



**BOARD OF GOVERNORS
AUDIT & FINANCE COMMITTEE**

**MINUTES OF THE MEETING OF FEBRUARY 15, 2017
1:45 p.m. to 3:30 p.m., ERC 3023
PUBLIC SESSION**

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

Staff: Paul Bignell, Larry Brual, Becky Dinwoodie, Craig Elliott, Susan McGovern, Pamela Onsiong, Deborah Saucier

Guests: Mikael Eklund (UOIT Faculty Association), Denise Martins (UOIT Faculty Association)

1. Call to Order

The Chair called the meeting to order at 1:47 p.m.

2. Agenda

Upon a motion duly made by J. Bradbury and seconded by D. Allingham, the Agenda was approved as presented.

3. Conflict of Interest Declaration

There were none.

4. Approval of Minutes of Meetings of November 16, 2016

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

5. Chair's Remarks

The Chair welcomed Denise Martins, the UOIT Faculty Association Executive Assistant, to the public session of the meeting. He explained that while normally the ancillary and tuition fees for 2017-2018 are considered by the Committee in February or March, the University is awaiting information from the

government in order to finalize the fees. Accordingly, the Committee will be considering the fees for the next 2 years at the April meeting.

6. SIRC Building Construction Project

C. Elliott provided a progress update as of February 7th. He advised that they went straight to permanent cladding due to the favourable weather. The mechanical equipment has been delivered and is on the roof. He confirmed that the project is on schedule. L. Brual informed the Committee that good progress is being made on the ground floor and, in fact, they are ahead of schedule. They are awaiting one last building permit.

C. Elliott reported on two minor site incidents:

- slip & fall in December - worker slipped on snow & the strut hit his hand causing a cut on his finger; and
- an offsite incident involving a delivery truck hitting a light pole on UOIT property resulting in the light pole being knocked over - no one was hurt.

As a consequence of the truck incident, new measures have been implemented to address the delivery issue.

No change orders have been issued and there remains \$1.1M in contingency. The project is still on budget for \$33.3M.

There was discussion regarding emerging issues:

C. Elliott explained issues relating to:

- (a) Gas – the capacity of the line from Simcoe is insufficient for the building. Looking at other options including a feeder line from Conlin Road. Discussing alternatives, costs, and timing with MCW, Enbridge, and ED.
- (b) Transformer – ESA recommendation to keep the existing 500 KVA transformer, and install the new 750KVA transformer for SIRC. Discussing alternatives, and costs with MCW and ED

He presented the financial summary of the project and advised that they anticipate that the project will come in on budget. C. Elliott and L. Brual answered additional questions from the Committee.

7. Finance

7.1 Third Quarter Financial Reports

P. Onsiang presented the GAAP financial statements. She reviewed the highlights of the financials, including:

- received \$3M in SIF funding;
- collected \$28M in tuition to-date – anticipated write-off of about \$200,000;
- reason for payment date change – in December, students are writing exams so have pushed payment date to January;

- drawing down on capital lease obligations on 61 Charles;
- increase in revenue over last year – due to tuition fees & unrealized gains on investments; and
- increase in expenses – primarily due to salary & benefits.

P. Onsiong reviewed the financial metrics and 2016-17 Operating Forecast Analysis with the Committee. P. Onsiong advised there is a potential increase of \$700,000 due to increased FTE.

(M. Eklund joined at 2:10 p.m.)

The Finance Team is currently working on updating the 10-year forecast and will present it to the Committee in April. C. Elliott answered questions regarding the budget forecast for TELE. He also clarified that there is no written report on the Moving Ground Plane from Michael Owen.

7.2 Budget

C. Elliott delivered a presentation on the budget. He started with a summary of the significant budget assumptions. He confirmed that the contingency included in the budget includes \$2.5M for new building/capital renewal. He explained how we lowered the cost base by \$2.6M in 2017-18. Without growth, UOIT has a structural deficit problem. The biggest driver of our costs is employee compensation. Without growth, C. Elliott advised that he anticipates there will be further cost-cutting measures.

