



**BOARD OF GOVERNORS**  
**Audit & Finance Committee (A&F)**

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**Minutes of the Public Session of the Meeting of February 22, 2023**  
**12:30 p.m. to 2:00 p.m. Videoconference**

**Attendees:** Carla Carmichael (Chair), Laura Elliott, Kathy Hao, Thorsten Koseck, Dale MacMillan, Steven Murphy, Kim Slade, Dwight Thompson

**Regrets:** Mitch Frazer, Roger Thompson

**Staff:** Jamie Bruno, Sarah Cantrell, Jacqueline Dupuis, Krista Hester, Lori Livingston, Brad MacIsaac, Kimberley McCartney, Pamela Onsiong, Lauren Turner

**1. Call to Order**

The Chair called the meeting to order at 2:00 p.m. and read aloud the land acknowledgement.

**2. Agenda**

*Upon a motion duly made by L. Elliott and seconded by S. Murphy, the Agenda was approved as presented.*

**3. Conflict of Interest Declaration**

There was none.

**4. Chair's Remarks**

The Chair welcomed participants to the meeting and thanked them for attending.

**5. President's Remarks**

The President presented an overview of finances at the University, speaking to forces both within and outside of Ontario Tech's control. With respect to the former, he shared the marked increase in applications and the recognition the University has garnered for its dedication to research funding.

Kathy Hao and Kim Slade joined the meeting.

With respect to the latter, the President emphasized the impacts frozen grant funding and cut and then frozen tuition has had on the University. Using conservative modelling, the freezes have cost the University \$42 million since 2019. He discussed international students, sharing the belief that they are a source

of enrichment for a university and should be supported to give them the greatest chance of success. He described lobbying efforts and gave a brief update on the forthcoming blue-ribbon panel being struck by the provincial government. In light of the financial landscape, the President advised the Committee that a very cautious approach is being taken to planning and budgets at the University.

Dale MacMillan joined the meeting.

In response to a question, S. Cantrell confirmed that there has been an increase in enrollment of international students across the sector, but the percentage of total enrolment varies by institution – anywhere from 10% to almost 30%. In response to a further question, S. Cantrell described the enrollment corridors set out in Ministry agreements which includes the number of eligible domestic students the University commits to accepting. She noted that each time the agreements are negotiated, the provincial government has an opportunity to review demand and participation rates.

#### **6. Strategic Discussion: Multi-Year Planning**

B. Maclsaac opened the strategic discussion on multi-year planning with commentary on two models of multi-year budgets. The Committee's discussion focused on the rolling budget model, which proposes approval of a three-year budget and a commitment to return to the Committee and the Board of Governors for significant variances. The Committee Chair expressed the view that the rolling budget is beneficial for oversight and governance but observed that certain forces such as a change in government policy are inherently difficult to predict. Committee members echoed support for the rolling budget. In response to a question, B. Maclsaac confirmed that key financial metrics will be incorporated into the multi-year approach. A member encouraged the leadership team to consider how issues or initiatives that arise in-year will be handled. Education on the rollout of a new budget model was also recommended.

B. Maclsaac then discussed financial reporting on capital projects which track to the Strategy and Planning Committee (S&P) for review. In response to a recommendation by the Auditor General of Ontario (AG), a line-by-line report was presented at the last S&P; S&P responded by requesting that there instead be a focusing on capital projects that materially impact the pursuit of strategic objectives. B. Maclsaac noted that the AG's recommendation was likely coloured by ancillary fees at large universities, a significant portion of which is residence and housing; Ontario Tech has neither. At Ontario Tech, commercial services as a whole are not a large part of the budget. In response to a question, B. Maclsaac shared that past attempts to outsource services such as parking have yielded minimal returns for the University. The Committee Chair then requested that future financial reports distinguish between grants provided by the provincial government as per student funding from those for other purposes such as infrastructure. She expressed the view that demonstrating the degree to which other sources of

funding are critical to the University in the face of continued grant and tuition freezes is critical.

## **7. Finance**

### **7.1 Third Quarter Financial Reports**

P. Onsiong presented the Third Quarter Financial Reports focusing first on the operating forecast summary which reviews year-end projected results versus approved budget. She noted that consistently high inflation is not translating into adverse impacts on expenses in the current year as well as the inclusion of \$4.5 million for capital investment.

She then presented the unaudited financial statements, which include comparative balances and a short year over year analysis for significant changes. She highlighted the statement of financial position which reflects normal activities at the University and was stable at the end of December, 2022. On the basis of the Generally Accepted Accounting Principles (GAAP), assets are expected to be strong at the end of the year with nearly 93% of winter tuition fees collected representing \$38 million. She advised the Committee that a further decrease in the endowed investment balance is possible if market conditions continue to be volatile for the next six weeks. She commented briefly on Appendix 2 of the materials which provides a sample year-end reconciliation that starts with the operating forecast and is then adjusted to come to a GAAP-basis surplus at year-end. In response to a question, P. Onsiong confirmed that investment market values are updated quarterly.

