



**BOARD OF GOVERNORS  
AUDIT & FINANCE COMMITTEE**

**MINUTES OF THE MEETING OF FEBRUARY 21, 2018  
PUBLIC SESSION  
12:30 p.m. – 2:15 p.m., ERC 3023**

**Attendees:** Nigel Allen (Chair), Fardan Ali, Jeremy Bradbury, Doug Holdway, Dietmar Reiner (*via teleconference*)

**Staff:** Becky Dinwoodie, Craig Elliott, Cheryl Foy, Lori Livingston, Brad Maclsaac, Susan McGovern, Pamela Onsiog

**Regrets:** Doug Allingham, Stephanie Chow, Mary Simpson

**Guests:** Louis Charpentier, Mike Eklund (UOIT FA), Christine McLaughlin (UOIT FA)

**1. Call to Order**

The Chair called the meeting to order at 12:34 p.m.

**2. Agenda**

*Upon a motion duly made by F. Ali and seconded by D. Reiner, the Agenda was approved as presented.*

**3. Conflict of Interest Declaration**

There were no conflict of interest declarations.

**4. Approval of Minutes of Meetings of November 22, 2017**

*Upon a motion duly made by D. Reiner and seconded by F. Ali, the Minutes were approved as presented.*

(J. Bradbury arrived at 12:35 p.m.)

## **5. Chair's Remarks**

N. Allen welcomed the committee members and guests to the meeting. He kept his remarks brief to allow additional time for discussion.

## **6. Policy & Risk**

### **6.1 Policy:**

#### **(a) Policy Reviews**

C. Foy advised that the university is currently conducting a review of the Policy Framework. They will be working on aligning it with the new By-law No. 2 that comes into effect on September 1, 2018.

#### **(b) Contract Management & Signing Authority**

L. Charpentier, an external consultant, was introduced to present the updated Contract Management and Signing Authority Policy, which was included in the meeting material. He confirmed that the policy documents would be returning to the committee for recommendation following additional consultation. He identified a few gaps in the policy that remain to be addressed (e.g. text dealing with research matters). He advised that there are many procedures in place in the Chief Financial Officer's office that will be incorporated into the procedures, as well as the Signing Register.

L. Charpentier responded to questions from the committee. He advised that any questions or comments that arise after the meeting may be forwarded to him through B. Dinwoodie.

#### **6.2 Risk Management**

C. Foy reviewed the risk management update report, which was circulated in advance of the meeting. She walked through the Risk Management Work Plan and proposed timeline. She confirmed that there will be a focus on strategic risk. The senior leadership team will be discussing strategic risk in March, the results of which will be presented to the Board for discussion. Strategic risk will also be a focus at the upcoming Board Retreat.

Risk metrics are being developed and will be presented at the next Audit and Finance Committee meeting for discussion. C. Foy advised that the lack of a business continuity plan was identified as a foundational risk. The university is working with a business continuity planning expert from Durham College to develop a plan. A committee member commented that a lot of progress has been made on the development of risk management since it was first introduced. C. Foy responded to questions from the committee and clarified that risk owners must continue to monitor and update their risk registers, including raising risk levels, if necessary, and identifying new risks.

## **7. SIRC Building Construction Project**

C. Elliott reviewed the SIRC building construction project update. He noted several changes that have been made inside the building, including raising the level of desks at the back of classrooms, widening the counter in the Registrar's Office, and adding more electrical outlets for students. A UOIT wrap and lights will be added to the penthouse in the spring. He also advised that the Ministry will be auditing the project.

C. Elliott responded to questions regarding community feedback on the building. B. MacIsaac shared the reactions of the Registrar's Office staff to the move into the building. Sound barriers have been added at the bottom of all doors in SIRC. J. Bradbury added that some of the feedback he heard is that the building seems a bit far from the rest of the North Campus and the faculty feel a bit isolated.

D. Reiner congratulated the team on executing the project under budget.

## **8. Finance**

### **8.1 Third Quarter Financial Reports**

P. Onsiong conducted a high-level review of the third quarter financial reports with the committee. She advised that other revenue is \$5.4M favourable due to the on-time settlement of retail sales tax claim, and that academic units are favourable by \$1.2M as a result of open positions. She walked through UOIT's financial metrics compared to similar sized institutions.

P. Onsiong responded to a question regarding the forecasted surplus of \$12M and whether the university is being more conservative than it needs to be with respect to its surplus. C. Elliott explained how they arrive at the proposed restricted funds allocation. He advised that there is usually about \$1M in surplus per year due to vacant positions. While the university works towards a balanced budget, funds must continue to be set aside for certain purposes. P. Onsiong reviewed the breakdown of the surplus. SIRC construction costs are not included as part of the operating budget.

### **Moving Ground Plane**

P. Onsiong discussed the recent announcement of the Minister of Economic Development that Ontario will be investing a total of \$4.0M to enhance the university's ACE facility by adding the Moving Ground Plane. Magna International will be contributing \$1.0M. In addition, Multimatic will be providing engineering expertise to help develop the Moving Ground Plane. MOU agreements with both parties are in the process of being finalized.

