

Monday, June 18, 2018

1:00 p.m. to 5:00 p.m.

North Campus, ERC 3023

Toll-Free: 1-877-385-4099 Participant Passcode: 1028954#

Members: Nigel Allen (Chair), Fardan Ali, Doug Allingham, Jeremy Bradbury, Stephanie Chow, Steven Murphy, Dietmar Reiner, Mary Simpson

Staff: Robert Bailey, Becky Dinwoodie, Craig Elliott, Cheryl Foy, Justin Gammage, Doug Holdway, Brad MacIsaac, Susan McGovern, Pamela Onsiong

AGENDA

| No. | Topic | Lead | Allocated Time | Suggested End Time |
|-----------|--|------------|----------------|--------------------|
| | PUBLIC SESSION | | | |
| 1 | Call to Order | Chair | | |
| 2 | Agenda (M) | Chair | | |
| 3 | Conflict of Interest Declaration | Chair | | |
| 4 | Approval of Minutes from April 26, 2018* (M) | Chair | | |
| 5 | Chair's Remarks | Chair | | 1:10 p.m. |
| 6 | President's Remarks <ul style="list-style-type: none"> • Moving Ground Plane Update | S. Murphy | 5 | 1:15 p.m. |
| 7 | Finance | | | |
| 7.1 | Fourth Quarter Financial Reports* (U) | P. Onsiong | 15 | 1:30 p.m. |
| 7.2 | New Building Project* (D)(P) | C. Elliott | 15 | 1:45 p.m. |
| 7.3 | SIRC Building Project* (U) | C. Elliott | 5 | 1:50 p.m. |
| 8 | Investment Committee Oversight | | | |
| 8.1 | Quarterly Report: <ul style="list-style-type: none"> • Statement of Investment Policies (U) | S. Chow | 10 | 2:00 p.m. |
| 9 | Risk, Compliance & Policy | C. Foy | 20 | 2:20 p.m. |
| 9.1 | Annual Risk Management Report* (U) | | | |
| 9.2 | Annual Policy Review & Compliance Update* (P) | | | |
| 9.3 | Annual Insurance Report* (U)(P) | | | |
| 10 | Other Business | Chair | | |
| 11 | Adjournment (M) | Chair | | 2:25 p.m. |
| | | | | |
| | | | | |
| | | | | |

| No. | Topic | Lead | Allocated Time | Suggested End Time |
|-----------|--|----------------------------|----------------|--------------------|
| | NON-PUBLIC SESSION (material not publicly available) | | | 2:30 p.m. |
| 12 | Call to Order | Chair | | |
| 13 | Conflict of Interest Declaration | Chair | | |
| 14 | Approval of Minutes from April 26, 2018* (M) | Chair | | 2:35 p.m. |
| 15 | President's Remarks | S. Murphy | 5 | 2:40 p.m. |
| 16 | Audit | | | |
| 16.1 | Audit Findings Report* (U) | KPMG | 20 | 3:00 p.m. |
| 16.2 | Draft Audited Financial Statements 2017-2018* (M) | KPMG/ P. Onsiong | 40 | 3:40 p.m. |
| 16.3 | <i>In Camera</i> session with KPMG (all staff members to leave) | KPMG | 15 | 3:55 p.m. |
| | KPMG departs | | | |
| 16.4 | Annual Debenture Governance Checklist* (U) | C. Elliott/ C. Foy | 10 | 4:05 p.m. |
| 17 | Finance | | | |
| 17.1 | AVIN Agreements* (M) | J. Gommage/ D. Holdway | 10 | 4:15 p.m. |
| 17.2 | Advancement Update* (P) | S. McGovern/ C. Elliott | 10 | 4:25 p.m. |
| 18 | Investment Committee Oversight | S. Chow | 5 | 4:30 p.m. |
| 18.1 | Asset Class Management Procedures (U) | | | |
| 19 | Risk | | | |
| 19.1 | Annual Risk Management Report* (D) (confidential items) | C. Foy | 10 | 4:40 p.m. |
| 20 | Confidential Questions from Public Session (if any) | Chair | 5 | 4:45 p.m. |
| 21 | Other Business | | | |
| 22 | <i>In Camera</i> Session (M) | | | |
| 23 | Termination (M) | | | 5:00 p.m. |
| | | | | |

Becky Dinwoodie, Secretary



**BOARD OF GOVERNORS
AUDIT & FINANCE COMMITTEE**

**MINUTES OF THE MEETING OF APRIL 26, 2018
PUBLIC SESSION
12:30 p.m. – 2:10 p.m., ERC 3023**

Attendees: Nigel Allen (Chair), Jeremy Bradbury, Steven Murphy, Dietmar Reiner

Staff: Becky Dinwoodie, Craig Elliott, Cheryl Foy, Doug Holdway, Brad MacIsaac, Susan McGovern, Pamela Onsiong

Regrets: Fardan Ali, Doug Allingham, Stephanie Chow, Mary Simpson

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

1. Call to Order

The Chair called the meeting to order at 12:31 p.m.

2. Agenda

Upon a motion duly made, 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 February 21, 2018

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

5. Chair's Remarks

The Chair welcomed S. Murphy to his first Audit and Finance Committee meeting – the Board is happy to have him here. The Chair invited guests to introduce themselves.

6. President's Remarks

Pilot Agenda Format

The President discussed the new pilot agenda format. The goals of the new format are to increase transparency and reduce duplication. He welcomed the committee's feedback on the format. It will also be discussed with the Board as a whole.

Moving Ground Plane

The President updated the committee on the installation of the moving ground plane (MGP), which is currently being stored in a hangar. When installed, the MGP will make the ACE wind tunnel a one-of-a-kind facility. While the university awaits government funding for the project, the President has instructed the project team to be shovel ready so that they can move quickly when they get the green light.

7. SIRC Building Construction Project

C. Elliott confirmed that the SIRC Building project is winding down. There remain some warranty clean up items to be done. The exterior graphics for the penthouse cannot be put up until the temperature reaches 12 degrees. The final audit requirements from the Ministry are still being discussed. Once completed, the project close out report can be finalized.

(J. Bradbury arrived at 12:38 p.m.)

8. Finance

8.1 2018-2019 Budget

C. Elliott delivered the budget presentation. He highlighted the consultation process that the draft budget underwent. R. Bailey reviewed the strategic choices included in the budget. He presented several examples of how the budget items align with the university's Strategic Plan. R. Bailey discussed the partnership that the university is launching with OCADU, which is included in the \$1.3M allocated to "partnerships that increase student and programmatic diversity." Several choices involve opportunities for future funding. While unable to provide additional support to certain initiatives this year, the initiatives will be considered for future funding:

- supporting student engagement;
- attracting & retaining highly qualified personnel;
- university recognition/reputation;
- organizational effectiveness;
- technology; and
- space, infrastructure & capital refurbishment.

R. Bailey clarified that these items are already being funded, but that there are opportunities for increased investment.

While presenting the overall draft 2018-2019 budget, C. Elliott noted that it is a balanced budget. He showed a graph demonstrating that the overall budget has increased by \$11.2M (6.1%). The largest revenue increase is derived from tuition (\$5.7M). He noted that the decrease in prior year reserves is a result of the decrease in TELE reserves. He also presented a snapshot of the budget expense increase. Out of the \$11.2M increase in expenses, \$10M is allocated to full time and part time labour. He noted that in prior years, the funds allocated to library subscriptions had been reduced and are being put back into the library's budget.

C. Elliott reviewed the 2018-2019 estimated internally restricted fund schedule, focusing on the 2017-2018 budget forecast. There was a brief discussion regarding the roles of the Academic Council Executive Committee and Academic Council in the budget consultation process, particularly with respect to the strategic priority of faculty hiring. R. Bailey advised that the strategic choices of faculty hiring/renewal come directly from the Integrated Academic Plan. The Integrated Academic Plan directly informs the budgeting process. A concern was expressed about ensuring the voice of faculty is heard and incorporated into strategic academic planning and the budget planning process. R. Bailey confirmed that as Provost, one of his priorities is ensuring the faculty perspective is included in the budget planning process. They have been as transparent as possible at Academic Council during the budget consultation process.

Upon a motion duly made by N. Allen and seconded by D. Reiner, the Audit and Finance Committee recommended the 2018-2019 budget, as presented, to the Board of Governors for approval.

8.2 10-Year Financial Plan

C. Elliott reviewed the updated 10-year financial forecast. He advised that the new baseline for 2018-2019 is approximately \$13M less than previously forecast. The forecast reflects the increased revenue from items discussed during the budget presentation. There is approximately \$1.5M per year that can be allocated towards strategic initiatives.

8.3 Tuition & Ancillary Fees

2019-2020 Tuition Fees

B. Maclsaac summarized the tuition discussion at last meeting, as well as the report included in today's meeting material. He advised that in arriving at the proposed tuition fees, consideration was given to remaining competitive with other Ontario institutions and whether the tuition fees for graduate students should be reduced. As the Ministry has not yet distributed its framework for 2019-2020, the university is basing its recommendations on a rollover of the existing framework. If there is a change to the Ministry's framework for 2019-2020, amendments to the proposed tuition fees might be required. The graduate student support taskforce is still working on the matter, as consultation takes time.

Upon a motion duly made by N. Allen and seconded by D. Reiner, the Audit and Finance Committee recommended the 2019-2020 tuition fees, as presented, for approval by the Board of Governors.

Ancillary Fees

B. MacIsaac reviewed the report on the 2019-2020 ancillary fees. The university is still awaiting confirmation of the amounts for the UPASS and Health Plan. In response to a question regarding the ancillary fee for the Faculty of Engineering & Applied Science (FEAS), B. MacIsaac advised that FEAS is still part of the laptop and software TELE program and that one of the pieces of software increased in cost more than others.

Upon a motion duly made by N. Allen and seconded by D. Reiner, the Audit and Finance Committee recommended the 2019-2020 ancillary fees, as presented, for approval by the Board of Governors.

9. Policy

9.1 Contract Management & Signing Authority

S. Murphy provided an update on the review and amendment of the Contract Management and Signing Authority Policies. The exercise is almost concluded and the amendments are being made to ensuring there is appropriate authority in place across the institution. Louis Charpentier, the governance consultant working on the review, has conducted a lot of work on the policy and the review is in the final stages of implementation.

10. Other Business

11. For Information:

- **Compliance Update: Policy on Sexual Violence for Students and Procedures for Responding to Incidents of Sexual Violence – Annual Report**

12. Termination

There being no other business, upon a motion duly made by J. Bradbury and seconded by D. Reiner, the public session of the meeting adjourned at 1:30 p.m.

Becky Dinwoodie, Secretary



**Financial Update
Report to Audit and Finance Committee
For the year ended March 31, 2018**

June 18, 2018

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
Financial Update – Table of Contents
For the year ended March 31, 2018

| | <u>Page</u> |
|--|-------------|
| I. 2017 – 18 Operating Analysis | 1 - 4 |
| II. Capital | 5 - 6 |
| III. Cash Flow | 7 - 8 |
| IV. Long-term Forecast | 9 - 10 |

University of Ontario Institute of Technology

I. 2017 - 18 Operating Analysis (in '000 s)
For the year ended March 31, 2018

| April 1, 2017 - March 31, 2018 | | | | | | | | | |
|--|--------------------------|-------------------|---|------------------|--|---------------|---|-----------------|------------|
| Total Annual Budget | 3rd Quarter Y/E Forecast | Actuals | Fav. (Unfav.) Actuals vs. Budget \$ / % | | Fav. (Unfav.) Forecast vs. Budget \$ / % | | Fav. (Unfav.) Actuals vs. Forecast \$ / % | | |
| Revenue | | | | | | | | | |
| Grants | 75,541 | 78,116 | 78,191 | 2,649 | 4% | 2,575 | 3% | 75 | 0% |
| Tuition | 78,318 | 80,864 | 80,047 | 1,729 | 2% | 2,546 | 3% | (817) | -1% |
| Student Ancillary | 12,081 | 13,614 | 13,527 | 1,445 | 12% | 1,533 | 13% | (88) | -1% |
| Other | 17,074 | 22,523 | 22,840 | 5,766 | 34% | 5,449 | 32% | 317 | 1% |
| Total Revenue | \$ 183,014 | \$ 195,117 | \$ 194,604 | \$ 11,590 | 6% | 12,103 | 7% | (513) | 0% |
| Expenditures | | | | | | | | | |
| Academic | 70,646 | 69,318 | 69,241 | 1,404 | 2% | 1,327 | 2% | 77 | 0% |
| Academic Support | 33,001 | 34,814 | 34,887 | (1,886) | -6% | (1,813) | -5% | (73) | 0% |
| Administrative | 31,771 | 28,376 | 28,166 | 3,605 | 11% | 3,395 | 11% | 210 | 1% |
| Sub-total | \$ 135,418 | \$ 132,508 | \$ 132,294 | \$ 3,123 | 2% | 2,910 | 2% | \$ 214 | 0% |
| Purchased Services | 13,733 | 13,076 | 12,703 | 1,030 | 8% | 656 | 5% | 374 | 3% |
| Ancillary/Commercial | 10,072 | 9,714 | 9,156 | 916 | 9% | 358 | 4% | 558 | 6% |
| Debt Interest Expense | 11,061 | 11,061 | 10,903 | 158 | 1% | - | 0% | 158 | 1% |
| Fundraising Expense | 245 | 754 | 759 | (514) | -210% | (509) | -208% | (5) | -1% |
| Total Expenses | \$ 170,529 | \$ 167,113 | \$ 165,815 | \$ 4,714 | 3% | 3,415 | 2% | \$ 1,298 | 1% |
| Operating Contribution | \$ 12,485 | \$ 28,004 | \$ 28,789 | \$ 16,304 | 131% | 15,517 | 124% | \$ 786 | 3% |
| Expenses disclosed on the Balance Sheet | | | | | | | | | |
| Capital Expenses | 6,538 | 9,061 | 9,982 | (3,444) | -53% | (2,523) | -39% | (921) | -10% |
| Principal Repayments - debenture/leases | 5,948 | 5,948 | 5,791 | 157 | 3% | 0 | 0% | 157 | 3% |
| Net Surplus | \$ (0) | \$ 12,996 | \$ 13,016 | \$ 13,016 | N/A | 12,995 | N/A | \$ 21 | 0% |
| SIRC Costs (not funded from Operating Budget) | | | | | | | | | |
| Funded by: Capital Grant | - | 4,980 | 5,435 | 5,435 | N/A | 4,980 | N/A | 455 | 9% |
| PY internally restricted reserves | - | 9,445 | 8,706 | 8,706 | N/A | 9,445 | N/A | (739) | -8% |
| Total SIRC Costs | \$ - | \$ 14,425 | \$ 14,141 | \$ 14,141 | N/A | 14,425 | N/A | \$ (284) | -2% |

Reconciliation to Y/E audited FS:

| | |
|--|------------------|
| | \$ |
| Operating Contribution | 28,789 |
| Items not budgeted: | |
| Externally funded research donations and revenues | 11,221 |
| Externally funded research expenses | (9,686) |
| Non-cash transactions: | |
| Amortization of capital assets | (23,730) |
| Amortization of deferred capital contributions | 9,036 |
| Unrealized gain on investments | 287 |
| Capital revenues accounted as Deferred Capital Contributions on the balance sheet | (521) |
| Excess revenues over expenses - as per audited Financial Statements | \$ 15,396 |

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
Financial Update – 2017 – 18 Operating Analysis
For the year ended March 31, 2018

I. 2017 – 18 Operating Analysis

The year-end surplus, after capital expenses, debenture and lease payments, is \$13.0m against a 2017 - 18 balanced budget and a \$13.0m forecast surplus reported at the end of the 3rd Quarter.

