



BOARD OF GOVERNORS
Audit & Finance Committee

Minutes of the Public Session of the Meeting of Wednesday, February 23, 2022
2:00 p.m. to 3:20 p.m., Videoconference

- Members:** Laura Elliott (Chair), Douglas Ellis, Mitch Frazer, Thorsten Koseck, Dale MacMillan, Steven Murphy, Dietmar Reiner, Roger Thompson
- Staff:** Sarah Cantrell, Becky Dinwoodie, Krista Hester, Les Jacobs, Lori Livingston, Brad MacIsaac, Pamela Onsiong
- Regrets:** Stephanie Chow, Kim Slade
- Guests:** Shelina Ally and Erika Cotter (Ontario Internal Audit Division), Mike Eklund (FA), Matthew Mackenzie

1. Call to Order

The Chair called the meeting to order at 2:01 p.m.

2. Agenda

Upon a motion duly made by R. Thompson and seconded by S. Murphy, the Agenda was approved as presented.

3. Conflict of Interest Declaration

None.

4. Chair's Remarks

The Chair welcomed members to the first committee meeting of 2022. She hopes everyone is keeping safe and enjoyed the Family Day long weekend. She noted the committee has a full agenda and she will work to keep things on track to ensure we get through the items. She hopes everyone reviewed the material in advance of the meeting and will actively engage in the meeting.

5. President's Remarks

The President noted that a tentative agreement was reached over the weekend. He reminded the committee that GNHR is the body who is responsible for ratifying the agreement on behalf of the Board. He expressed his appreciation for the work of both bargaining committees in getting a deal done and noted that we want to see students and faculty back in the classroom. He concluded by stating that it is inappropriate for him to comment on the agreement until it has been ratified by both parties. He acknowledged the work of L. Livingston, J. Bruno, S. Cantrell and M. Eklund.

6. Audit

6.1 MCU Audit Update

B. Maclsaac introduced E. Cotter to present on the MCU Audit. E. Cotter, is the Audit Director, for the education audit branch. She thanked B. Maclsaac and his team for their help throughout the process and she stated that she views this as a good news story. The goal with the audit was to examine the financial controls and oversight processes. The team interviewed several members of the Board. Overall, the university has good processes in place and has an overall rating of medium-risk. There were some recommendations on areas where the university could improve: performance metrics, key performance and key risk indicators could be provided to the Board for more information, however, overall the Board appears to be well informed and information is being presented on a regular basis. There is a successful partnership with Durham College on IT support. Overall, 12 recommendations focused on the information being reported to the Board that could include additional information. E. Cotter provided a high-level overview of the key recommendations with the committee and noted that the university has already started working on the recommendations. They will be reviewed every six months until all recommendations are complete. B. Maclsaac noted that one of the key aspects was improved reporting on IT and facilities projects. This will be brought forward as part of the budget presentation in April as well as part of the quarterly updates.

The Chair thanked E. Cotter for the opportunity to meet with her during the summer. She also acknowledged the importance of following up on progress being made on the recommendations.

Questions/comments from the committee:

- Suggestion that at an upcoming meeting, present an overview of how IT projects are managed.

- KPIs: what is required for external reporting and what is important to the university. Important to identify meaningful KPIs. Importance of identifying right targets and measuring them.
- Finance team: are we fully staffed given size of the university and needs for audit controls?
 - B. Maclsaac advised that we are adequately staffed. Have done some reallocations of senior staff and established a Trust and Treasury area in light of feedback from the Investment Committee.

The Chair thanked E. Cotter for attending the meeting to present the results and respond to questions from the committee.

7. Finance

7.1 Third Quarter Financial Reports

P. Onsiang reviewed the one page summary and how it compares to the forecasted budget, noting a total net surplus projection around \$3M. She noted significant variances: \$12M upside in revenues (\$8M grants - new provincial eCampus grant to support virtual learning, COVID funding, etc.). Upside in tuition fees due to a higher percentage of returning students. On the expense side, under academic and academic support, additional \$6M in spending. Under capital, additional spending of nearly \$3M that are funded by additional grants received throughout the year. She stated that the actual surplus will be internally restricted to comply with agreements or university policy. Some of the surplus may be allocated to student financial aid and capital reserves and said that it is not significantly different from last quarter. She responded to questions from the committee:

- Fou major grants received this year – do we know what the spending is against those grants at a high level?
 - eCampus grants need to be spent by February 28. The team has been in touch with budget holders to ensure it has all been spent by the due date.
 - COVID-19 grant has all been spent to date.
 - Nearly \$1M in facilities grant has also been received and it is on track to be spent.
 - We are on track for spending for the year.
- Hearing anything that the provincial government might be proposing as support for universities coming forward?
 - There have been different discussions with the government. At the end of November, we submitted a document on the continued impact of COVID in case there were any funds available but we have heard nothing as of yet.

We are preparing for what might be coming and what could be ready on short notice.

