



**BOARD OF GOVERNORS
AUDIT & FINANCE COMMITTEE**

**MINUTES OF THE MEETING OF NOVEMBER 22, 2017
PUBLIC SESSION
12:30 p.m. – 1:45 p.m., ERC 3023**

Attendees: Nigel Allen (Chair), Fardan Ali, Doug Allingham, Jeremy Bradbury, Stephanie Chow, Dietmar Reiner, Mary Simpson (*via teleconference*)

Staff: Robert Bailey, Becky Dinwoodie, Craig Elliott, Cheryl Foy, Pamela Onsiong

Regrets: Tim McTiernan

Guests: Mike Eklund (UOIT FA), Christine McLaughlin (UOIT FA)

1. Call to Order

The Chair called the meeting to order at 12:32 p.m.

2. Agenda

Upon a motion duly made by D. Allingham 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 October 12, 2017

Upon a motion duly made by D. Reiner and seconded by S. Chow, the Minutes were approved as presented.

5. Chair's Remarks

The Chair welcomed the committee members to the meeting. He noted that it would have been President McTiernan's last Audit & Finance Committee meeting; however, President McTiernan was

unable to attend due to a scheduling conflict. The Chair commented on the Colleges Faculty strike, which ended earlier in the week.

6. SIRC Building Construction Project

C. Elliott provided the committee with an update. The moves into the third and fourth floors were underway. A graphic sign will be installed in the spring. The SIRC construction project remains under budget and no contingency has been used. The university has received requests from Durham College to use SIRC's third floor space for classes and events due to the effects of the college strike.

D. Allingham congratulated C. Elliott and his team for delivering the project on time and under budget.

7. Finance

7.1 Second Quarter Financial Reports

P. Onsiong reviewed the second quarter financial reports with the committee. The final installment of the Ministry of Finance loan was paid on October 13, 2017. There was an increase in revenue from tuition fees due to increased enrolment.

There was a discussion regarding the savings from open faculty positions and how it is allocated to the university's surplus as opposed to Faculty carry-overs. P. Onsiong responded to questions from the committee members. She clarified that the "average comparator" group is comprised of seven other small sector universities. The committee also discussed how the Ministry uses the institution's financial metrics, particularly the net operating revenues ratio.

P. Onsiong reviewed the 2017-2018 operating forecast summary. She noted an increase of 322 FTE, resulting in an increase of \$1.8M in tuition revenue. The senior leadership team approved and allocated \$3.5M out of the additional surplus, which has been included in the updated forecast.

SIRC was never included as part of the operating budget. They anticipate incurring \$15M of SIRC costs, partially funded by SIF funding and the remainder by the university's funds. The university has a healthy cash flow. They will consider re-investing the surplus cash into short-term GICs as there are no upcoming capital projects.

There was an engaged discussion regarding the updated forecast and the forecasted surplus.

The Chair thanked C. Elliott and P. Onsiong for the thorough notes included in the report.

7.2 Budget Assumptions, Targets & Outcomes

C. Elliott delivered a presentation providing a budget update. He discussed the increase in forecasted surplus. R. Bailey provided an overview of the type of additional in-year spending for 2017-18 (\$0.9M in base budget and \$2.6M for one-time only expenditures). He also discussed the process for deciding the allocation of the additional \$7.6M in surplus, which included a discussion at Academic Council.

C. Elliott reviewed the key points in the updated 10-year forecast. There is now an ongoing base surplus of \$2M, less whatever is committed as Base expense in 2018/19 budget. There was a discussion regarding the funding of the university's graduate programs.

R. Bailey presented the budget methodology and strategic planning cycle and C. Elliott presented the financial planning cycle.

A concern was expressed about surplus funds having already been allocated without discussing the university's strategic priorities with the committee. The process was clarified and the committee was advised that the senior leadership team discussed which priority items could be accomplished by in-year spending, and the items selected were either health and safety related (eg atrium reno, or already committed expenses by the BOG (eg) cyber insurance. There was also a discussion regarding Academic Council's feedback on the budget presentation. Academic Council acknowledged that there is a need for building space and also identified a need for additional faculty/teaching resources. There was clarification as to the incorporation of strategic planning into the surplus spending.

8. Investment Committee Oversight

8.1 Investment Committee Quarterly Report

S. Chow provided the committee with an update on the portfolio's second quarter returns.

9. Compliance & Policy

9.1 Risk Management

C. Foy confirmed that E. Wannamaker, the Director of Risk Management, is retiring at the end of December. A new Director of Risk Management, Jacquelyn Dupuis, has joined the team. J. Dupuis will be obtaining her Canadian Risk Management designation at the end of the year.

9.2 Compliance & Policy

C. Foy delivered a policy update presentation to the committee. She explained the function of the Policy Framework. There was a discussion regarding how policy gaps are identified.

10. Other Business

11. Termination

There being no other business, upon a motion duly made by D. Allingham and seconded by J. Bradbury, the public session of the meeting adjourned at 1:47 p.m.

Becky Dinwoodie, Secretary