The operating budget does not include the impact of the construction of the SIRC Building and this is disclosed separately.

Below is a summary of the variances of the year-end actuals versus the approved 2017 – 18 budget and 3rd quarter forecast.

2017 – 18 Enrolment Update

| FTE's | Annual Budget | 3rd Quarter Forecast * | Actual ** | Actual vs. Budget | Forecast vs. Budget | Actual vs. Forecast |
|----------------------|---------------|------------------------|--------------|-------------------|---------------------|---------------------|
| Undergraduate | | | | | | |
| Domestic | 7,755 | 7,959 | 7,936 | 181 | 204 | (23) |
| International | 501 | 449 | 435 | (66) | (52) | (14) |
| Graduate | | | | | | |
| Domestic | 329 | 420 | 416 | 87 | 91 | (4) |
| International | 137 | 144 | 138 | 1 | 7 | (6) |
| Total FTE's | 8,722 | 8,972 | 8,924 | 202 | 250 | (48) |

* 3rd Quarter Forecast is based on Nov 1, 2017 enrolment projection

** 2017 – 18 Actual is based on Feb 1, 2018 official enrolment count

Actual enrolment shows a positive net variance of 202 FTE against an original budget of 8,722 FTE. Current eligible undergraduate and graduate enrolment projection is within the +/- 3% of UOIT's corridor midpoint

Domestic undergraduate and graduate is favourable 268 FTE with faculties experiencing growth above budget, except for the Faculty of Health Science (-38 FTE) and Faculty of Engineering (-14 FTE).

International undergraduate is unfavourable against budget by 65 FTE across all faculties, except for Energy Systems and Nuclear Science which is favourable to budget (15 FTE)

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
Financial Update – 2017 – 18 Operating Analysis
For the year ended March 31, 2018

I. 2017 – 18 Operating Analysis (continued)

Revenues

Grants are \$2.6m favourable to budget and forecast. The positive variance is due to \$2.4m increase in core operating grant, including \$0.8m for final 2016-17 enrolment confirmation being higher than expected, a one-time grant receipt of \$0.7m to reflect the 2016-17 pre-corridor flow-through, an additional \$0.7m for SMA 2 graduate growth, \$0.2m for Collaborative Nursing YOY growth, and \$0.2m increase relating to the new Mental Health grant.

Tuition is favourable \$1.7m against an original budget of \$78.3m. This includes

- (i) \$2.5m as reported in the Q3 forecast, of which \$1.5m pertains to an adjustment in the calculation of the Faculty of Engineering tuition fees and the financial impact for “student drops”, \$0.8m due to higher than expected growth, and \$0.2m higher than expected revenue from the new English Learning Centre.
- (ii) At year-end, there is an unfavourable variance to forecast of \$0.8m attributable to lower than anticipated increase in enrolment (-48 net FTE).

Student Ancillary fees are \$1.5m favourable to budget and forecast, of which \$1.2m relates to the accounting recognition of prior year deferred revenues to fund for the purchase of athletic capital equipment of \$0.7m and to account for the higher than expected loss on the sale of TELE laptops of \$0.5m.

Other Revenue, including purchased services, is favourable \$5.8m to the original budget. This includes

- (i) \$5.4m as reported in the Q3 forecast of which \$4.9m is the one-time receipt in settlement of historical claims for retail sales tax rebates on construction costs for the period January 2003 to December 2005 and other immaterial variances.
- (ii) Additionally, there is a \$0.3m favourable actual variance to forecast, relating to miscellaneous other revenues, none of which is material.

Expenses

Academic units are showing a positive variance of \$1.4m to budget and forecast. The positive variance relates to labour savings from open faculty positions. The most significant variances, none of which exceeds \$0.5m, are in the Faculty of Business & IT and Faculty of Health Sciences.

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
Financial Update – 2017 – 18 Operating Analysis
For the year ended March 31, 2018

I. 2017 – 18 Operating Analysis (continued)

Academic Support units are unfavourable \$1.9m to budget and forecast. This includes \$0.5m higher than expected loss on the sale of TELE laptops, \$0.3m additional expenses that are fully covered by a higher than expected grant, \$0.3m increase in student awards and other immaterial increases / decreases.

Administrative units are showing a favourable variance to budget of \$3.6m and includes \$4.7m release of unused capital and contingency reserves and \$0.7m reversal of administrative leave accruals not paid in the current year. These positive variances are offset by \$1.7m of consultants' fees with respect to the retail sales tax dispute (settled in June 2017 for \$4.9m), \$0.6m in additional legal fees for Student Association related matters, and other immaterial variances.

Purchased Services is favourable to budget \$1.0m, of which

- (i) \$0.6m was included in the Q3 forecast and relates to savings resulting from the renegotiation of overhead costs for shared services with Durham College.
- (ii) Additionally, there is a \$0.4m favourable actual variance to forecast, mainly attributable to savings from vacant positions and general operating expenses in the shared IT and Facilities services.

Ancillary/Commercial is favourable to budget \$0.9m and includes \$0.5m decrease in bookstore expenses due to lower than expected purchases of books for the winter semester and \$0.4m savings in ACE operating expenses attributable to lower than expected utilization of the ACE facility.

Capital Expenses funded from Operations are unfavourable \$3.4m to budget and includes \$2.2m additional IT & Facilities capital projects identified in-year, including \$1.0m of lab renovations, faculty equipment & IT equipment; \$0.9m of facilities projects including student space renovations, university signage, heat pump replacement, flooring replacement; \$0.8m of athletic equipment; and other smaller capital projects.

Other disclosure: SIRC Building

The total costs incurred for the project in 2017 – 18 are \$14.1m, of which \$5.4m is funded through the “SIF” grant and \$8.7m through prior year internally restricted reserves.

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
Financial Update – Capital
For the year ended March 31, 2018

II. CAPITAL

This section provides an overview of Board approved projects over \$1.0m.

A. Software and Informatics Research Centre (“SIRC”)

In March 2016, UOIT’s Board of Governors approved the award of the design and build of a new building (“SIRC”) to Ellis Don Corporation, and also approved the completion of the preliminary design phase.

On June 29, 2016, the Board approved the construction and fit-out of the new 4-floor “SIRC” building at a total cost not to exceed \$26.3m for the first phase (construction and fit-out of the first 2 floors), and not to exceed a further \$7.0m for the fit-out of the remaining 2 floors, the latter being subject to approval of UOIT’s application for “SIF” (Strategic Investment Fund) funding.

On September 14, 2016, UOIT signed an agreement with the Province, which was made effective as of May 9, 2016. This Ontario Transfer Payment Agreement confirmed a “SIF” funding of \$13,001,890 (\$11,801,890 Federal Funds and \$1,200,000 Ontario Funds). The Ministry formally announced this infrastructure funding for UOIT on October 13, 2016.

The original target date for completion of the 4 floors fully fitted-out is November 2017, with occupancy in January 2018.

Status update

The construction of the SIRC building is now completed and fully occupied since January 2, 2018.

Costs incurred to completion are \$31.0m against a total approved budget of \$33.5m. Contingency funds of \$1.2m for the project were not utilized and Furniture and Fixtures were \$1.3m under budget.

Total costs incurred have been capitalized in the current fiscal year.

Total “SIF” funding, amounting to \$13.0m, have been received as at the end of March 2018.

Construction holdbacks have been released as at the end of the fiscal year. Warranty holdbacks, amounting to \$0.5m, will be released in October 2018.

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY

Financial Update – Capital For the year ended March 31, 2018

II. CAPITAL (continued)

B. Moving Ground Plane (“MGP”)

In June 2016, UOIT’s Board of Governors approved the completion of an agreement of purchase and sale with the Old Dominion University (“ODU”) for the acquisition of a moving ground plane (“MGP”) at a cost of no more than \$2.5m in accordance with the terms of a grant of \$2.5m funded by the Ministry of Economic Development and Growth (“MEDG”).

The Moving Ground Plane is a giant belt that acts as a road moving under a vehicle, simulating the aerodynamic forces against moving vehicles and measuring the physical characteristics in real-world conditions. It will give the university’s students the tools to train and conduct research in a high-tech environment, preparing them for the careers of the future. It will also help companies and researchers create new energy-efficient products and reduce carbon emissions in the automotive industry.

UOIT has submitted an application to FedDev for additional funding of approximately \$10.2m and is working with industry partners (e.g. Magna and Multimatic) to complete the funding requirements for the installation and integration of the MGP into the ACE facility.

It was anticipated that installation of the MGP at the ACE facility would be completed in late 2017 and become operational as of early 2018.

MGP Progress Update

- The University has paid ODU US \$2.0m in settlement for the equipment in September 2016, and has received CAD \$2.25m (CAD 2.5m less 10% holdback) from the Ministry of Economic Development and Growth (MEDG) in November 2016 to cover for the purchase of the equipment.
- The University received the 10% outstanding holdback, amounting to \$0.25m, in March 2018.
- At the request of Multimatic, all components of the rolling road have been moved to a location at the Oshawa Airport.
- On February 12, 2018, the Minister of Research, Innovation and Science (MRIS) announced that the Province is investing an additional \$1.5m to enhance the University’s one-of-a-kind ACE facility by adding a Moving Ground Plane. This is matched by cash contributions of \$1.0m by Magna International and \$0.5m by the University. In addition, Multimatic is also providing engineering services from a team of highly talented automotive engineers to help develop the Moving Ground Plane.
- The University’s Senior Leadership team has approved to proceed with the ACE building expansion and modifications that will allow the integration of the MGP into the ACE facility at a later date.
- Executive Management is in active discussion with the various levels of government to obtain the additional funding required for the installation and integration of the MGP into the ACE facility.

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
Financial Update – Cash Flow Summary
For the year ended March 31, 2018

III. CASH FLOW

The University administration uses a cash management forecasting model to manage its operating cash balances and operating short-term investment portfolios.

University cash balances are cyclical in nature with higher operating balances in September – November and January - March due to tuition fee collection from the fall and winter semester registration, and lower balances in December and during the early summer months.

In September 2014, and as approved by the Board, the University invested \$16.0m surplus operating cash in short-term GIC's at BMO Nestbitt Burns, of which \$6.0m has a renewable maturity date of 30 days and \$10.0m has a maturity date of 1 year.

In April 2015, the University transferred \$1.1m from BNY to RBC Wealth Management and these were invested in annual GIC's.

In September 2016, in light of the uncertainty regarding the timing of receipt of the SIF funding, and to provide flexibility for the SIRC construction project, all GIC's that matured at that time, were re-invested in 30-day cashable GIC's.

- A revolving operating LOC of up to \$17.0m, bearing interest at prime plus 0.25% with a Canadian chartered bank.
- A revolving operating LOC up to \$5.0m, bearing interest at prime plus 0.25% with IBM.

Cash Flow Update

- UOIT has not utilized its available line of credit at the end of the fiscal year.
- With the completion of SIRC, and a healthy operating cash balance, short-term investments amounting to \$17.6m, were re-invested in annual GIC's at BMO Nesbitt Burns and RBC Wealth Management in June 2017 and Oct 2017 respectively.
- After year-end, and in April 2018, an additional \$8.0m cash was invested in annual GIC's at BMO Nesbitt Burns.
- **Operating cash balance**, including short-term investments of \$17.8m, is **\$42.4m** at the end of the fiscal year.
- **Externally and internally restricted cash balances** (including Research, Advancement, Campus Childcare, Regent Theatre, and ACE) is **\$10.5m** at the end of the fiscal year.