7.2022-2023 Tuition & Ancillary Fees

S. Cantrell presented the tuition fees recommendation. She highlighted that we have not yet received the provincial tuition fee framework but have assumed a 0% increase for domestic tuition. She stated that there has been a lot of work put into recommending adjustments for international tuition fee recommendations. The university is coming along with international recognition. In looking at local competitors and programmatic comparisons, we are well below the average. The recommended increases would put the university more in line with our competitors. However, even with increases, we are still below the average. Consideration given to predictability of tuition for international students in upper years and capping increases at 5%. We are seeing a significant increase in scholarships and bursaries for international students and also increasing support for graduate students.

Questions:

- What is price sensitivity of education for international students? What is the potential impact on enrolment?
 - S. Cantrell used example of research at York to examine price sensitivity – learnings from that analysis was that it was a combination of pieces: where the institution is on ranking scales and how close fees are to those of competitors. These factors were used to inform some of the recommendations. She is confident that we are not near the point of where we might outprice ourselves out of the market.
- Given recent inflation, are the proposed increases too conservative?
 - S. Cantrell advised that in competitive areas we have gone as high as 15% - by looking at program sensitivity and being mindful of where we are as Ontario competes for international students. We are positioned well to balance those factors. If there is some volatility, we can adjust next year.

Upon a motion duly made by D. Ellis and seconded by D. MacMillan, the Audit & Finance Committee unanimously recommended the 2022-2023 tuition fees, as presented, for approval by the Board of Governors.

B. MacIsaac presented the recommended ancillary fees for the upcoming year. He highlighted that they went with the core inflationary amount of 2.9%. He stated that since our ancillary fees are higher than most other institutions we are trying not to increase those. He noted a new fee for FSSH students and explained that each Faculty's society imposes their own fees. Some increases are above 2%, mostly by the OTSU for events. Last year there was no increase in any fees except the one fee for student support

services. Administration chose not to increase some of our fees so OTSU could increase theirs. The main reason for our high ancillary fees is because we are more up front with our students (e.g. bulk package for required software).

Questions:

- Some fees associated with on campus activities that were included last year when there weren't any on campus activities
 - B. Maclsaac worked with OTSU and went through the fees line by line – many events went virtual and they continued to offer a number of events virtually. The increase of 15% is part of the OTSU's platform to get students more engaged on campus and involved in more regular, smaller events
- This time next year it might be helpful to have a bit more history rather than just year over year. When presenting increases next year that are a bit outside of the norm, it would be helpful to have more context.
 - B. Maclsaac advised we will provide a 3 to 5 year trend next year.
- Government's imposition of opt-in and opt-out of fees. What is the OTSU's reaction to our ancillary fees being highest in the province?
 - B. Maclsaac explained that student unions appealed the provincial legislation and the courts found the government could not mandate that.
 - OTSU has not raised the ancillary fees as an issue. They present to the OTSU Board, as well as a town hall to discuss the ancillary fees.
- Any material deficiencies in OTSU audit that the Board should be aware of?
 - B. Maclsaac noted that there are no material deficiencies that we are aware of. As part of a transfer agreement arrangement, we review the audit with the OTSU to ensure funds are being used appropriately. He stated that we can note next year which fees are OTSU and which are administration.
- How much consultation is done with the OTSU when establishing fees?
 - Fees that flow to the OTSU are brought forward by them to the ancillary fees committee. Anything above inflation, they go through their own board as well. The OTSU also conducted polls with students. He noted that we have been lucky to have great leaders with the student union and we have a great relationship with the OTSU with respect to ancillary fees.
- T. Koseck shared the experience of his three children in postsecondary and their perspective on ancillary fees. He commented that the variation of ancillary fees among institutions does not really factor into their decision-making. Will likely take a lot of work and investment to get students back onto campus.

Upon a motion duly made by R. Thompson and seconded by D. MacMillan, the Audit and Finance Committee unanimously recommended the 2022-23 ancillary fees as presented, for approval by the Board of Governors.

8. Investment Oversight

8.1 Approach to Investment Oversight

B. MacIsaac provided background to the proposed approach on investment oversight and referred the committee to the accompanying report and invited their feedback. D. Ellis added that the idea behind it is to streamline efficiency of the committee and that they keep the interests of the university at the forefront and that governors are meeting their fiduciary obligations. D. MacMillan expressed support for the proposed approach and noted that it includes the opportunity to review and adjust if necessary.

9. Consent Agenda:

9.1 Minutes of Public Session of A&F Meeting of November 24, 2021

9.2 Procurement of Goods and Services Procedures

9.3 Amendments to Statement of Investment Policies

Upon a motion duly made by D. Ellis and seconded by R. Thompson, the Consent Agenda was approved as presented.

10. For Information:

10.1 Quarterly Investment Update

10.2 Credit Rating Update

11. Other Business

12. Adjournment

There being no other business, upon a motion duly made by R. Thompson, the meeting adjourned at 3:07 p.m.

Becky Dinwoodie, Secretary