”), the manager of the strategies in the Ontario Tech investment portfolios, is a signatory to the United Nations Principles for Responsible Investing (“UNPRI”). As such, RBC GAM incorporates ESG (environment, social, governance) factors in the investment decision-making process for the strategies in the Ontario Tech investment portfolios to the extent that such considerations are material and relevant to the expected risk and return of the investment under consideration.

**RBC PHILLIPS, HAGER & NORTH  
Investment Counsel Inc.**

  
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 Leila Fiouzi, CFA  
 Senior Investment Counsellor

December 31, 2024  
 Date

**SUPPORTING REFERENCE MATERIALS:**

N/A