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY

III. Cash Flow Summary for the year ended March 31, 2018

| | | Actual | | | Actual | | | Total Actual |
|---|-------|----------------|----------------|----------------|----------|----------|----------|--------------|
| | | Apr - Jun 2017 | Jul - Sep 2017 | Oct - Dec 2017 | Jan 2018 | Feb 2018 | Mar 2018 | FY 2017-18 |
| | | \$ 000 s | \$ 000 s | \$ 000 s | \$ 000 s | \$ 000 s | \$ 000 s | \$ 000 s |
| Operating Beginning Cash Balance | A | 28,936 | 12,479 | 26,085 | 12,212 | 32,203 | 27,634 | 28,936 |
| Total Operating Inflows | B | 37,730 | 68,909 | 36,346 | 32,715 | 8,811 | 12,458 | 196,969 |
| Total Operating Outflows | C | (48,464) | (46,403) | (48,603) | (11,896) | (12,921) | (16,671) | (184,958) |
| Net Operating Cash Flows | D=B+C | (10,734) | 22,506 | (12,257) | 20,819 | (4,110) | (4,213) | 12,011 |
| Total Operating Cash Available | E=A+D | 18,202 | 34,985 | 13,828 | 33,031 | 28,093 | 23,421 | 40,947 |
| SIRC Building Outflows | F | (6,723) | (10,900) | (2,873) | (828) | (459) | (31) | (21,814) |
| SIRC Building Inflows | G | 1,000 | 2,000 | 1,257 | 0 | 0 | 1,180 | 5,437 |
| Net SIRC Building | H=F+G | (5,723) | (8,900) | (1,616) | (828) | (459) | 1,149 | (16,377) |
| Operating Ending Cash Balance after SIRC | I=E+H | 12,479 | 26,085 | 12,212 | 32,203 | 27,634 | 24,570 | 24,570 N1 |
| Total Internally and Externally Restricted Cash | J | 10,365 | 10,209 | 10,557 | 10,749 | 10,045 | 10,528 | 10,528 N2 |
| Total Consolidated Cash Position | K=I+J | 22,844 | 36,294 | 22,769 | 42,952 | 37,679 | 35,098 | 35,098 |

Total cash position as at MAR 31, 2018

| | | |
|---|------------------|----|
| Total Operating Cash after SIRC | 24,570 | N1 |
| Add: Short-term investments in GIC's | 17,796 | |
| Total Operating Cash and ST investments | <u>\$ 42,366</u> | |

| | | |
|-----------------------|------------------|----|
| Total Restricted Cash | <u>\$ 10,528</u> | N2 |
|-----------------------|------------------|----|

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
Financial Update – Long-term Forecast
For the year ended March 31, 2018

IV. LONG-TERM FORECAST

In April 2018, and as part of the annual budget presentation to the Audit and Finance Committee, the Chief Financial Officer presented a long-term forecast for the budget years 2018 – 19 to 2027 – 2028 inclusive. This long-term projection is cast based on the February 1, 2018 official count enrolment numbers.

Assumptions on the forecast model

1. Grant funding as per the new funding formula implemented in 2017 – 18 year.
 - Funding held at 2016 – 17 level for the period of SMA 2 (2017-18 to 2019-20 inclusive), including a one-time receipt of \$0.7m for pre-corridor flow-through, and additional grant of \$0.7m for SMA 2 graduate growth.
 - Negotiation with MAESD in 2018-19 for growth funding above the corridor for future SMA's.
 - Currently, there is no indication from MAESD that there will be funding above growth; therefore, the model includes an “*uncertainty in growth funding*”.
2. Growth in undergraduate domestic, mostly nursing and nuclear science, and growth in international undergraduate, mostly engineering.
3. Tuition YOY average increase at the current approved rate of 3.0%, with a relatively higher increase for international students in the first 5 years.
4. Retention rate held at current rate of 80.3%
5. Salary increases as per the new “job evaluation system” and as per faculty collective agreements
6. New faculty hires to maintain current student to faculty ratio
7. New administrative hires at 2:1 for every new faculty hire
8. Faculty headcount annual attrition \$0.5m
9. TELE transformation to a full “BYOD” model by FY 2019 - 20
10. Operational reserves \$2.0m + planned capital and deferred maintenance reserves \$2.5m for a total of \$4.5m
11. 3% YOY increase in utilities
12. 2% YOY increase in purchased services cost from Durham College

The operating long-term forecast excludes major capital projects such as the moving ground plane as this will be funded through external sources, and the new student life building which will be funded through prior year internally restricted reserves and other non-operating sources.

The current forecast is showing a surplus of \$15.2m over the 10-year period. This will be updated with the Sep 2018 Day 10 enrolment projection and presented to the Committee in November.

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
 IV. LONG-TERM FORECAST - FY19 to FY28 inclusive (in ' 000s)

| 10-year Forecast (in ' 000s) | | | | | | | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|------------------------|-----------------------|
| SMA 2 | | SMA 3 | | | SMA 4 | | | SMA 5 | | | |
| FY 19 Budget | FY 20 Fcst | FY 21 Fcst | FY 22 Fcst | FY 23 Fcst | FY 24 Fcst | FY 25 Fcst | FY 26 Fcst | FY 27 Fcst | FY 28 Fcst | Total 10-year Forecast | |
| REVENUES | | | | | | | | | | | |
| Core Operating Grant, excluding CN grant <i>Uncertainty in Growth Funding</i> | 52,181 | 52,051 | 51,525 | 51,469 | 51,425 | 52,782 (731) | 52,769 (717) | 52,753 (702) | 54,864 (2,812) | 54,849 (2,798) | 526,668 (7,760) |
| CN grant | 4,637 | 5,379 | 5,426 | 5,755 | 5,788 | 5,807 | 5,832 | 5,861 | 5,891 | 5,921 | 56,297 |
| Debenture Grant | 13,500 | 13,500 | 13,500 | 13,500 | 13,500 | 13,500 | 13,500 | 13,500 | 13,500 | 13,500 | 135,000 |
| Other Grants | 9,668 | 9,856 | 9,658 | 9,658 | 9,658 | 9,658 | 9,658 | 9,658 | 9,658 | 9,658 | 96,787 |
| Student Tuition Fees | 83,992 | 89,174 | 94,169 | 100,062 | 105,848 | 110,320 | 114,419 | 119,275 | 123,671 | 129,618 | 1,070,549 |
| Student Ancillary Fees | 12,163 | 8,620 | 8,801 | 9,002 | 9,204 | 9,318 | 9,547 | 9,770 | 9,988 | 10,194 | 96,608 |
| Revenues from Ancillary Operations | 3,832 | 3,832 | 3,832 | 3,832 | 3,832 | 3,832 | 3,832 | 3,832 | 3,832 | 3,832 | 38,322 |
| Donations* | 726 | 726 | 726 | 726 | 726 | 726 | 726 | 726 | 726 | 726 | 7,255 |
| Other Revenues | 13,555 | 14,724 | 14,037 | 14,107 | 14,178 | 14,231 | 14,311 | 14,392 | 14,473 | 14,563 | 142,572 |
| Total Revenues | \$ 194,254 | \$ 197,862 | \$ 201,674 | \$ 208,111 | \$ 214,158 | \$ 219,443 | \$ 223,877 | \$ 229,066 | \$ 233,789 | \$ 240,063 | \$ 2,162,297 |
| EXPENDITURES | | | | | | | | | | | |
| FT Labour | (94,970) | (99,337) | (103,311) | (107,894) | (112,557) | (116,733) | (120,907) | (125,191) | (129,310) | (133,960) | (1,144,170) |
| PT Labour | (17,860) | (16,955) | (17,209) | (17,592) | (18,141) | (18,900) | (19,576) | (20,425) | (21,240) | (22,014) | (189,912) |
| Operating Expenses | (74,111) | (74,091) | (74,052) | (74,706) | (75,672) | (76,268) | (76,353) | (76,857) | (77,364) | (77,871) | (757,345) |
| Capital Expenses | (7,312) | (5,610) | (5,515) | (5,506) | (5,220) | (5,307) | (5,307) | (5,307) | (5,307) | (5,307) | (55,697) |
| Approved Expenditures | \$ (194,254) | \$ (195,993) | \$ (200,087) | \$ (205,698) | \$ (211,590) | \$ (217,208) | \$ (222,142) | \$ (227,780) | \$ (233,220) | \$ (239,152) | \$ (2,147,124) |
| Budget Surplus/(Deficit) | \$ (0) | \$ 1,869 | \$ 1,587 | \$ 2,413 | \$ 2,568 | \$ 2,235 | \$ 1,735 | \$ 1,286 | \$ 569 | \$ 911 | \$ 15,173 |

* Donations relate to expendable and interest portion of endowed funds that will be disbursed as awards and scholarships in the budget year. It does not include endowed principal and new capital campaign donations.



New Building Update Audit & Finance Committee June 18, 2018

- 1 Why A Design Build Contract**
- 2 Risk Mitigation Strategies**
- 3 RFP For Preliminary Phase – Design Services**
- 4 RFP Selection Process**
- 5 RFP Evaluation Team**

Why A Design Build Contract

- Allows the ability to spend more time on consultation with the UOIT community, and specifically with future building occupants, to get input and establish a design that meets user needs and community expectations.
- The owner is fully engaged in the design phase, and can make value engineering decisions throughout. This decreases the number of change orders, allowing for better management of schedule and costs.
- The DB contractor bears the majority of risk with a GMP, as the risk of design omissions and errors is substantially transferred to the contractor. These risks include accuracy of schedule, severe weather, contentious labour relations, delays in planning approvals or permits, and cost overruns.
- All cost categories are transparent to the owner, and all sub-contracts will be competitively bid by the DB contractor in collaboration with the owner.

Risk Mitigation Strategies

- Worked with our legal team and engaged outside professional assistance (WeirFoulds) to develop the UOIT-friendly RFP Supplemental Conditions to the standard construction Form (CCDC 14). These conditions form the basis of the contract with the successful proponent (enabling UOIT to identify and assess any proponent objections to proposed terms during the bid evaluation process and limiting later scope of negotiations)
- Have an experienced Project Manager (Larry Brual) to coordinate all activities with a focus on quality, schedule, and cost.
- Hire a Payment Certifier to provide expertise in validating DB costs during design, and highlight areas and opportunities for value engineering.
- Build contingency into the budget of both the GMP and FFE portions of the project.
- Sub-trades will be consulted during the design stage to validate GMP costing. During construction sub-trade contracts will be competitively bid.

- Used CCDC14 (Standard construction Design Build template) as construction management contract template.
- Worked with WeirFoulds to develop supplemental conditions to CCDC14 that:
 - Define the type of contract as GMP + Cost Savings
 - Indicate the Contract Price includes all costs, including Production Planning & Detailed Scheduling (PPDS) work. The DB contractor is responsible for 100% of project costs, including the preliminary work under PPDS.
 - Assign DB responsibility for examination of site
 - Set progress payment cycle at 45 days, and warranty holdback at 2%
 - Add language around insurance coverage from UOIT insurer
 - Define what is to be included in status update reporting, and timing of same
 - Outline a financial audit process that will insure transparency of costs
 - Include Liquidating Damages for construction delays tailored to this project
 - Add a statement about importance of construction safety throughout the project

Evaluation Methodology

Multi-stage proposal process that gives consideration to both the qualifications and pricing of each Proponent.

Phase I – Technical Score

Proposals were evaluated by the selection committee as outlined in this RFP. This evaluation was based solely on the information provided in the Proposals. Each Proponent was scored, as outlined below, and scores were tallied before the selection committee proceeded to the evaluation of the Pricing Proposals.

| Item | Phase 1 - Technical Criterion | Value |
|------------------------|---|-----------|
| 6.4 | Submission of Complete Proposal as per Instructions | 5 |
| 7.2 | Capacity and Commitment to the Project | 15 |
| 7.3 | Confirmed Bonding Capacity | 5 |
| 7.4 | Approach to the Project | 25 |
| 7.5 | Experience Record | 25 |
| 7.6 | Proponents Project Team | 15 |
| TOTAL TECHNICAL | | 90 |

Phase II – Pricing Score

The Pricing Envelopes were opened and scored by the Procurement Department. Each Proponent's pricing information was scored as outlined below. This score was then combined with the technical component score for a total score.

| Item | Phase 2 - Pricing Criterion | Value |
|----------------------|--|-----------|
| 8.1 | Preliminary Phase – Contractor's Fixed Fee | 5 |
| 8.2 | Preliminary Phase – Hourly Rates | 5 |
| 8.3 | Preliminary Phase – Compensation for Right to use the Design Development Documents | 5 |
| 8.4 | Construction Phase – Contractor's Percentage Fee | 10 |
| 8.5 | Construction Phase – Contractor's Weekly Rate Fee | 5 |
| 8..6 | Construction Phase – Percentage Savings Formula | 5 |
| TOTAL PRICING | | 35 |

RFP Selection Process

Phase III – Proponent Interview

The top three Proponents from Phase II will participate in an interview with the selection committee as outlined in the RFP. The Interviews will be scored out of 30 points.

The Proponent with the highest total final score will be recommended for award.

Overall Evaluation Weighting

| Item | Overall Evaluation Criterion | Value |
|--------------------|--|------------|
| 6.4 | Submission of Complete Proposal as per Instructions | 5 |
| 7.2 | Capacity and Commitment to the Project | 15 |
| 7.3 | Confirmed Bonding Capacity | 5 |
| 7.4 | Approach to the Project | 25 |
| 7.5 | Experience Record | 25 |
| 7.6 | Proponents Project Team | 15 |
| 8.1 | Preliminary Phase – Contractor’s Fixed Fee | 5 |
| 8.2 | Preliminary Phase – Hourly Rates | 5 |
| 8.3 | Preliminary Phase – Compensation for Right to use the Design Development Documents | 5 |
| 8.4 | Construction Phase – Contractor’s Percentage Fee | 10 |
| 8.5 | Construction Phase – Contractor’s Weekly Rate Fee | 5 |
| 8..6 | Construction Phase – Percentage Savings Formula | 5 |
| 7.7 | Interview with top three Proponents from Stage 2 | 30 |
| GRAND TOTAL | | 155 |

- Andrea Blight – Capital Planning Officer, OCIS
- Brad Maclsaac – AVP Planning and Analysis
- Christine Nitsa – Project Planning Officer, OCIS
- Ken Bright – Director of Campus Infrastructure & Sustainability
- Larry Brual – Senior Project Manager
- Meghann Lloyd – Associate Professor, Faculty of Health Science
- Stephen Thickett – Director of Planning & Operations, Student Life

Project Schedule

| Project Activity | Completion Date |
|---|-----------------|
| | |
| Award Preliminary Phase Design Services Contract (PPDS) | June 28, 2018 |
| | |
| Completion of PPDS - Schematic Design | Dec 18, 2018 |
| | |
| Finalization of Gross Maximum Price Agreement (GMP) | Feb 20, 2019 |
| | |
| Design-Build Contract Awarded | Mar 6, 2019 |
| | |
| Construction Completed | Mar 4, 2019 |
| | |
| Occupancy | June 30, 2019 |

Software & Informatics Research Centre (SIRC)

Project Update Presentation For Audit and Finance Committee - June 18, 2018



Progress Update (as of 4 June, 2018) :

- Builder's deficiency completed
- Five(5) Builder's warranty items to rectify(4 completed this period)
- Network lab final move completed
- Final AV Technical documentations submitted
- Required audit of SIF Project completed by KPMG in May. Audit report pending
- Final Completion report due to MAESD on July 31, 2018
- Electric Car charging station installed at the east side of SIRC
- Exterior graphics installation on Penthouse scheduled for 060918

Site Safety:

- No incident on site this period

Financial Summary:

- Total SIF funding received \$13M
- Final project cost \$31.4M
- Project budget underspent of \$1.9M
- Breakdown of Sources and Uses of funds next slide.