C. Elliott presented the 2017-2018 proposed draft budget. He informed the Committee that there were \$12.4M in “Asks” and he provided a breakdown of the “Asks”. He also walked through the budget consultation schedule. C. Elliott answered questions from the Committee members, including a question regarding the ratio of research to teaching faculty. There was a discussion regarding addressing the risks associated with hiring faculty (potentially a 30 year investment) based on the example of the Ontario government’s changes to Education. D. Saucier confirmed that those factors are examined when hiring, as well as attrition. The University reviews the OUAC admissions data and trends over time. A summary is given to the Committee kept at a higher level, which does not contain those details.

7.3 Endowment Disbursement Report

C. Elliott presented the endowment disbursement report to the committee.

Upon a motion duly made by M. Simpson and seconded by D. Allingham, pursuant to the recommendation of the Disbursement Committee, the Audit and Finance Committee recommended the disbursement of \$480,000 from the Endowment Funds to be distributed as student awards in 2017-2018 for approval by the Board of Governors.

7.4 TELE Program & Laptop Procurement Approval

D. Saucier presented the Committee Report on laptop procurement, setting out the request for Committee approval of the expenditure of approximately \$2.1M for procurement, via an open competition or via the OECM vendor of record, of laptop, tablet and desktop equipment required to support the UOIT Technology Enriched Learning Program and internal needs for the 2017-18 academic year.

(P. Bignell arrived at 2:34 p.m.)

P. Bignell delivered an update on the University's transition from the TELE program to the BYOD program. The goal is to reduce ancillary fees and still provide students with the required software at a reasonable cost.

The entire south location of the university transitioned to BYOD this year. Most of FBIT has also transitioned to BYOD, except for the Gaming Program. Due to the software requirements for FEAS and FESNS, there will be challenges for those Faculties.

P. Bignell explained difference between the full TELE program and BYOD TELE. He confirmed that returning students have the option to buy their UOIT laptop. The University does not offer hardware repair or loaner equipment. We do offer rental equipment but at a cost that encourages students not to rent. The University also has a few general use workstations and provides curriculum-specific software and software installation support. Loaner laptops will be provided for exam purposes.

He summarized the student feedback from the transition to BYOD. He advised that 57% of students purchased their UOIT laptop and others preferred Mac devices. With an additional three Faculties joining the BYOD program, another 4500 students will be switching to BYOD.

P. Bignell advised that the key risk is increased unit price of PC equipment, driven by reduced scale and uncertainty regarding exchange rate impacts. Further, the requested authorization of reflects allowance for 12% unit price increase on average relative to last year's purchases.

There was discussion regarding the support offered for students' devices to ensure all students, despite the device they are using, receive the same level of support. P. Bignell confirmed that students' devices must meet certain specifications. P. Bignell stated that anecdotally, they are not experiencing a large increase in help desk support by BYOD students. More general workstations will likely be added in the library and downtown.

Upon a motion duly made by T. McTiernan and seconded by N. Allen, pursuant to the recommendation of Management, the Audit & Finance Committee recommended the expenditure of approximately \$2.1M for procurement, via an open competition or via the OECM vendor of record, of laptop, tablet and desktop equipment required to support the UOIT Technology Enriched Learning Program and internal needs for the 2017-18 academic year for approval by the Board of Governors.

8. Investment Committee Oversight

8.1 Investment Committee Quarterly Report

N. Allen reported on the Investment Committee meeting that was held that morning. The Committee received an update on the investment portfolio from PH&N and had an educational session on U.S. Protectionism. The portfolio is about .5% behind benchmark for the quarter, but is above benchmark for the year. Essentially, there is uncertainty as to whether we are well positioned for Trump-effect. N. Allen responded that PH&N anticipates short-term positive effects and long-term negative consequences resulting from Trump's presidency.

C. Elliott confirmed that almost all of the money authorized to be disbursed to students for 2016-2017 was actually given to students.

9. Compliance & Policy

9.1 Compliance – Privacy

The Chair referred to the report setting out the Privacy update. T. McTiernan provided context for the increase in FIPPA requests. He advised that a single FIPPA request involves work by a number of individuals at the university.

10. Other Business

There was none.

11. Termination

There being no other business, upon a motion duly made by M. Simpson and seconded by D. Allingham, the meeting terminated at 2:58 p.m.

Becky Dinwoodie, Secretary