### **Long Term Forecast**

P. Onsiong reviewed the updated 2017-2018 data, which includes the November 1 enrolment projections. She advised that the long term forecast will be updated with the university's February 1 enrolment numbers and will be presented to the committee at the April meeting.

**8.2 Budget**

C. Elliott delivered the 2018-2019 budget update presentation, which was circulated in advance of the meeting. He detailed the \$12.4M in asks. There was discussion regarding potential strategies for reducing the attrition of faculty at the university, as well the allocation of surplus. C. Elliott also reviewed the consultation timeline.

**8.3 Endowment Disbursement Report**

C. Elliott presented the endowment disbursement recommendation for the committee’s consideration. He provided a summary of the cumulative investment income. There is approximately \$2.6M available for disbursement to fund bursaries and scholarships. C. Elliott reviewed the gift agreement requirements – the university must distribute a minimum of 3-4% of the principal amount per year to meet the requirements. The Disbursement Committee recommends disbursing up to 5% (\$750,000) of the endowment for 2018-2019.

*Upon a motion duly made by N. Allen and seconded by J. Bradbury, the Audit & Finance Committee recommended the disbursement of up to \$750,000 from Endowment Funds for distribution as student awards in 2018-19.*

**8.4 Tuition & Ancillary Fees:**  
**(a) 2018-2019 PhD Engineering Tuition Fees**

B. Maclsaac reminded the committee that the 2018-2019 tuition fees were actually approved last year due to the government’s changes in tuition funding. He discussed the recent U of T announcement that in a student’s fifth year of study, international PhD students will pay domestic fees. While UOIT is currently not seeking to move in that direction, the university is looking to help mitigate barriers in attracting top research talent. The belief is that the proposed tuition decreases will help the university move towards that goal.

*Upon a motion duly made by F. Ali and seconded by D. Reiner, the Audit & Finance Committee recommended to the Board of Governors for approval the amended 2018-19 PhD Engineering tuition fees to match all other UOIT PhD rates, as presented below:*

PhD (Engineering)	Approved 2018-19	Proposed 2018-19	Decrease from Approved
Domestic	\$9,844.38	\$8,421.46	-14.5%
International	\$21,709.26	\$18,421.78	-15.1%

**(b) 2019-2020 Tuition Fees**

B. Maclsaac explained that while we would normally be coming forward to obtain the committee's recommendation of the proposed 2019-20 tuition fees, we are unable to do so at this time since the Ministry has not yet released its compliance guidelines. He advised that strategically, the university is aiming to be in the mid-range of tuition compared to other institutions. In terms of a percentage increase, the increase will be larger for incoming students and lower for continuing students. While we could increase graduate tuition fees by 3-5%, we are considering an increase of approximately 2%. We are also looking to provide more certainty for graduate and international students with respect to their tuition fees during their time at the institution.

B. Maclsaac answered questions about the proposed tuition fees, including whether the fees for the Bachelor of Science should be increased to keep in line with other institutions. He confirmed that graduate student funding has been a focus of discussions at Academic Council. There was a discussion regarding the potential impact an increase in graduate tuition fees could have on research productivity. B. Maclsaac advised that a taskforce has been established to review graduate tuition fees and the availability of graduate funding, as it is important to examine both of these together. A question was asked as to whether consideration has been given to increasing tuition for first year graduate students and keeping it flat for the ensuing years.

**(c) 2019-2020 Ancillary Fees**

B. Maclsaac reviewed the report on ancillary fees, which was included in the meeting material. He noted that the university's ancillary fees have decreased over the years and are now more in line with those of other institutions. He confirmed that the university expects to be out of the TELE program of providing devices by 2020. He clarified that third party provider fees do not need to be approved by the Board and that the UPASS fee is currently in negotiation.

B. Maclsaac advised the committee that the university's Ancillary Fees Committee (AFC) met the previous day and reviewed the Ancillary Fee Protocol. The AFC recommended several changes to the Protocol, which will be circulated to the Audit and Finance committee electronically for recommendation by written resolution.

**8.5 TELE Program Update & Laptop Procurement**

B. Maclsaac presented the recommended laptop procurement expense for consideration by the committee.

*Upon a motion duly made by F. Ali and seconded by D. Holdway and pursuant to the recommendation of Management, the Audit & Finance Committee recommended to the Board of Governors for approval the expenditure of ~\$2.4M for procurement, via an open competition amongst OECM-selected vendors, of laptop, tablet and desktop equipment required to support the UOIT Technology Enriched Learning Program and internal needs for the 2018-19 academic year.*

## **8.6 UOIT Credit Rating Update**

C. Elliott distributed a report providing an update on the university's credit ratings from Moody's Investor Service and Dominion Bond Rating Services.

## **9. Investment Committee Oversight**

### **9.1 Investment Committee Quarterly Report**

N. Allen provided an update from the Investment Committee meeting, which took place that morning. He discussed the learning session, which focused on the impact of US Tax Reform.

## **10. Other Business**

## **11. Termination**

*There being no other business, upon a motion duly made by F. Ali, the public session of the meeting adjourned at 2:01 p.m.*

Becky Dinwoodie, Secretary