Summary Financial Report as of 4 June, 2018

CASH FLOW REPORT FOR MONTH ENDING MAY 2018

| Sources of Funds | | | | | | | | | | | |
|------------------|------------------|-----------------|---------------------|---------------------|-------------------|---|----------------------|---------------------|-----------------------------|-----------------------|---------------------|
| Description | Actuals May 2018 | Budget May 2018 | Actual YTD | Budget YTD | Variance | Source of Funds Comments | Total Funding Budget | Total Actual YTD | Forecasted Funding Required | Funding at Completion | Variance |
| | | | | | | | A | B | C | B+C = D | D-A |
| UOIT | \$0 | \$0 | \$17,722,964 | \$19,986,182 | -\$2,263,218 | Variance due to SIF grant received higher than planned and the unused contingency | \$20,298,110 | \$17,722,964 | \$613,227 | \$18,336,191 | -\$1,961,918 |
| SIF | \$0 | \$0 | \$13,001,890 | \$11,525,236 | \$1,476,654 | 100% SIF grant received | \$13,001,890 | \$13,001,890 | \$0 | \$13,001,890 | \$0 |
| Advancement | \$0 | \$0 | \$0 | \$0 | \$0 | Advancement funds have not officially been committed to the project. | \$0 | \$0 | \$0 | \$0 | \$0 |
| Totals | \$0 | \$0 | \$30,724,854 | \$31,511,419 | -\$786,564 | See variance explanation below | \$33,300,000 | \$30,724,854 | \$613,227 | \$31,338,081 | -\$1,961,918 |

| Uses of Funds - Trend Line | | | | | | | | | | | | | |
|----------------------------|------------------|-----------------|---------------------|---------------------|-------------------|---|------------------------|-----------|---------------------|---------------------|----------------------|------------------------|---------------------|
| Description | Actuals May 2018 | Budget May 2018 | Actual YTD | Budget YTD | Variance | YTD Variance Explanation | Milestone | Date | Total Budget | Total Actual YTD | Estimate to Complete | Estimate at Completion | Variance |
| | | | | | | | | | A | B | C | D = B+C | D-A |
| GMP Base Contract | \$0 | \$0 | \$20,218,346 | \$20,218,346 | \$0 | Phase 1 completed. Fully invoiced. Balance 2% Warranty Holdback. | Substantial Completion | Completed | \$20,630,966 | \$20,218,346 | \$412,620 | \$20,630,966 | \$0 |
| CO3 GMP Fl. 3&4 | \$0 | \$0 | \$5,527,374 | \$5,527,374 | \$0 | Phase 2 completed. Remaining HB added to 2% Warranty HB | Substantial Completion | Completed | \$5,657,627 | \$5,527,374 | \$130,253 | \$5,657,627 | \$0 |
| CO1 Fl. 3&4 Design | \$0 | \$0 | \$87,899 | \$87,899 | \$0 | Work completed. Fully Invoiced | Complete | Completed | \$87,899 | \$87,899 | \$0 | \$87,899 | \$0 |
| CO2 Transformer | \$0 | \$0 | \$107,826 | \$107,826 | \$0 | Work completed. Balance 2% Warranty HB. | Power-on | Completed | \$110,026 | \$107,826 | \$2,200 | \$110,026 | \$0 |
| CO4 Donor Signage | \$0 | \$0 | \$8,749 | \$8,749 | \$0 | Work completed. Balance 2% Warranty HB. | Complete | Completed | \$8,928 | \$8,749 | \$178 | \$8,928 | \$0 |
| CO5 Door Operators | \$0 | \$0 | \$197,020 | \$197,020 | \$0 | Work in completed. Balance 2% Warranty HB. | Substantial Completion | Completed | \$0 | \$197,020 | \$4,021 | \$201,041 | \$201,041 |
| Design | \$0 | \$0 | \$310,230 | \$310,230 | \$0 | Work completed. Fully Invoiced. | Complete | Completed | \$310,230 | \$310,230 | \$0 | \$310,230 | \$0 |
| FFE | \$0 | \$0 | \$2,679,468 | \$2,704,567 | -\$25,099 | Actual invoice for the Fibre work from Library to Wiley. | Substantial Completion | 6/30/2018 | \$3,619,350 | \$2,679,468 | \$63,955 | \$2,743,423 | -\$875,927 |
| Consultants | \$0 | \$0 | \$405,431 | \$421,231 | -\$15,800 | Ministry Signage invoice lower than budgetted. | NA | NA | \$300,749 | \$405,431 | \$0 | \$405,431 | \$104,682 |
| Parking | \$0 | \$0 | \$1,003,302 | \$1,028,071 | -\$24,769 | Certified work completed less than the contract award value. | Substantial Completion | Completed | \$1,018,975 | \$1,003,302 | \$0 | \$1,003,302 | -\$15,673 |
| Contingency | \$0 | \$0 | \$0 | \$707,908 | -\$707,908 | No contingency has been used to date. Contingency was forecasted for the months of July/August/September to allow for any unknown items that could have arisen during early construction. | NA | NA | \$1,271,666 | \$0 | \$0 | \$0 | -\$1,271,666 |
| Management Fees | \$0 | \$0 | \$179,209 | \$192,198 | -\$12,989 | Miscellaneous disbursement and salary variance | NA | NA | \$283,585 | \$179,209 | \$0 | \$179,209 | -\$104,376 |
| Totals | \$0 | \$0 | \$30,724,854 | \$31,511,419 | -\$786,564 | | | | \$33,300,000 | \$30,724,854 | \$613,227 | \$31,338,081 | -\$1,961,918 |

DRAFT UNTIL ACCEPTED BY A&F

June 27, 2018

Dear Governors,

Re: 2018 Annual Risk Management Report to the Board

The Board of Governors is responsible to ensure that UOIT engages in effective risk management. With a view to enabling the Board and Audit and Finance Committee to assess the University's progress, we are pleased to present this third Annual Report on University Risk Management (URM) first to the Audit and Finance Committee of the Board and then to the Board of Governors, as a whole.

PROGRESS IN 2017-18

In this report, we are pleased to report that UOIT continues to make progress toward the integration of risk into its decision-making and planning processes. The following is a summary of the positive developments in the risk management culture in the period July, 2017 to June, 2018:

- The Board remains committed to the development of a risk culture at UOIT and the Audit and Finance Committee received several reports on the progress of risk management this year;
- The new President has quickly agreed to expand the scope of risk management to include consideration of opportunities and the cost of lost opportunities. This means that when the University considers risk, it does so with the understanding that a strategic approach to risk will drive enhanced university performance;
- Dr. Murphy also quickly organized an SLT retreat to accelerate progress on the development of a list of strategic risks. The Board Retreat also focused on strategic risks and this will be the focus of continued work in 2018-19.
- The University has continued to evolve and develop risk processes and tools, and has engaged in training.
- The Audit and Finance Committee finalized risk management metrics and management presented a first set of tracked metrics. Initially these metrics will be measured year over year. In the future, we will look to benchmark against other institutions.
- The SLT approved a clear High and Extreme risk process. The SLT reviewed, edited, ranked and finalized a list of high operational risks.
- The University risk register has been finalized and includes twenty (20) functional area registers.

- With the support of the Provost, the AVP Planning and the CFO, the process for considering and including risk considerations in the budgeting process continues to evolve and risk considerations are shaping budget priorities. There is more work to be done.
- The Risk Management Committee has met regularly and continues to be an important contributor to the University Risk Management process.
- The Risk Management website continues to be improved with a view to providing tools to assist the UOIT community to better manage risk.

AREAS FOR FOCUS IN 2018 AND BEYOND

The following areas will be important for the Board of Governors to monitor:

Resourcing: The Director of Risk Management continues to be the sole resource supporting the risk management process. This affects the ability of the Director to support the institution as it moves ahead to develop a risk management culture.

At the present time, while URM-related goals and objectives are embedded within the goals and objectives of some employees, this is not a widespread practice. SLT has agreed to ensure that URM goals are added to the responsibilities of those employees assigned by SLT to carry them out.

Strategic Risks: Great progress has been made to consider and develop a perspective on those risks that have the potential to interfere with the University's ability to execute against its strategic plan. A focus in the coming year is on further clarifying that perspective and assigning responsibility for monitoring and responding to those risks.

Foundational Risks: Two foundational risks were identified in the 2018 risk review process: and; 1) Financial Sustainability, and; 2) Compliance and Controls – increased regulatory accountability and scrutiny, contracting and related processes, and increasing litigation. Financial Sustainability continues to be a focus of the the budgeting process. However, on the compliance side, although we have seen increased compliance requirements, minimal mitigation measures have been identified and the potential for non-compliance with legal obligations continues to pose risk to UOIT. It is noteworthy that a previous foundational risk - Major Disruption to Operations – crisis response and business continuity, is being addressed as we made some progress in business continuity planning in the 2017-18 year.

Conclusion: UOIT has this year made significant advances and has again continued to move the University Risk Management yardstick forward. There is a stronger “tone at the top” in support of risk activities. Sustained focus is required to successfully implement and most importantly to build a university that integrates effective risk

assessment and management into its decision-making and planning processes. I'll finish again with the line - "We know that creating change in risk management culture can take up to fifteen years". In our fourth year, we made very good progress. The most significant impediment to sustained focus on URM is limited resources and increasing workload within the Office of Risk Management and across the university.

Sincerely,



Cheryl Foy
University Secretary and General Counsel
Chief Risk Officer



ANNUAL UNIVERSITY RISK MANAGEMENT REPORT

June 27, 2018

Prepared by:
Cheryl A. Foy, Chief Risk Officer
Jackie Dupuis, Director of Risk Management
Reviewed by the Risk Management Committee

2018 UNIVERSITY RISK MANAGEMENT REPORT

TABLE OF CONTENTS

| | |
|--|-----------|
| PART I – INTRODUCTION | 3 |
| PART II – PROCESS AND STATUS UPDATE | 4 |
| 1. Historical Overview | 4 |
| 2. How Does the Board Measure Progress? | 5 |
| 3. Measuring 2017 – 2018 Progress: | 5 |
| a. Measure 1: How has UOIT Sustained URM as a Priority? | 5 |
| i. Final UOIT Risk Register | 6 |
| ii. Education and Training | 8 |
| iii. Finalization of Strategic Risks | 8 |
| iv. Annual Risk Management Report | 8 |
| v. Senior Leadership Team | 8 |
| vi. Risk Management Committee | 9 |
| b. Measure 2: Does URM have an Assigned Leader? | 10 |
| c. Measure 3: Has the Board discussed Top Risks? | 10 |
| d. Measure 4: URM is Part of A&F Work Plan and Board Annual Discussion | 10 |
| e. Measure 5: URM Board Training | 10 |
| f. Measure 6: Board Assessment | 10 |
| PART III – GOING FORWARD | 11 |
| 4. 2018-2019 Goals and Objectives | 11 |
| 5. Conclusion | 12 |
| Appendices: | |
| A. Risk Management Policy | |
| B. 2018 UOIT Risk Owners | |
| C. Annual Process for Risk Owners | |
| D. Annual Process for Risk Owners – Process Flow | |
| E. High and Extreme Risk Review Cycle | |
| F. Risk Management Metrics | |
| G. Strategic Risks Map | |

2018 UNIVERSITY RISK MANAGEMENT REPORT

Confidential Attachments (Board Only):

1. Confidential – Draft Risk Summary by Risk Owner
2. Confidential – Progress against Metrics
3. Confidential – Audit & Finance Committee 2017-18 Annual Work Plan

PART I - INTRODUCTION

The UOIT Board asked the President to develop and implement a University Risk Management (URM) program at UOIT. The President has assigned this responsibility to the University Secretary and General Counsel (USGC). Pursuant to the UOIT **Risk Management Policy** (“RM Policy”, Appendix A), the USGC is designated as the Chief Risk Officer.

The long-term goal for risk management is that UOIT develop a culture of Risk Ownership. The RM Policy states:

UOIT is committed to fostering a culture of risk-ownership throughout the University. This does not mean that we avoid engaging in activities that have risks or that we avoid risk in our teaching and research and other activities we undertake for the University. It is recognized that both strategic and operational decisions and the work undertaken by faculty, staff and employees, all inherently involve risk.

To UOIT, having a culture of Risk Ownership means that:

- i) Strategic and operational decisions are made with full awareness of the risks relevant to those decisions;
- ii) All members of the UOIT community are aware of the organization’s emphasis on URM and incorporate a proactive approach and awareness to managing risk in their individual roles¹.

As at June, 2018, UOIT has engaged in a number of activities designed to continue to lay the foundation for the development of a culture of Risk Ownership.

¹ UOIT Risk Management Policy, section 7, “Statements of Principle”.

