



**BOARD OF GOVERNORS
AUDIT & FINANCE COMMITTEE**

**MINUTES OF THE MEETING OF APRIL 19, 2017
1:30 p.m. to 3:30 p.m., ERC 3023
PUBLIC SESSION**

Attendees: Miles Goacher (Chair), Nigel Allen, Doug Allingham (*via teleconference*), Jeremy Bradbury (*via teleconference*), Adele Imrie, Tim McTiernan, Dietmar Reiner, Mary Simpson (*via teleconference*)

Staff: Robert Bailey, Larry Brual, Becky Dinwoodie, Craig Elliott, Brad MacIsaac, Susan McGovern, Pamela Onsiong

Guests: Mikael Eklund (UOIT Faculty Association)

1. Call to Order

The Chair called the meeting to order at 1:50 p.m.

2. Agenda

Upon a motion duly made by A. Imrie and seconded by T. McTiernan, the Agenda was approved as presented.

3. Conflict of Interest Declaration

M. Simpson declared a conflict regarding the UPASS.

4. Approval of Minutes of Meeting of February 15, 2017

Upon a motion duly made by A. Imrie and seconded by T. McTiernan, the Minutes were approved, as presented.

5. Chair's Remarks

The Chair kept his remarks brief due to the full agenda. He welcomed new governor, D. Reiner, to his first Committee meeting.

6. SIRC Building Construction Project

L. Brual delivered an update on the SIRC Building. He advised that they have started putting up boarding and have enclosed the mechanical room. The project is on target for completion of Phase 1 and Phase 2. There are no recent safety incidents to report. He confirmed that 96% of the \$19.3M in tenders have been awarded and the budget remains on target at \$33.3M. He also advised that the source of gas issue has been resolved and the gas should be ready for the building by May. The technical issues with the transformer have also been resolved and the cost was absorbed by the GMP contract. He also reviewed the summary financial report as at the end of March 2017.

L. Brual presented the details of a change order requested for the installation of accessible doors. He provided an overview of the change request, which was to provide power-assisted door operators to classrooms and labs. The power-assisted doors were not included during the initial design phase and were not caught by the Code consultant as the consultant reviewed the design for Code compliance and not in the context of UOIT's commitment to being barrier-free. The cost impact will be \$194,000 and will be covered by contingency and not by EllisDon. If the work to install the doors is undertaken work now, it will not disturb classes/labs. The largest remaining risks are the FFE contracts and keeping on schedule.

7. Finance

7.1 2017-2018 Budget

C. Elliott presented the 2017-2018 budget. He discussed several of the major issues facing the University and advised that the University will focus on increasing its international student enrolment levels.

He also discussed the fundraising campaign and they anticipate the campaign coming to the Strategy and Planning Committee in May and to the Board in June. The campaign is allocated \$640,000 in costs under External Relations.

He confirmed that the SIRC building will not be included in the operational budget until it comes online in November. Also, the moving ground plane is not reflected in the current year's budget.

C. Elliott highlighted the budget contingency and advised that \$400,000 was removed from the overall contingency. He also discussed the TELE transition and showed the TELE expenses decreasing. The student fee related to TELE is also being reduced from \$580 to \$150. He also discussed the TELE reserve and the usage of the funds.

C. Elliott provided an overview of the budget consultation process, which reflects an effort to make the budget process more consultative and transparent. He also confirmed that the financial principles have not changed from the development of the last budget.

He identified broad topics that may impact the University but the timing of which is uncertain:

1. Demographic and impact of increased competition on enrolment;
2. Space challenges – classrooms, and labs;
3. Funding Formula and Net Tuition implications;
4. Balancing resource constraints in the key areas of academic quality, student experience, and service excellence;
5. Recruitment, development, and retention of UOIT faculty and staff; and
6. Fiscal position – debt to revenue.

(M. Simpson exited the meeting at 2:28 p.m.)

C. Elliott also identified the key challenges and opportunities for UOIT. He reviewed the key budget assumptions, highlighting the strategy regarding enrolment. He also presented financial metrics, which are used by the province and will be reported on through the SMA.

Key Budget Risks

- Enrolment targets not achieved
- Faculty negotiations/executive compensation
- Staffing objective shortfall – risk of not filling vacant positions & negatively affecting student experience
- Student Association re-organization

Key Opportunities

- International growth above plan
- Corridor funding for additional PhDs

Resource Allocation Model

- Works great when have increasing enrolments but less so when enrolments decrease
- Have moved from a RAM model to a cost allocation budget model
- C. Elliott explained the strategic funding summary

While reviewing the 2017-2018 proposed draft budget, C. Elliott explained the deficit for ACE and advised that the terms of the new GM Contract had not yet been incorporated. He would expect to see an improvement in ACE with the new contract terms. They are also forecasting that the campus childcare centre will be profitable. He showed that the Campus Fieldhouse is doing better than planned. There was a discussion regarding the Ice Centre issues and C. Elliott advised that they are continuing to work with the City on the issue.

(D. Allingham exited at 2:55 p.m.)

Strategic Plan Achievements

D. Saucier provided the Committee with an update on the achievements made on the 2012-2016 Strategic Plan. She also reviewed the highlights of the progress made towards the 2017-2022 Strategic Plan. She presented the 2017-2018 Budget Strategic Initiatives reflected in the base expenses, including:

- New faculty hires (maintain Student:Faculty) - \$1.2M
- Sessionals and TAs (reduce class size) - \$0.4M
- Student support (e.g. scholarships, advising) - \$1.0M
- Test Centre (help students succeed) - \$0.2M
- English Language Centre (internationalization) - \$0.4M
- IT Network Administrator & PCI compliance - \$0.2M

She also reviewed the one time only expenses for 2017-2018 strategic initiatives.

