



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

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**Minutes of the Public Session of the Meeting of April 12, 2023**  
**2:00 p.m. to 3:52 p.m. Videoconference**

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

**Regrets:** Mitch Frazer, Kim Slade

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

**1. Call to Order**

The Chair called the meeting to order at 2:00 p.m., read aloud the land acknowledgement, and reflected on the lands of both Ontario and Florida.

**2. Agenda**

*Upon a motion duly made by R. Thompson and seconded by D. MacMillan, the Agenda, including the contents of the consent 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. She wished members and participants a happy Passover and blessed Ramadan.

**5. President's Remarks**

The President updated the Committee on recent events including the Experience Days spring open house, and visits by Ministers and other dignitaries. He congratulated all those involved in their respective successes. He outlined the many ways in which the University is doing well, including the increase in research funds and applications as well as brand awareness. He then remarked on the difficult financial context in which the University operates, stating that the impact on Ontario Tech will be significant if there are no changes to the freezes of grants and tuition. He described some of the avenues to alleviate financial pressure that the leadership team is exploring. In response to a question, he advised the Committee that he regards the financial risk to be high but would consider

upgrading it to extreme if the government takes no action; conversely, the risk could lower to medium if the financial situation improves.

## **6. Finance**

### **6.1 Approval of 2023-2026 Budget**

The Committee Chair provided opening remarks on the 2023-2026 Budget, advising that she has been in discussions with the leadership team. She congratulated the team on moving ahead with the transition to a 1-year budget with a 3-year view aligned to the Board-approved strategic plan.

B. Maclsaac then reminded the Committee of the modified cash basis used by the University to create the budget; a practice common across the higher education sector. He discussed the strategic priorities that drive the budget and the difficult deliberations of the Budget Working Group when allocating scarce discretionary resources. He advised the Committee that the requests for funding were numerous and valid, each one critically assessed against its potential contribution to achieving the objectives of the Integrated Academic Research Plan. He highlighted the importance of balance, not only in the budget, but in priorities. To illustrate, he discussed the need to act with the need for prudence; the former reflected in the University making plans to increase enrolment and expand capacity and the latter in not exceeding existing funds. He underscored the importance of being poised to capitalize on future opportunities.

S. Cantrell discussed the enrolment plan underpinning the budget, advising that it balances demand and capacity with growth when possible. She noted that there is a focus on both recruitment and retention rates and gave an overview of the COVID-19 pandemic's impact on the latter. She advised that the 14% international enrolment target is achievable by the end of this planning period.

B. Maclsaac presented a detailed review of the 2023-2024 budget summary, advising that approximately 5% of the budget can be allocated to discretionary spending after contractual and operational obligations are met. He drew the Committee's attention to the newly differentiated category of operating revenue, citing Brilliant Catalyst as an example. He noted the ongoing impact of the debenture on the University's finances, which draws \$3 million from the operating budget. He also commented on labour costs, both the contractually obligated growth as well as the need for certain full time equivalent increases. He noted that the majority of the latter come from revenue generating units.

The Provost discussed the twin priorities of growth and retention of students. She advised the Committee that over \$8 million of the proposed budget is dedicated to innovative programming that will enhance the classroom and student experience. She discussed increases to teaching assistant and sessional hiring to support student growth as well as investments in cooperative and experiential learning. She discussed the \$4.5 million allocated to differentiated technology and physical space such as simulation labs, investments in information technology, and

deferred maintenance. Aligned to the priorities of sticky campus and learning re-imagined, she highlighted scholarships, financial aid, supporting student mental health and the allocation of funds for a full-time Indigenous Knowledge Keeper.

B. MacIsaac closed the presentation by looking to the future and discussing risks. He advised that the requested tuition anomaly increases won't materially impact the budget even if granted. He discussed increasing expenses, and projections assuming flat tuition. He advised that while the leadership team is making efforts to bring forward balanced budgets, government freezes are exerting pressure on the University. With respect to risk, he advised that some mitigations can be made without costs – for example, creating or clarifying policies or procedures. Others require financial investment, which are incorporated into budgetary assumptions and projections and are also monitored. He commented on contingency funds set aside for emergency repairs.