2018 UNIVERSITY RISK MANAGEMENT REPORT

PART II – PROCESS AND STATUS**1. HISTORICAL OVERVIEW**

UOIT is in its fourth year of developing and implementing a risk management program. The table below summarizes the key milestones achieved.

| DATE | MILESTONES ACHIEVED |
|-------------|---|
| JUNE 2014 | <ul style="list-style-type: none"> • Board of Governors approved UOIT's first Risk Management Policy after extensive consultation and discussion |
| JUNE 2015 | <ul style="list-style-type: none"> • Clarified risk roles and responsibilities • Consultation process with University academic and administrative leaders • Established Terms of Reference for Risk Management Committee • Developed Risk Tools • Approved a Risk Management Work Plan |
| JUNE 2016 | <ul style="list-style-type: none"> • University-wide consultation process (>100 employees) to develop a grass roots and top down preliminary view of University risks • Twenty-four (24) first draft Risk Registers prepared • Developed five risk categories and identified twenty-one risk drivers • First Annual Risk Management Report presented to the Board |
| JUNE 2017 | <ul style="list-style-type: none"> • Developed a set of draft Risk Registers for the University • Analyzed, synthesized and organized all risks resulting in a lower number of risks • Clarified the process for Risk Owners and developed a reporting structure • Integrated URM into strategic and planning processes • Second Annual Risk Management Report presented to the Board |
| JUNE 2018 | <ul style="list-style-type: none"> • Developed a Risk Register process document • Facilitated risk management training sessions to new Risk Owners and members of the university • Finalized twenty (20) Risk Registers • Developed a draft set of strategic risks • Finalized risk management metrics and presented first set of tracked metrics for risk management • Defined a clear High and Extreme risk process and a list of High and Extreme Risks. • Third Annual Risk Management Report presented to Board |

2018 UNIVERSITY RISK MANAGEMENT REPORT

2. HOW DOES THE BOARD MEASURE URM PROGRESS?

As established in the UOIT first Annual Risk Report dated June, 2016, and as approved by the Board, UOIT committed to providing this report annually to assist the Board in assessing the progress of the University Risk Management process. To that end, the Board adopted the following six measures of progress as recommended by The Association of Governing Boards, in partnership with United Educators²:

Measure 1: Each year UOIT should be able to demonstrate to the Board how UOIT has sustained URM as a priority.

Measure 2: Each year the Board should check on the leadership of URM and verify that URM is an important objective for that leader.

Measure 3: Each year the Board should engage in a discussion of the top strategic and operational risks facing the University and should understand how they are managed and monitored.

Measure 4: The Audit & Finance Committee should include risk management discussions on its work plan. The Board should devote time at one meeting annually to discuss the major risks facing the institution.

Measure 5: UOIT should continue to engage in ongoing orientation and Board training sessions including information about risks to the institution.

Measure 6: Each year the Board should be asked to comment on and assess the URM and the success (or not) of the stated URM goals and objectives. Generally, the Board should be satisfied that the URM is effectively identifying and enabling the management and mitigation of the major risks facing UOIT.

The remainder of this Report is intended to allow the Board to assess UOIT's 2017-2018 progress in University Risk Management as against the adopted measures described above.

3. MEASURING 2017-2018 PROGRESS:**a. Measure 1 – How has UOIT Sustained URM as a Priority?**

UOIT has made good efforts to sustain URM in the current resource-constrained environment: Success in embedding URM into a UOIT's culture is evidenced by the integration of URM into strategic and planning processes. Integrated URM fosters the desired risk-informed

² From "A Wake-up Call: Enterprise Risk Management at Colleges and Universities Today", A Survey by the Association of Governing Boards of Universities and Colleges and United Educators, 2014, pp. 3 to 10 (Much of the language above is directly quoted from this document).

2018 UNIVERSITY RISK MANAGEMENT REPORT

culture across the University. Clearly defined structure, roles and accountability are critical to the success of the implementation.

In 2017-18, UOIT has made progress against the goals assigned in 2017-18:

i. Final UOIT Risk Register

Excellent progress has been made toward the completion of the final UOIT register for 2017-18. Final registers are in place for most Risk Owners and summaries of most of the registers by Risk Owner have concluded. The remaining registers categorized as being new registers in 2017-18 or with recent changes to risk register ownership in 2017-18, are on pause for the current reporting year, with the expectation the risks identified will continue to be managed and mitigated as defined under the new Risk Owner process document.

Continued Simplification and Synthesis: Since the risk team first cast a wide net to identify operational risks in 2015, work has been done to identify risk patterns, categories and overlaps. This has resulted in fewer listed risks. In continuation of the simplified exercise developed in 2016-17, the risks in 2017-18 are categorized as follows:

| Risk Domain | Reported Risks 2015-16 | Risks after Synthesis and Reorganization | 2017-18 Synthesized Risks |
|--------------|------------------------|--|---------------------------|
| Operational | 165 draft risks | 57 draft risks | 39 Risks |
| Financial | 36 draft risks | 13 draft risks | 7 Risks |
| Reputational | 12 draft risks | 3 draft risks | 3 Risks |
| Compliance | 40 draft risks | 18 draft risks | 10 Risks |
| Total: | 253 | 91 | 59 |

Of the fifty-nine (59) risks identified, fifty (50) of these risks were calculated as Medium, and nine (9) as High or Extreme. Low risks are considered local to the operation and, therefore, not included in the Annual Risk Management Report for 2018.

Over the 2017-18 term, twenty-two control (22) strategies and sixty (60) mitigation strategies were added to the registers in an effort to prevent, reduce, mitigate, or resolve risk at the University.

Risk or Constraint?

Space: UOIT is also evolving the definition of risk to include only those situations which are **uncertain**. During the review process a risk identified by a number of Risk Owners was; “*risk associated with space limitations*”. This corporate wide risk was escalated for review to the Senior Leadership Team (SLT), and after careful consideration, it was determined that a lack of space was considered a known and not an uncertainty. As such “lack of space” related risks will be treated as known-operating constraints, and managed as such by the UOIT Space Working Group.

2018 UNIVERSITY RISK MANAGEMENT REPORT

Budget and Resources: Similarly, risks identified as relating to insufficient budget or resources are also known and are not as such uncertain. SLT has agreed to categorize these risks as constraints to be assigned to the Budget Working Group for management.

Each of the Space and Budget Working Groups is working on a process to ensure that Risk Owners are annually able to make submissions on the impact of these constraints on their ability to achieve objectives.

New and Emerging Risks: New risks identified for the 2018-19 term were not considered for this report, however will continue to be mitigated and managed as defined under the new Annual Process for Risk Owners document, Appendix C.

High and Extreme Risk Reporting and Process: High and Extreme risks identified during the Risk Register review in 2017-18 were collectively vetted through SLT in an effort to obtain consensus, confirm accuracy, and identify potential gaps. In the 2017-18 year, a High and Extreme Risk Register was developed and reviewed by SLT, finalizing seven (7) High risks, and two (2) Foundational risk to the University. The process for high and extreme risks is set out under Appendix E. This process demonstrates SLT's support and their continued commitment to the implementation of URM, and oversight of their respective areas of authority.

The List of High Risks: No Extreme Risks were identified. Of the seven (7) High, risks identified, each risk level was calculated and determined to be equal at a risk factor of twelve (12). The seven (7) High risks were captured as follows:

Risk Owner: University Secretary and General Counsel

- Risks associated with information governance;
- Risks associated with an increasingly litigious environment;
- Risks associated with disruption causing impairment to the University's operation and Information Technology's (IT) infrastructure;
- Risks associated with failing to negotiate, manage, and implement contracts;

Risk Owner: External Relations and Advancement

- Risks associated with effective partnership management;

Risk Owner: Human Resources

- Risks associated with a lack of training and support for front line staff addressing mental health issues;

Risk Owner: All Faculties and ACE

- Risks associated with equipment failure, requiring replacement or repair.

Foundational Risks: In addition, the two (2) Foundational risks facing the University were determined as **Compliance**, owned by the University Secretary and General Counsel, as well as **Financial Sustainability**, owned by Finance.

2018 UNIVERSITY RISK MANAGEMENT REPORT

ii. Education and Training

The risk team made great progress in education and training. During the Risk Register review, all Risk Owners and SLT members were trained on the defined Annual Process for Risk Owners document new to the Risk Register review for 2017-18. Risk Register training and education was facilitated by the risk management team to new Risk Owners and new leadership authorities of the University. In addition, those charged with supporting risk within their respective areas received additional training on risk identification and assessment on activities such as travel, on/off campus events, and placement injury process, and insurance.

Great progress was made in enhancing the risk management portion of the UOIT web page. A major focus of education and training continues to be around the development and enhancement of the risk management section of the web page. The objective of the website is to provide the University with information and tools to support their engagement in URM. The website is populated with information about risk management and insurance, has links to tools and resources, and will continue to grow with additional information and tools. This measurement will continue to be a priority focus in 2018-19. The site address is: <https://usgc.uoit.ca/risk-management/index.php>.

The Director of Risk Management supported the University in 2017-18 by providing general advice on 244 requests, attended 34 risks management specific meetings, and facilitated 153 risk management training sessions across the University.

iii. Finalization of the List of Strategic Risks

There have been excellent discussions related to strategic risks for the university in 2017-18. UOIT retained Marsh Canada Inc. to facilitate the SLT's and Board's work to develop and discuss the key strategic risks facing UOIT. Twelve (12) strategic risks were collaboratively identified by SLT as risks to the university. These draft risks were shared and discussed in detail with the Board of Governors during its Annual Board Retreat in May 2018.

The SLT will continue to work on the strategic risks as a priority in 2018-19. Attached as Appendix G is Strategic Risk Map.

iv. Annual University Risk Management Report

This Annual University Risk Management Report dated June 27, 2018, fulfils this objective.

v. Senior Leadership Team

The SLT is charged with setting the appropriate "tone at the top" to support risk management. The news here is very positive. The University's new President came out early to publicly reinforce his commitment to risk management. He has identified risk management as strategic and an integral role to the University's core success and sustainability. This new approach has

2018 UNIVERSITY RISK MANAGEMENT REPORT

further invigorated the risk management process and has resulted in engaged risk discussions at SLT with the result that the SLT has adopted a more comprehensive definition of risk to include lost opportunity.

SLT continued to oversee the completion of the Risk Registers in 2017-18 and there has been very good cooperation from the SLT in this regard. It is noteworthy and important that, under the leadership of the Provost (Interim), the Deans as a group have been particularly supportive. The Provost (Interim), alongside the University Deans, carried out a meeting with the risk management team in an effort to share knowledge about the risks within their operation and discuss the escalation of some of the common risks to the assignment of the Provost for the 2017-18 term. Having support for URM within the academic leadership team is crucial to the success of URM.

As noted above, the President and SLT have played an integral role in the development of the draft list of strategic lists, and in the work to consider and vet the High and Extreme risks.

vi. Risk Management Committee

The Risk Management Committee (RMC) was struck to oversee the successful integration and execution of URM with direct reporting responsibility to the Board of Governors. Committee members are chosen based on their skill set and functional knowledge. In the 2017-18 academic year, the RMC was charged with focusing on the development of metrics and integration of best practices, and in this regard, they have fulfilled this objective.

A final set of Risk Management Metrics is appended hereto as Appendix F. These metrics were recommended and approved by the Audit & Finance Committee in April 2018. The Committee requested that UOIT move toward an annual risk dashboard and we confirmed that this is planned. The Risk Management team is tracking against most of these metrics.

The Risk Management Committee has finalized a simple and effective processes to support and train Risk Owners as they assumed responsibility for their Risk Registers in 2017-18, appended hereto as Appendix C., and D.

The RMC is composed of the following individuals from across the University:

Cheryl Foy (Chair) , Jacquelyn Dupuis (Risk Management), Scott Clerk (International), Paul Bignell (IT), Jocelyn Churchill (HR), Matthew Mackenzie (External Relations), Jennifer Freeman (Research), Alison Baulk (Finance), Stephen Thickett (Student Life), Tyler Frederick (FSSH), Connie Thurber (FHS) and Lori May (F.Ed).

In 2017-18, the RMC met five times.

2018 UNIVERSITY RISK MANAGEMENT REPORT

b. Measure 2: Does URM have an Assigned Leader?

URM is assigned to the University Secretary and General Counsel, a vice president who reports to the President. Advancing URM was a primary objective in 2017-18 and will continue as a top priority for the University Secretary and General Counsel.

c. Measure 3: Has the Board discussed the top strategic and operational risks facing the University?

Excellent progress has been made against this measure in this past year. The Board spent a day and a half at its annual Board Retreat discussing strategic risks and two foundational risks: Compliance and Financial Sustainability.

d. Measure 4: URM is a part of A&F work plan and Board annual discussion

URM is a part of the 2017-18 Audit & Finance Work Plan. There are regular discussions/reports on risk management as noted in the attached.

The Audit and Finance Committee received reports on risk in October 2017, November 2017, February 2018, April 2018, and June 2018. The Board has received reports and has been involved in risk management discussions in October 2017 and March 2018. The Board recently engaged in discussions surrounding strategic risks at the Annual Board Retreat in May 2018.

e. Measure 5: Has UOIT provided Board training sessions about University risk?

In addition to the general discussions about risk, Board professional development sessions typically focus on risk areas for the University. In the 2017-18 year, training and analysis was presented on cyber liability, outlining what the university identified as a gap in coverage. The Board was also involved in discussions surrounding the University's 5-year insurance plan, expanding on the policies currently in place as well as discussions relating to the insurance carrier and the benefits of their service. In addition, practical training on strategic risks recently took place, introducing the Board to the importance of understanding strategic risk, risk specific questions to ask, as well as roles and responsibilities.

f. Measure 6: Board assessment of URM Activity

At the Annual General Meeting (AGM) each year, the Board receives an annual report and is asked to comment on the progress of URM. The purpose of this 2018 report is to secure the Board's comment and direction on URM progress in 2017-18.

2018 UNIVERSITY RISK MANAGEMENT REPORT

PART III – GOING FORWARD

4. 2018 – 2019 GOALS AND OBJECTIVES

Advancement of the goal of embedding URM into a higher education culture is evidenced by the integration into strategic and planning processes. Integrated URM will foster the desired risk-informed culture across the University. Clearly defined structure defines accountability and is critical to the success of the implementation. In order to have clearly defined structure, there needs to be clearly defined responsibilities.