C. Elliott provided the background to the 2017-18 budget reductions. He presented the unfunded budget items and identified the risks and the mitigation strategies for each. The four main risks identified were:

1. student experience;
2. academic quality/faculty & staff;
3. physical hazards & safety/crisis response/business continuity; and
4. legal/compliance liability.

He confirmed that there will be additional discussions at Academic Council (AC) regarding the budget.

The Committee discussed obtaining funding for PhD programs. D. Saucier explained the issue raised at AC the previous day regarding the budget, which was a result of the timing of the discussions. This will be taken into consideration for scheduling consultations with AC going forward. The budget will be discussed at the Academic Council Executive (ACX) Committee meeting on May 2 and was also discussed at the ACX meeting in September.

A question was raised about the identified risks and whether they go through the risk register process. Also, if “asks” are made and not granted, are the mitigation strategies discussed with the budget holder? D. Saucier advised that the risks and mitigations are discussed and placed on the risk register if it belongs to her.

(J. Bradbury exited at 3:22 p.m.)

D. Saucier confirmed that consideration is given to risk and the mitigation strategies formed part of the budget presentations. D. Saucier discussed the issue of filling vacant faculty positions; primarily, that as vacant positions are filled others become vacant soon thereafter. There was also a discussion as to how Faculty carry-forwards operate in terms of salaries for vacant positions.

Upon a motion duly made by T. McTiernan and seconded by N. Allen, the Audit and Finance Committee recommended the 2017-2018 budget, as presented, to the Board of Governors for approval.

7.2 2017-2018 Tuition & Ancillary Fees

B. Maclsaac delivered a presentation on the Fee Context. He discussed the role of the Board in approving fees, as well as the process for developing tuition fees. This is the first year the Board will consider the fees for two years as it will support the new policies implemented by the Ministry regarding net tuition practices. He presented undergraduate and graduate comparisons of 2016-2017 fees for Ontario institutions for both domestic and international students.

UOIT's undergraduate ancillary fees are the highest in the system. However, our ancillary fees have not increased over the last few years and our ancillary fees are now closer to those of other institutions. UOIT ancillary fees include \$120 for the transit pass, which is not included for many other institutions. The total of UOIT's tuition and ancillary fees are now below the system average.

B. Maclsaac explained the "free tuition" concept for Ontario students from families with incomes less than \$50,000. The tuition grants will now be given up-front instead of at the back end. He also discussed the student debt myth (approximately 40% of students graduate without debt).

There was a discussion regarding whether the international undergraduate tuition could be increased as we are below the system average. B. Maclsaac responded that he believes the market could bear a tuition increase; however, it is also a political decision to increase tuition. D. Saucier added that the demographics of UOIT international students differ from other institutions' international students. They must also consider the type of support international students require once they arrive.

Upon a motion duly made by T. McTiernan and seconded by D. Reiner, the Audit and Finance Committee recommended the 2017-2018 and 2018-2019 tuition fees, as presented, for approval by the Board of Governors.

B. Maclsaac highlighted the increases in specific areas of the ancillary fees. He informed the Committee of the composition of the Ancillary Fee Committee. They are recommending an overall increase of 1.4%, largely due to the UPASS increase. B. Maclsaac responded to questions from the Committee.

Upon a motion duly made by T. McTiernan and seconded by N. Allen, the Audit and Finance Committee recommended the 2017-2018 and 2018-2019 ancillary fees, as presented, for approval by the Board of Governors.

7.3 10-Year Financial Plan

C. Elliott reviewed the 10-year forecast. The forecast incorporates information they have for grant funding. They forecast surpluses in the first 4 years and smaller losses in the following years.

This is a conservative forecast. There was a discussion regarding the effort needed to increase international student enrolment. B. MacIsaac advised they would require additional staff members to increase recruitment efforts as they are currently using an agent overseas that charges one-third tuition. Space continues to be a consideration in increasing enrolment.

8. Compliance & Policy

8.1 University Risk Management

C. Foy provided an update on the University Risk Management process. She noted that several of the risks identified in the budget presentation came out of the development of the risk register last year. She added that last year it was desired to have a strategic risk discussion at the Board level this year; however, there has not been an opportunity to do so. Consideration should be given to having a placeholder for it on the work plan for next year.

She confirmed that the Risk Management Committee (RMC) has been meeting regularly. The focus of the RMC has been to rationalize and synthesize the risks identified last year. She clarified that some situations characterized as risks are more organizational conditions of operation (used the example of a lack of resources).

Risk Register Finalization Process

The RMC is identifying institutional level risks that require attention at an institutional level (used space as example – identified by many departments & risk assigned to Space Committee). C. Foy presented a draft list of risk holders. The red items identify new risk holders, including: Academic Council, Budget Working Group, and Policy Advisory Committee

This process will result in a significant reduction in the number of risks as common risks are amalgamated. This will also provide comfort that risks have been identified both bottom-up and top-down.

The Committee discussed how to keep the risk management process live and how to measure success. C. Foy confirmed that it is more of a 10-year project. She advised that they will be reporting to A&F and the Board on the key risks.

9. Other Business

10. Termination

There being no other business, upon a motion duly made by T. McTiernan and seconded by D. Reiner, the meeting terminated at 3:59 p.m.

Becky Dinwoodie, Secretary