

**BOARD OF GOVERNORS  
AUDIT & FINANCE COMMITTEE**

**MINUTES OF THE MEETING OF OCTOBER 12, 2017  
PUBLIC SESSION**

**Attendees:** Nigel Allen (Chair), Jeremy Bradbury, Tim McTiernan, Dietmar Reiner, Mary Simpson

**Staff:** Robert Bailey, Becky Dinwoodie, Craig Elliott, Cheryl Foy, Doug Holdway, Susan McGovern, Pamela Onsiong

**Regrets:** Doug Allingham

**Guests:** Stephanie Chow (via teleconference), Talib Ali (UOIT SU), Miguel Salaices (UOIT SU), Denise Martins (UOIT FA), Ali Naqvi (UOIT student)

**1. Call to Order**

The Chair called the meeting to order at 10:32 a.m.

**2. Agenda**

*Upon a motion duly made by M. Simpson and seconded by T. McTiernan, 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 June 12, 2017**

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

**5. Chair's Remarks**

The Chair welcomed the committee to the first meeting of the academic year. He also welcomed and introduced the guests attending the meeting. He noted that there is a pending college faculty strike.

While the strike could have implications for UOIT, such as picket lines at campus entrances, there are contingency plans in place.

(J. Bradbury arrived at 10:35 a.m.)

## **6. President's Remarks**

The President added that a campus wide communication was sent out that morning regarding the potential college strike. He discussed the strike by college OPSEU support staff in 2011 and how the management of the strike was as constructive as it could have been.

The President was pleased to inform the committee that the university had a good start to the year. The university's enrolment is beyond its target and within its corridor. He was hopeful that the university could have its final SMA in place by the Board meeting on October 26.

The President shared the good news that the university moved up in the Maclean's university rankings and is now ranked eighth overall among Primarily Undergraduate Schools.

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

C. Elliott reviewed the SIRC project presentation. He advised that the building had an occupancy inspection on October 6 and that they anticipate receiving the occupancy permit imminently. The target for substantial completion is the end of the month. C. Elliott confirmed that the project did not use any of its contingency funds. All deficiencies on floors 1 and 2 have been cleared. C. Elliott advised that there are no risks that are of concern at that date.

The Chair remarked that it was great news that the project came in on time and on budget. C. Elliott added that it was the result of the team managing the project. He also noted that the design-build process worked well for the project.

## **8. Finance**

### **8.1 First Quarter Financial Reports**

P. Onsiong reviewed the financial update report with the committee. Other than the SIRC project, there were no out of the ordinary transactions during the first quarter. P. Onsiong reviewed the university's assets and liabilities. The university invested \$30M in capital assets, including \$24M for SIRC. She also advised that the final payment on the Ministry of Finance loan would be made on Friday, October 13, 2017.

P. Onsiong responded to questions from the committee. The Chair noted that the variances are explained well in the notes at the end of the financial statements.

P. Onsiong went on to discuss the financial metrics, including the factors contributing to the positive outlook for the year. She advised that there is a positive variance of 322 FTE. She explained the

impact of the increase in FTE in the context of the new funding formula. P. Onsiong also noted the “One-time-only” net retail sales tax rebate of \$3.2M.

There was a discussion regarding the decrease in international undergraduate students. It can be difficult to predict international enrolment due to delays in obtaining student visas.

The committee also discussed the anticipated surplus of \$11-13M, which is largely due to one time receipts. C. Elliott confirmed that they will be returning to the committee with recommendations for the strategic allocation of the surplus. The committee members confirmed their interest in understanding the university’s priorities for surplus spending.

T. McTiernan provided an update on the status of the moving ground plane. The university has been actively involved with the federal and provincial governments regarding obtaining funding for the installation of the moving ground plane.

P. Onsiong advised that the university has a healthy cash position. She also reviewed the long-term forecast and summarized the changes made to a number of the assumptions since the last forecast was made. With the change in assumptions, the forecast is showing a surplus of close to \$20M over the next 10 years.

## **8.2 UOIT Financial Controls, Cyber Fraud, and Insurance Coverage**

C. Elliott discussed the recent phishing scam experienced at MacEwan University, resulting in a loss of almost \$12M. In light of the event, a review of the university’s financial controls was conducted. C. Elliott discussed the controls in place at the university designed to prevent a similar fraud from occurring. As the schemes get more sophisticated, it is essential for the finance and I.T. teams to stay on top of recent developments. C. Elliott answered questions from the committee. He confirmed that external auditors test the control processes. He also advised that the financial team members attend conferences to keep current.

R. Bailey reviewed the Cyber Security presentation included in the materials. He discussed ransomware attacks, in particular. In such attacks, people tend to be the “weakest link”. The university’s I.T. group stages fake phishing attacks across the university to assess the university’s vulnerabilities. Communication about such weaknesses is key. He noted that UOIT and Durham College I.T. staff work together to prevent such attacks.

C. Foy advised that the university is not insured for the type of fraud MacEwan experienced but there is insurance available that has a maximum limit of \$250,000 and a minimum deductible of \$10,000. The committee supported the recommendation to forgo additional insurance at this time and focus on strengthening internal controls.

## **9. Investment Committee Oversight**

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

S. Chow provided an update from the last Investment Committee meeting. The portfolio is performing well – 1% above benchmark. She discussed the Investment Committee’s educational session on global economic performance.

## **10. Compliance & Policy**

### **10.1 Risk Management**

C. Foy started by reminding the committee members that they are responsible for the oversight of the risk management process. She advised the committee that the Director of Risk Management is working with individual risk holders to increase their understanding of their responsibility for risk. The Director of Risk Management, Elaine Wannamaker, is retiring at the end of December. E. Wannamaker has been instrumental in getting university to where it is in its implementation of risk management. While recruitment for a replacement is underway, the pace of progress in the implementation of risk management could be slowed due to the transition.

### **10.2 Compliance**

C. Foy provided a compliance update. She advised that they are working on the development of a compliance framework, which has been slow due to limited resources. As the Board expressed a desire to increase resources to devote to compliance, there have been developments and she will have more information at the next meeting.

### **10.3 University Code of Ethics**

C. Foy advised that several agreements require the university to have a code of ethics in place. While there are elements of a code of ethics in policy documents at the university, they are not conveniently located in one document. Further, it would be helpful to benchmark the provisions with other institutions’ codes of ethics. The relevant policy elements will be compiled into a draft code of ethics and will be presented at a future meeting.

## **11. Other Business**

## **12. Termination**

*There being no other business, upon a motion duly made the public session of the meeting adjourned at 11:28 a.m.*

Becky Dinwoodie, Secretary