The focus in for 2018-19 objectives is in two areas:

1. Strategic and Foundational Risks:
 - a. The assignment and development of risk mitigation strategies for the list of strategic and foundational risks identified;
 - b. The development of a process to map operational risks to strategic risks;
2. Risk Management Implementation:
 - a. Continue to support Risk Owners in the management and mitigation of risk;
 - b. Continue to support Risk Owners reporting on risk work;
 - c. Design and implementing additional processes and tools to assist Risk Owners, and;
 - d. Finalize the new Risk Registers/Registers not finalized because new Risk Owners recently hired.

| |
|--|
| <p>Office of Risk Management (Chief Risk Officer and Director of Risk Management)</p> |
| <p>Develop and implement an annual repeatable process to work with Risk Owners to manage their risks and maintain their registers.</p> |
| <p>Education and Training through maintenance and enhancement of the Risk Management Website; Continue to facilitate risk management training sessions relating to implementation of URM; Develop Frequently Asked Questions and procedural documents to increase support, risk understanding and expectations</p> |
| <p>Support SLT and Board to determine next steps with strategic risks</p> |
| <p>Develop related policies identified as Foundational Risks to the University through the Risk Register review process</p> |
| <p>Prepare the 2018-19 Annual Risk Report to the Board and Audit and Finance Committee</p> |
| <p>Develop Insurance Work Plan</p> |
| <p>Continue to monitor and record the Metrics of the University</p> |
| <p>Work with Academic Council to scope its potential role in risk management</p> |

| |
|--|
| 2018 UNIVERSITY RISK MANAGEMENT REPORT |
|--|

| |
|---|
| Senior Leadership Team |
| Set the Tone at the Top – Continue to demonstrate support for the implementation of URM |
| Continue to oversee the implementation of risk management within their areas and ensure commitment to reporting risk activity |
| Continue to engage in discussion of Strategic Risks and Strategic Risk Management through identification of Risk Owners, and mitigation activities, in order to finalize the Strategic Risk Plan, |
| Report to the Board on the Management of the Strategic and Operational Risk Plan |

| |
|--|
| Risk Management Committee |
| Conduct regular meetings to discuss risk and risk management, and focus on the integration of risk management best practices |

5. CONCLUSION

Please refer to the letter of the Chief Risk Officer for the summary and highlights of this Report.

2018 UNIVERSITY RISK MANAGEMENT REPORT

Appendix A. - Risk Management Policy

| | |
|---------------------|--------------------------------|
| Classification | LCG 1116 |
| Framework Category | Legal, Compliance & Governance |
| Approving Authority | Board of Governors |
| Policy Owner | University Secretary |
| Approval Date | June 18, 2014 |
| Review Date | June 2017 |
| Supersedes | N/A |

RISK MANAGEMENT POLICY

PURPOSE AND OBJECTIVES

- PURPOSE:** The purpose of this policy is to establish the foundation for an Enterprise Risk Management (“ERM”) program which ensures that risk management is an integral part of UOIT’s core strategy and integrated into all key activities and/or functions. The ERM program establishes a risk management framework which will provide a proactive and consistent approach to ensuring that risk is considered when decisions are made at all levels of the organization and, in turn, assists UOIT to operate within its capacity and willingness to take risk. The ERM program further establishes a commitment to raise awareness surrounding risk management and provide guidance to all levels of the University.

OBJECTIVES: The overall objectives of the Risk Management Policy are to:

- Formalize a consistent approach to identifying, assessing, measuring, managing communicating and mitigating risks to UOIT’s strategic plan and priorities and to UOIT’s operations in an effort to reduce uncertainty
- Assist UOIT to make better informed decisions and promote accountability for risk management with stakeholders and staff at all levels

DEFINITIONS

- For the purposes of this policy the following definitions apply:

“Enterprise Risk Management (“ERM”)” means a consistent, coordinated, integrated approach to identify, assess, measure, manage, communicate and mitigate significant and material risks to UOIT achieving its strategic objectives

“Risk” means the uncertainty of outcomes against planned objectives. This concept can be applied to strategic objectives as well as all operational activities within the University. While the application of the definition may change with different stakeholders, the concept should not change.

2018 UNIVERSITY RISK MANAGEMENT REPORT

“Risk Assessment” means a formalized, systematic ranking and prioritizing of identified risks, using an impact/likelihood framework

“Risk Appetite” means UOIT’s willingness to accept risk. Risk appetite may also be viewed as the acceptable deviation from expected outcomes.

SCOPE AND AUTHORITY

3. Scope

This policy and the associated documents will describe the specific responsibilities for those groups and individuals expected to support the implementation and maintenance of the ERM program. In addition, all members of the UOIT community are expected to support the management of risk and the success of the ERM program at UOIT.

4. Risk Framework

Effective risk management across the institution will result in increased stability, safety and security and prosperity for key stakeholders (faculty, staff, students etc.). This policy and the associated documents create the risk management framework developed specifically to fit the governance structure and culture of UOIT. The framework is aligned with the strategic priorities of the University and incorporates leading practices, tailored to UOIT’s needs and culture.

The framework is intended to support UOIT in identifying, assessing, measuring, managing, reporting and mitigating significant and material risks. The ultimate goal of the framework is to assist UOIT in achieving its strategic priorities and operational objectives through better management and understanding of risk.

The framework provides:

- Formalized process and approach to executing ERM
- Clearly defined accountabilities for execution of ERM
- Improved risk management communication
- Consistency in risk management

5. Risk Governance Structure

Oversight: The responsibility to oversee UOIT’s ERM program resides with the Board of Governors of UOIT. The Finance and Audit Committee is delegated to carry out this oversight responsibility on the part of the Board and to report annually to the Board on the status of the ERM.

Direction: The President and Vice-chancellor of the University is responsible to provide direction to ensure UOIT’s strategic priorities remain the ultimate focus of key stakeholders.

2018 UNIVERSITY RISK MANAGEMENT REPORT

Risk Parameters: The Risk Appetite will be determined by the President and Vice-chancellor of the UOIT along with the Senior Leadership Team (SLT) and ultimately approved by the Board of Governors. The Risk Appetite will be reviewed no less than once annually.

Risk Owners:

CHIEF RISK OFFICER: UOIT shall designate a member of the SLT to serve as Chief Risk Officer. The Chief Risk Officer shall, among the members of the SLT, have responsibility for the coordination of SLT's risk management activities. The Chief Risk Officer shall act as primary advisor on risk to the Board of Governors and to the President and Vice Chancellor. The Chief Risk Officer shall serve as Chair of the University's Risk Management Committee and shall have accountability for that Committee's work.

SENIOR LEADERSHIP TEAM ("SLT"): SLT as a group is responsible for the management of all institutional and operational risks, the overall success of ERM, and the integration of ERM program into the core operational and strategic decision framework of the University. Individual members of the SLT will act as the primary owners of risks and risk management at UOIT. Each SLT member will delegate responsibility for risk management to functional leaders within that SLT member's area of responsibility.

PROVOST'S ADVISORY COMMITTEE ON INTEGRATED PLANNING ("PACIP"): PACIP will act in an advisory role in respect of various aspects of the ERM program. PACIP will work to ensure that the ERM program is integrated into the planning work of UOIT.

6. Risk Management Committee

The Risk Management Committee will hold responsibility for the successful integration and execution of the ERM framework. Operational implementation and maintenance of the ERM program will be conducted with oversight and guidance from the SLT. The Committee will also be responsible for facilitating the risk identification and assessment process at the Senior Leadership Team and Functional Leadership levels, consolidating that information and finalizing the institutional risk profile for the Board. This committee will be a skills-based committee comprised of individuals who are best able to help UOIT fulfil its ERM objectives.

7. STATEMENTS OF PRINCIPLE:

UOIT adopts the following statements of principle for application in the implementation of this policy:

- a) **Risk Culture:** UOIT is committed to fostering a culture of risk ownership throughout the University. This does not mean that we avoid engaging in activities that have risk or that we avoid risk in our teaching and research and other activities we undertake for the University. It is recognized that both strategic and operational decisions and the work undertaken by faculty, staff and employees, all inherently involve risk.

To UOIT, having a culture of risk ownership means that:

2018 UNIVERSITY RISK MANAGEMENT REPORT

- i) Strategic and operational decisions are made with full awareness of the risks relevant to those decisions;
 - ii) All members of the UOIT community are aware of the organization's emphasis on ERM and incorporate a proactive approach and awareness to managing risk in their individual roles.
- b) **Communication:** A key principle of a successful ERM program is regular communication. The Board and Senior Leadership Team are committed to developing a communication plan to ensure that those who require information to support the ERM program receive it. UOIT's risk management policy, goals and objectives will be made available to all employees and it will be expected that each employee reads and understands the risk management philosophy and outlined framework.
- c) **No Reprisal:** The University will not discharge, discipline, demote, suspend, threaten or in any manner discriminate against any officer or employee based on any good faith and lawful actions of such employee to responsibly and carefully report risk issues using the channels provided by the University.
- d) UOIT is committed to academic freedom.

RELEVANT LEGISLATION

8. This section intentionally left blank.

RELATED POLICIES, PROCEDURES AND DOCUMENTS

9. Risk Management Committee Terms of Reference (TBD)
Governance and Process Figures (TBD)
Risk Management Procedures (TBD)
Annual Reporting Checklist (TBD)
Such other documents as may be added by the Risk Management Committee

2018 UNIVERSITY RISK MANAGEMENT REPORT

Appendix B. – 2018 UOIT Risk Owners

| SLT Member | Department Risk Registers | Risk Owner |
|--------------------|--|--------------------|
| Steven Murphy | *ACE | John Komar |
| Craig Elliott | Finance | Craig Elliott |
| | Office of Campus Infrastructure and Sustainability | Ken Bright |
| | Regent Theatre | Kevin Arbour |
| Cheryl Foy | University Secretary and General Counsel | Cheryl Foy |
| Susan McGovern | External Relations and Advancement | Susan McGovern |
| Doug Holdway | Research | Jennifer Freeman |
| Robert Bailey | *Provost's Office | Robert Bailey |
| | Office of Campus Safety | Tom Lynch |
| Brad MacIsaac | Registrar | Joe Stokes |
| | Learning and Innovation | Catherine Drea |
| | Information Technology | Paul Bignell |
| | Student Life | Olivia Petrie |
| | *Human Resources | Jamie Bruno |
| | *Health and Safety | Joanne Evans |
| | *Employee and Labour Relations Academic Affairs | Krista Secord |
| | Library | Catherine Davidson |
| ALT Members | Faculty Risk Registers | Risk Owner |
| | School of Graduate and Postdoctoral Studies | Langis Roy |
| | Business and Information Technology | Pamela Ritchie |
| | Education | Maurice DiGiuseppe |
| | Energy Systems and Nuclear Science | Akira Tokuhiko |
| | Engineering and Applied Science | Tarlochan Sidhu |
| | Health Sciences | Lori Livingston |
| | Science | Greg Crawford |
| | Social Science and Humanities | Peter Stoett |

*updated risk summary is not included. On pause until next Risk Management cycle in 2019

Appendix C. – Annual Process for Risk Owners

**Individual Departmental/Faculty
Risk Register
Annual Process for Risk Owners**

If you have been assigned responsibility to a risk, this document is to help you, as the Risk Owner, understand the annual risk process and steps you should follow.

1. Annual Meeting - Risk Owner meets annually with the Director, Risk Management to review and update the departmental/faculty Risk Register and to discuss risk generally.
2. Risk Review – Risk Owner conducts a risk review with those members of the department or faculty that Risk Owner identifies as key stakeholders (people involved in identifying and managing the risks).
 - a) Risks within Risk Owner control

As you are responsible for managing and mitigating some but not all of the risks you identify, you need a list of those risks that you have the ability to mitigate within your area. These are called “risks in the Risk Owner’s control”. So the next steps are to:

- i) Identify risks within the Risk Owner’s control, and;
- ii) Develop mitigation plans for these risks.

As you are identifying risks, follow these guidelines:

Low Risks – For risks that are in the “Low Risk” category the Risk Owner is responsible to monitor and mitigate these risks. There is no obligation to report on them unless they start becoming more severe. You are responsible to report an increase in low risk severity as part of the annual Risk Register review.

Medium, High or Extreme Risks – For risks in the Medium, High or Extreme Category, the Risk Owner, in consultation with their departmental/faculty stakeholders, will assign responsibility within their faculty/department for managing and mitigating identified risks. The Risk Owner should always know who is responsible for managing and mitigating the risks and should be aware of and oversee the status of the management and mitigation activities.

2018 UNIVERSITY RISK MANAGEMENT REPORT

b) Risks outside Risk Owner control

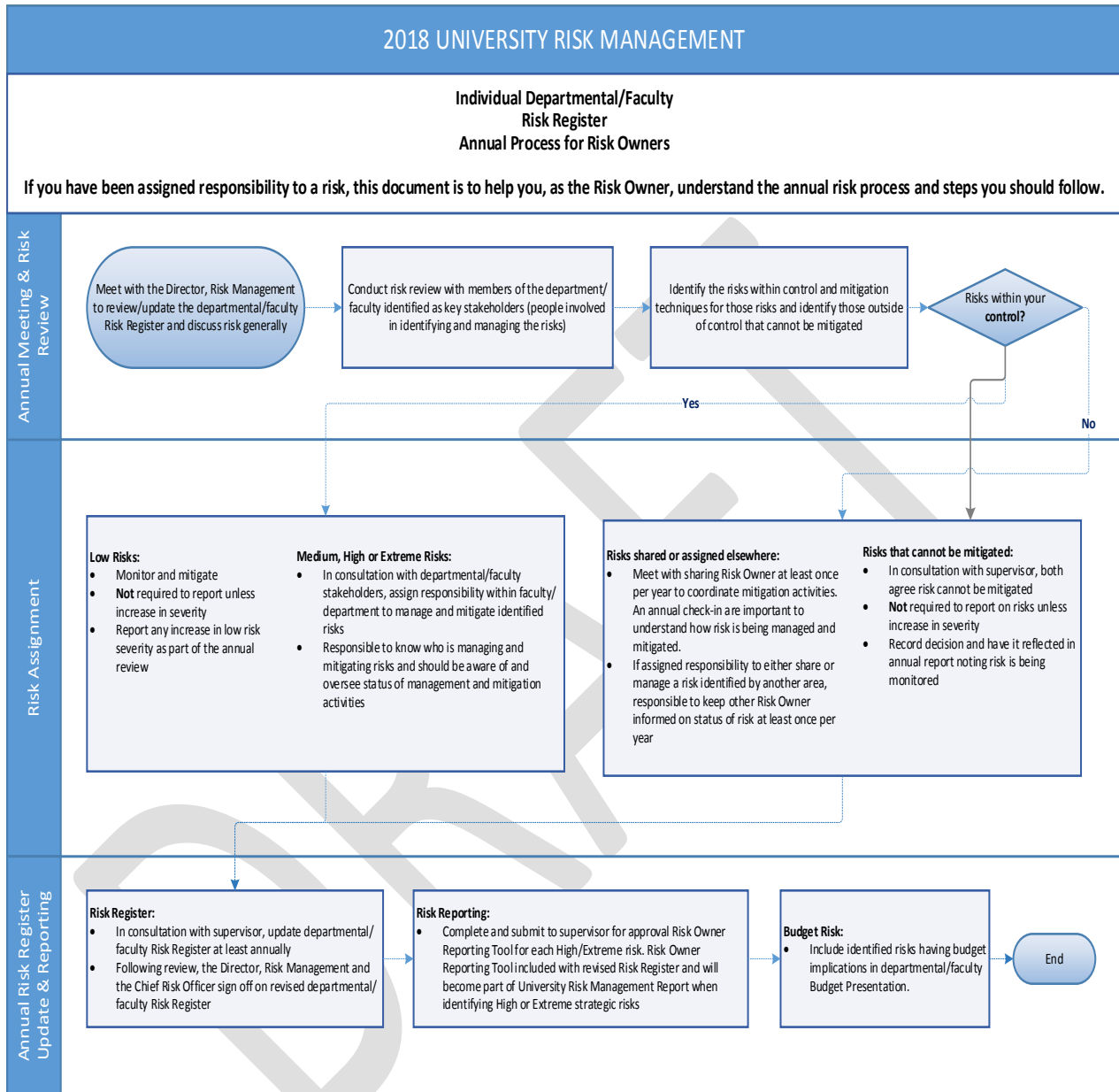
- i) Risk Owner will advise their supervisor of risks outside their ability to mitigate or risks that Risk Owner can only partially mitigate. These risks will be listed separately. The supervisor is responsible for ensuring that there is a plan in place for these risks.
 - a. **Risks that can't be mitigated:** Where the supervisor and Risk Owner agree that the risk is not one that can be mitigated, this decision should be recorded and reflected in the annual reporting noting simply that the risk is being monitored.
 - b. **Risks shared or assigned elsewhere:** Where risk mitigation is shared with another Risk Owner be sure to meet with the sharing Risk Owner at least once per year to coordinate mitigation activities. Where risk mitigation is assigned to another Risk Owner, an annual check-in is important so that you understand how the risk is being managed and mitigated. If you are assigned responsibility to either share or manage a risk identified by another area, your responsibility is to keep the other Risk Owner informed on the status of the risk at least once per year.