### **7.2 2023-2024 Tuition and Ancillary Fees**

S. Cantrell presented the proposed 2023-2024 Tuition Fees for A&F approval. She advised the Committee that the proposed tuition fees assume a continued freeze for undergraduate and graduate programs. She shared the recent development that the Ministry of Colleges and Universities will be entertaining cases to increase tuition in up to three programs per university where the tuition for those programs is at least 15% lower than average for the sector. It is not expected that, if successful, the potential increases in tuition in three programs will significantly increase revenue at Ontario Tech.

S. Cantrell advised that out of province tuition will increase by 5% in accordance with the province's tuition fee framework; international fees will also increase 5%. Citing the importance of stability and predictability for international students, S. Cantrell advised that the University does not plan to increase international tuition by more than 5% in any given year. She then shared that while there will be a 5% increase in tuition for course-based masters programs, research-based graduate programs will generally not have an increase. An exception to the latter is the Master of IT Security, a high-demand program whose tuition will increase by 10%. She concluded by discussing financial supports for students, advising the Committee that scholarships and bursaries have increased by 28%.

A brief discussion of the Ministry's review of certain programs then ensued. The Committee expressed concern that the tuition review is so restricted in scope. In response to a question, S. Cantrell shared that successfully pursued tuition increases are likely to be modest in any given year. In response to a further question, she clarified that no increase is being proposed for research-based graduate degrees because of pressure on faculty members' budgets which would be drawn upon to cover additional tuition.

*Upon a motion duly made by T. Koseck and seconded by D. MacMillan, the Audit and Finance Committee recommended the 2023-2024 tuition fees, as presented, for approval by the Board of Governors.*

B. Maclsaac then presented the proposed 2023-2024 Ancillary Fees for A&F's approval. He described the process by which ancillary fees are set and the three student and three administrator committee that reviews them. He advised that although the administration is permitted to increase ancillary fees by the same rate as the Consumer Price Index (CPI), doing so this year was not palatable as it was so high. Instead, it is proposed that fees increase by approximately 2%. Drivers of the increase to which B. Maclsaac drew the Committee's attention were the Ontario Tech Student Union joining the Ontario Undergraduate Student Alliance and NurseAchieve software.

## **8. Investment Oversight**

### **8.1 Semi-Annual Investment Portfolio Report**

B. Maclsaac presented the Semi-Annual Investment Portfolio Report. He drew the Committee's attention to the portfolio balance of \$32.5 million on December 31, 2022. He noted that the investment landscape is volatile, a factor in the University's short-term target of 6% returns being missed. He advised that the 5-year and long-term ranges are on target and the University's asset mix is compliant with the Statement of Investment Policies.

## **9 Compliance Update**

### **10 Risk Update**

The Committee discussed the Compliance and Risk updates simultaneously.

B. Maclsaac introduced the Compliance Update, reminding the Committee that part of the work on enhanced risk reporting includes restructuring the compliance report. Now, in addition to the annual compliance report, compliance matters of significant risk will also be documented in the quarterly risk report.

Jacqueline Dupuis joined the meeting.

In response to a Committee concern about the size of the risk report possibly becoming unwieldy, B. Maclsaac confirmed that significant issues will be summarized in the accompanying cover memo. The Committee then recommended that the risk report include a heat map. The Committee also recommended making it clear in

reporting where risks have a financial component and that the required funding be reflected in the University's rolling three-year budget.

J. Dupuis advised the Committee on that risk appetites will be reviewed prior to the next risk update. She updated the Committee on changes in operational risk stemming from the significant return of staff and students to campus. She advised that pre-pandemic processes and protocols are under review; the results will inform mitigation and action plans for campus safety this year. In response to a question, J. Dupuis confirmed the review is being undertaken externally which will give the University a broader view of trends. A brief discussion then ensued on cybersecurity testing. J. Dupuis noted that enhancements have been made in response to lessons learned and forensic reports.

## **11 Consent Agenda**

**11.1** Minutes of Public Session of A&F Meeting of November 23, 2022

**11.2** Draft Personal Health Information Privacy Policy and Procedure

**11.3** Updated Expenditure Signing Authority Procedures

**11.4** Rescind: International Agreements Procedure

*Upon a motion duly made by T. Koseck and seconded by S. Murphy, the Consent Agenda was approved as presented.*

## **12 Adjournment**

*Upon a motion duly made by D. MacMillan and seconded by C. Carmichael, the public session adjourned at 2:00 p.m.*

Lauren Turner, University Secretary