A discussion then ensued on the proposed budget. In response to a question, B. MacIsaac clarified that the teaching staff complement was consciously increased beginning six years ago to accommodate enrolment growth. As the desired ratios of students to teaching staff have now been achieved, recruitment is also plateauing. In contrast, administrative staff were cut or hirings frozen during the pandemic; the requested increase in administrative full-time equivalents reflects pent up demand from the last three or four years. In response to a different question, S. Cantrell discussed some of the growth projections for the University, noting that figuring out the right size for Ontario Tech is a question of sustainability. In the medium term, the University seeks to grow to 18,000 students. In response to a further question, the Provost advised that the number of applicants directly out of high school in the Greater Toronto Area are starting to rise. The Committee made further positive comments about the priorities espoused in the budget and expressed a willingness to assist with advocacy.

*Upon a motion duly made by L. Elliott and seconded by D. MacMillan, pursuant to the recommendation of management, the Audit and Finance Committee recommends to the Board of Governors approval of the 2023-2024 budget and approval in principle of the budgetary projections for 2024-2025 and 2025-2026.*

## **6.2 Amendments – 2023-2024 Tuition & Ancillary Fees**

S. Cantrell presented the amendment to the 2023-2024 Tuition Fees, reminding the Committee that the potential to increase fees for a few programs was shared at the last meeting. She advised that since then, the University has requested the maximum allowable increase to three programs with tuition below sector averages from the Ministry of Colleges and Universities.

*Upon a motion duly made by R. Thompson and seconded by L. Elliott, the Audit & Finance Committee hereby approves the 2023-2024 Tuition Anomaly proposal to increase tuition fees in Computer Science, Engineering and Commerce for new/incoming domestic students up to the maximum 7.5% increase.*

S. Cantrell then presented the amendment to the 2023-2024 Ancillary Fees, advising that the requested increase is the result of systemic analysis of cooperative education fees. Noting the requirements to build cooperative experiences for students, she advised that the fee increase will bring the University into line with the system average.

*Upon a motion duly made by D. MacMillan and seconded by T. Koseck, the Audit and Finance Committee hereby recommends an increase to the current internship/co-operative education fee to \$3,600 for Fall 2023 as presented, for approval by the Board of Governors.*

## **7. Investment Oversight**

### **7.1 Endowment Disbursement**

B. MacIsaac presented the Endowment Disbursement, advising the Committee that the proposal represents a 3-4% disbursement with the preservation of capital.

*Upon a motion duly made by T. Koseck and seconded by D. MacMillan, the Audit and Finance Committee, in conjunction with Strategy and Planning Committee, hereby recommends that the Board of Governors approves the disbursement of up to \$750,000 from the University's endowed fund and unrestricted expendable sources for distribution by Financial Aid in 2023-24.*

## **8. Risk Management Annual Report**

J. Dupuis presented the Risk Management Annual Report, providing an overview of the evolution of the risk program and its reporting in response to Board-level feedback and consultation. She discussed risk assessment methodology and data sources, including direct input from risk owners. She advised the Committee of the ongoing review of risk appetite and assessment of risk acceptance versus risk avoidance or rejection. In response to a question, J. Dupuis advised that mitigation of the risk posed by artificial intelligence (AI) is largely operational in nature, adding that every institution in the sector is facing challenges. A discussion then ensued on further considerations for risk leadership, including management of catastrophic risk, monitoring issues logs, and integration of risk mitigation strategies into other areas such as emergency management.

## **9 Consent Agenda**

**9.1** Minutes of Public Session of A&F Meeting of February 22, 2023

**9.2** Credit Rating Update

## **10. Adjournment**

*Upon a motion duly made by R. Thompson, the public session adjourned at 3:52 p.m.*

Lauren Turner, University Secretary