3. **Annual Risk Register Update and Reporting**

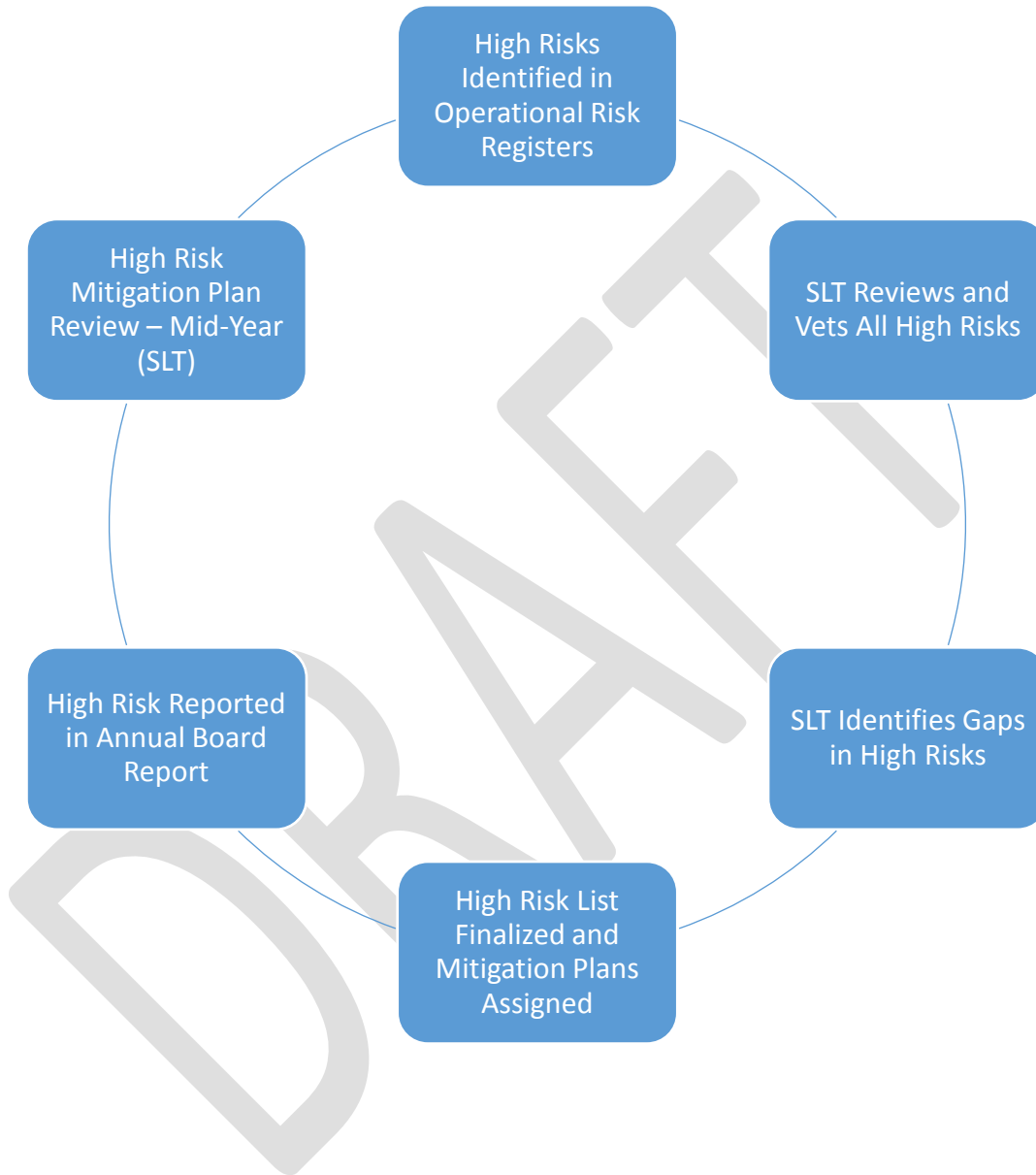
- ii) **Risk Register:** The Risk Owner, in consultation with their supervisor, is responsible to update the departmental/faculty Risk Register at least annually. Following the annual review both the Director, Risk Management and the Chief Risk Officer Sign off on the revised departmental/faculty Risk Register.
- iii) **Risk Reporting:** The Risk Owner is responsible to complete and submit to their supervisor for approval a Risk Owner Reporting Tool for each High or Extreme risk identified. The Risk Owner Reporting Tool will be included with the revised Risk Register and will become part of the University Risk Management Report when identifying High or Extreme strategic risks.
- iv) **Budget Risk:** The Risk Owner will include identified risks having budget implications in their departmental/faculty Budget Presentation.

2018 UNIVERSITY RISK MANAGEMENT REPORT

Appendix D. – Annual Process for Risk Owners – Process Flow



Appendix E. – High and Extreme Risk Review Cycle



2018 UNIVERSITY RISK MANAGEMENT REPORT

Appendix F. – Risk Management Metrics

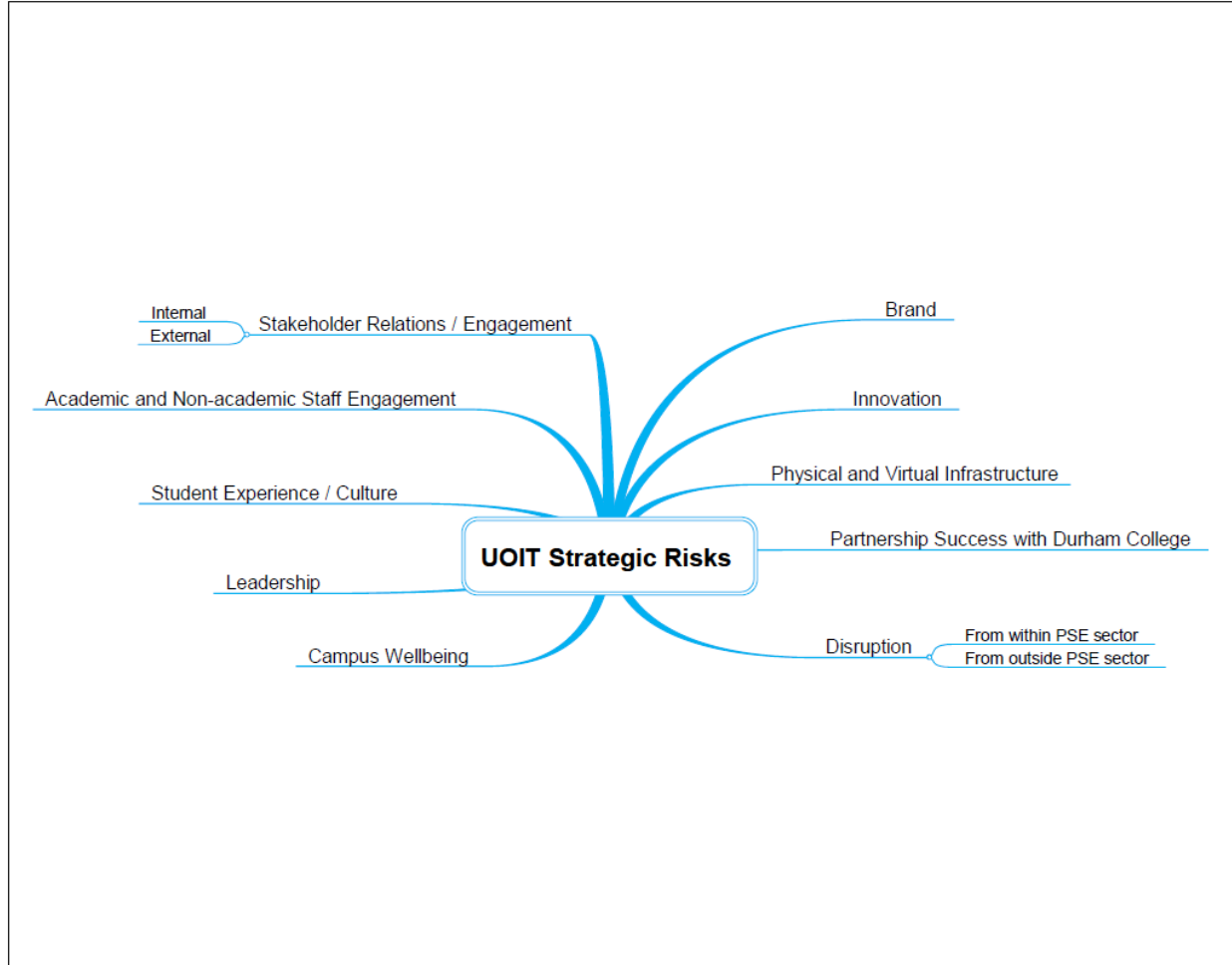
| Risk Management Metrics |
|---|
| Requests for Risk Assessments and Plans (indicators of risk consideration in decision-making and planning) |
| Risk Management General Advice Requests |
| Risk Management Meetings |
| Risk Management Training Sessions |
| Risk Registers Completed/Reviewed |
| Risk Management Committee Meetings |
| Partnership Risk Support Meetings (SA/DC/Residence/Ice Centre) |
| Event Requests Reviewed |
| Employee and Student Risk Monitoring Reports |
| Incidents Reviewed and Tracked |
| Square Footage of Property Reviewed for Risks/Hazards |
| Website – number of hits on the Risk Management link |
| Frequency of Department/Faculty Risk Discussion |
| |
| Insurance Policies |
| Insurance Advice Provided |
| Insurance Certificates (requested/provided) |
| Claims Managed |
| Claims per *capita |
| Claim value per capita |
| Insurance premiums per capita |
| Square footage per capita |
| Buildings per capita |
| Liability premium expense vs. FTE exposure |
| Property premium expense vs. total insurable values |

*1 FTE Student

2018 UNIVERSITY RISK MANAGEMENT REPORT

Appendix G. – Strategic Risks Map

C:\Users\mleewanh\Desktop\UOIT Strategic Risks 05312018.twdx



Wednesday, May 30, 2018



COMMITTEE REPORT

SESSION:

Public
Non-Public

ACTION REQUESTED:

Decision
Discussion/Direction
Information

TO: Audit and Finance Committee

DATE: June 12, 2018

FROM: Cheryl Foy, University Secretary and General Counsel

SLT LEAD: Cheryl Foy, University Secretary and General Counsel

SUBJECT: Policy and Compliance Update

COMMITTEE/BOARD MANDATE:

- The Audit and Finance Committee is responsible for receiving regular reports on regulatory compliance and policy development and compliance at the University.

BACKGROUND/CONTEXT & RATIONALE:

- The purpose of this Report is to provide the Committee with an update on the status of Policy and Compliance activities and progress against goals and objectives as outlined in last year’s report on June 12, 2017.
- A PowerPoint presentation will be made to the Committee. This presentation will provide the Committee with an update on the Goals and Objectives and metrics related to Policy and Compliance activities, and provide the Committee the opportunity to comment on its sufficiency and direction.

COMPLIANCE WITH POLICY/LEGISLATION:

- The report considers the University’s compliance obligations under the Freedom of Information and Protection of Privacy Act, Canada’s Anti-Spam Law, Accommodation for Ontarians with Disabilities Act and policy instruments in development under the UOIT Policy Framework.

NEXT STEPS

- Review the Report and the Presentation and highlight concerns, provide comments and direction.

SUPPORTING DOCUMENTATION

- List of Policy Projects in Progress

List of Policy Projects in Progress

Date: June 7, 2018

Priority Projects: Office of the University Secretary and General Counsel

| Title | Unit | Policy Lead | Type of Project | Category | Status |
|--|----------|---------------------------|-----------------------|----------|--------------|
| Contract Management & Signing Authority | USGC | Cheryl Foy / Craig Elliot | Substantive Amendment | LCG | Consultation |
| University Continuity Management | USGC | Jacqueline Dupuis | New | LCG | Consultation |
| Intellectual Property | Research | TBD | Amendment | LCG | Consultation |
| Code of Ethics and Conduct | USGC | TBD | New | LCG | Drafting |

Priority Projects: Office of Student Life

| Title | Unit | Policy Lead | Type of Project | Category | Status |
|--|------|---------------|---------------------------------|----------|--------------|
| Student Conduct & Investigation | OSL | Olivia Petrie | Substantive Amendment New PI | LCG | Consultation |
| Student Judicial Committee | OSL | Olivia Petrie | New | LCG | Consultation |
| Student Sexual Violence | OSL | Olivia Petrie | Review | LCG | Consultation |

Other Policy Projects in Development

| Title | Unit | Policy Lead | Type of Project | Category | Status |
|---------------------------|----------|----------------|---------------------------------|----------|-----------------|
| Animal Care Policy | Research | Janice Moseley | Substantive Amendment New PI | LCG | Consultation |
| Research Ethics | Research | TBD | Substantive Amendment | LCG | Initial Consult |
| Flag Usage | C&M | Melissa Levy | New | ADM | Deliberation |
| Poster | C&M | John MacMillan | New | ADM | Consultation |

| Title | Unit | Policy Lead | Type of Project | Category | Status |
|--|---------|---------------------------|-----------------------|----------|-----------------|
| Responding to the Death of a Student | C&M | Melissa Levy | Substantive Amendment | ADM | Initial Consult |
| Administrative Leave | HR | Krista Secord | New | ADM | Consultation |
| Review of Alleged Breach of Confidentiality | HR | TBD | New | TBD | Consultation |
| Parental Leave and Supplementary Unemployment Benefit | HR | Joanne Evans | Substantive Amendment | ADM | Consultation |
| Academic Integrity | TLC | Rupinder Brar | Substantive Amendment | LCG | Consultation |
| Procurement | Finance | Kevin Jones | Amendment | LCG | Drafting |
| Program Nomenclature | CIQE | Kimberley McCartney-Young | Amendment | ACD | Drafting |
| Quality Assurance Framework | CIQE | Nichole Molinaro | Substantive Amendment | ACD | Drafting |
| Board Ethics | USGC | TBD | New | Board | Drafting |
| Communications | C&M | John MacMillan | New | ADM | Drafting |
| Convocation Arrangements - Graduand Family Member | RO | Kristen Boujos | New | ADM | Drafting |
| Smoke Free Campus | HR | Dave Roger | Substantive Amendment | ADM | Drafting |
| Access to Labs * | FBIT | Andrew Hogue | New | TBD | Initial Consult |
| Administrative Unit Review | CIQE | Nichole Molinaro | New | TBD | Initial Consult |
| Cannabis Legalization | HR | Joanne Evans | New | ADM | Initial Consult |
| Health Record Access and Custody | USGC | Niall O'Halloran | New | LCG | Initial Consult |
| Recording of Lectures * | FBIT | Cyndi Hillis | New | TBD | Initial Consult |

| Title | Unit | Policy Lead | Type of Project | Category | Status |
|--|---------|-------------|-----------------------|----------|-----------------|
| Research Volunteer | TBD | TBD | New | ADM | Initial Consult |
| Gender Identification | RO | TBD | New | TBD | Initial Consult |
| Visiting Scholar | TBD | TBD | New | TBD | Initial Consult |
| UOIT Library Use Policy | Library | TBD | Amendment | TBD | Parking Lot |
| Acceptable Use of Technology | ITS | TBD | Substantive Amendment | TBD | Parking Lot |
| Emergency Preparedness plan | USGC | TBD | Editorial Amendment | TBD | Parking Lot |
| Anti-Violence for Visitors and Volunteers | TBD | TBD | New | TBD | Parking Lot |
| Volunteer | TBD | TBD | New | TBD | Parking Lot |
| Fitness to Study | OSL | TBD | New | TBD | Parking Lot |
| Halloween Attire | | TBD | New | TBD | Parking Lot |
| Medical Notes | RO | TBD | New | TBD | Parking Lot |
| Meeting with Students | TBD | TBD | New | TBD | Parking Lot |
| Umbrella Policy on Violence, Sexual Violence, Harassment and Discrimination | | TBD | New | TBD | Parking Lot |
| Video Surveillance Policy | | TBD | New | TBD | Parking Lot |
| Workplace Accommodations for Employees with Disabilities | HR | TBD | New | TBD | Parking Lot |



COMMITTEE REPORT

SESSION:

Public
 Non-Public

ACTION REQUESTED:

Decision
 Discussion/Direction
 Information

TO: Audit & Finance Committee

DATE: June 18, 2018

PRESENTED BY: Cheryl Foy

SLT LEAD: Cheryl Foy

SUBJECT: Annual Insurance Report – 2017-18

COMMITTEE/BOARD MANDATE:

- The Audit and Finance Committee of the Board has responsibility for Finance and Risk Management. In support of this mandate, the Committee receives for consideration an Annual Insurance Report.
- This is an opportunity for the Committee to consider the adequacy of the UOIT insurance program.

BACKGROUND/CONTEXT & RATIONALE:

- The University insurance program is overseen by the University Secretary and General Counsel with the assistance of the Director of Risk Management.
- Appropriate insurance is a key component of effective risk management.

RESOURCES REQUIRED:

- None.

IMPLICATIONS:

None.

ALIGNMENT WITH MISSION, VISION, VALUES & STRATEGIC PLAN:

- None.

ALTERNATIVES CONSIDERED:

- None.

CONSULTATION:

- Not applicable.

COMPLIANCE WITH POLICY/LEGISLATION:

- Article 17 of UOIT By-Laws provides for the indemnification of Governors and employees, and further for the protection of governors. The insurance coverage provided supports these legal requirements.

NEXT STEPS:

- Review the presentation (attached), the highlights of which will be presented at the Meeting.

MOTION FOR CONSIDERATION:

- None. The Committee is asked to comment on the adequacy of the insurance portfolio.

SUPPORTING REFERENCE MATERIALS:

- Annual Insurance Report - Powerpoint

Insurance Update

Presentation to the Audit and
Finance Committee
June 18, 2018
By: Cheryl Foy

Purpose of the Presentation

- To provide the Committee with an update on the current insurance plan and focus for 2018/2019 term
- To provide the Board with an insurance update

Agenda

- 2017/2018 term in Review
- Overview of insurance policies and coverages
- 2018/2019 term strategies
- Feedback

2017/2018 Term in Review

- Introduced Cyber Liability insurance June 2017
- June 2017 – A&F accepted recommendations to extend five (5) year term with current carrier, CURIE
- Renewed five (5) year term January 1, 2018
- University General Counsel appointed to the CURIE Advisory Board – November, 2017

CURIE Policies and Coverage

| | |
|---------------------------------|---|
| General Liability | Covers the legal liability and defense costs arising from bodily injury and property damage |
| Policy Applies to: | <ul style="list-style-type: none"> - Accidents occurring in the buildings or on the grounds or at activities related to the university on a world-wide basis - Personal injury - Sport activities - Professional malpractice - Sudden and accidental pollution - Tenants' legal liability, etc. |
| Coverage and Limitations | \$50,000,000 per occurrence deductible \$2,500 per occurrence subject to policy exclusions |

CURIE Policies and Coverage, continued

| | |
|---------------------------------|---|
| Errors and Omission | The CURIE policy will indemnify against allegations of wrongdoing in four main areas |
| Policy Applies to: | <ul style="list-style-type: none"> - Governors, Directors and Officers, including employees while carrying out their normal duties on behalf of the University - Professional Malpractice for rendering or failing to render sound professional advice - Fiduciary liability arising from employees acting as Trustees for University Pension Plans - Employee benefit liability, arising out of the administration of the various university benefits programs |
| Coverage and Limitations | Combined \$50,000,000 limit between primary and excess deductible is \$1,000 on Employee Benefits only, subject to policy exclusions |

CURIE Policies and Coverage, continued

| | |
|---------------------------------|---|
| Property | Insures against all risks of direct physical loss or damage primary of \$5,000,000 and excess up to \$1,250,000,000 limit per loss with a \$25,000 deductible |
| Policy Applies to: | <ul style="list-style-type: none"> - All Risks - Business interruption and extra expense policy - Earthquake - Flood |
| Coverage and Limitations | <p>Make available a business interruption policy and an extra expense policy (for UOIT, \$5,000,000)</p> <p>Earthquake – subject to 3% or subject to the following deductibles; minimum \$250,000 and a maximum of \$5,000,000 (except BC and Quebec)</p> <p>Flood – subject to a 2% minimum \$100,000 deductible</p> |

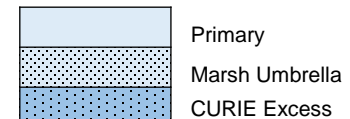
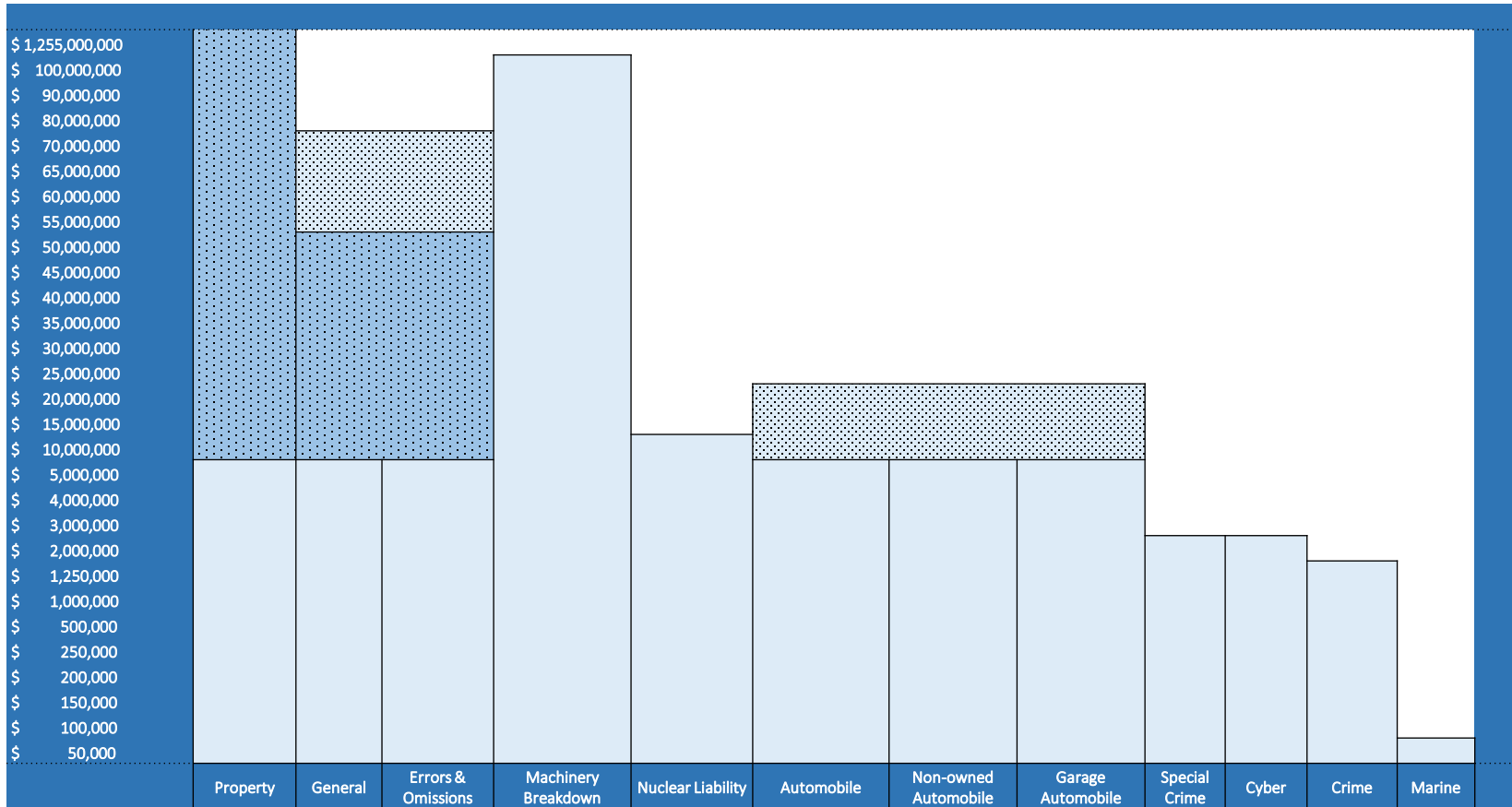
Marsh Policies

- Machinery Breakdown
- Crime
- Automobile
- Non Owned Automobile
- Garage Automobile
- Marine
- Special Crime
- Nuclear Liability
- Umbrella Liability
- Cyber Liability (*introduced in 2017*)
- **Ad hoc Cargo*

Sutton Policies and Coverage

| | |
|---------------------------------|--|
| Special Risk Travel | Provides major medical benefits for incidents resulting in injury , while on an authorized trip outside of Ontario |
| Policy Applies to: | <ul style="list-style-type: none"> - Medical Evacuation & Repatriation - Security Advice and Evacuation - Travel Assistance |
| Coverage and Limitations | <p>\$1,250,000 lifetime \$250,000 air ambulance/repatriation \$100,000 political evacuation Coverage responds within the first 60 days travel</p> |
| Student Work Placement | Provides medical coverage for students in university programs that are not eligible for WSIB, MASED coverage |
| Policy Applies to: | <ul style="list-style-type: none"> - University approved work placement or volunteer position |
| Coverage and Limitations | <p>\$150,000 principal sum for accidental death and dismemberment \$100,000 permanent total disability – maximum 104 weeks</p> |

UOIT Insurance Layering Diagram



2018-2019 Focus

- Align insurance portfolio with university current and future needs, by:
 - Developing an insurance work plan, which includes:
 - Insurance gap analysis on current landscape
 - Review of insurance policy limits and conditions, and benchmarking against current market
 - Develop procedures surrounding use of university vehicles
 - Develop education surrounding travel insurance policies and eligibility of insurance while overseas / abroad
 - Enhance insurance section of risk management website
 - Enhance documentation, follow up, and storage of certificates of insurance (COI) on contract agreements and campus events

Feedback?