

UNIVERSITY OF TORONTO
THE GOVERNING COUNCIL
REPORT NUMBER 122 OF THE AUDIT COMMITTEE

March 9, 2017

To the Business Board,
University of Toronto

Your Committee reports that it met on Thursday, March 9, 2017, at 4:00 p.m. in the Boardroom, Simcoe Hall, with the following members present:

Mr. Brian D. Lawson (Chair)
Mr. Robert Boeckner
Ms Kathryn A. Jenkins
Mr. Howard Shearer
Ms Penny F. Somerville*
Mr. Christopher Thatcher

Mr. Mark Britt, Director, Internal Audit
Ms Sheila Brown, Chief Financial Officer
Ms Sheree Drummond, Secretary of the
Governing Council
Professor Scott Mabury, Vice-President
University Operations

*Participated by telephone

Ms Mae-Yu Tan, Secretary

REGRETS:

Ms Janet Lynne Ecker
Mr. Brian K. Johnston

In Attendance:

Ms Diana Brouwer, Ernst & Young+
Ms Elizabeth Cragg, Director, Office of the Vice-President, University Operations+
Mr. Daniel Ottini, Deputy Director, Internal Audit
Dr. Pierre G. Piché, Controller and Director of Financial Services+
+Absent for Items 8 – 9

All items are reported to the Business Board for information.

Pursuant to section 6.1 of the *Audit Committee Terms of Reference*, consideration of items 8 and 9 took place *in camera*.

1. Chair's Remarks

The Chair welcomed members and reminded them that the Committee met in closed session. He expressed his appreciation for the Vice-Chair having chaired the first meeting in December.

The Chair then briefed the Committee on a meeting that had been held in early January between members of the administration and governance. During the discussion, it had been agreed that an iterative approach would be taken in parsing out responsibility for oversight of each component of the risk management process. The goal was to ensure that oversight of individual risks was carried out by the governance body and members of the administration best positioned to do so. To that end, the Secretariat was reviewing the terms of reference of the governance bodies; the Committee would continue its discussion of the matter.

2. Report of the Previous Meeting

Report Number 121, from the meeting of December 8, 2016 was approved.

3. Business Arising from the Report of the Previous Meeting

The Chair noted that, at the previous meeting, the Committee had decided to hold the March 9th meeting in order to consider the Risk Assessment Report.

4. Risk Assessment Report, 2016

Professor Mabury gave highlights of the Risk Assessment Report, 2016. He summarized steps that had been taken in the past year to strengthen the data collection process. For example, multiple users within a single portfolio were now able to provide input, resulting in more robust responses. The process would continue to be enhanced each year.

Professor Mabury addressed the ten most critical risks that had been identified in the Report:

- Data Security
- Data Loss
- Enrolment
- Social Activism
- Environmental
- Non-compliance with research and/or commercialization agreement terms
- Faculty Recruitment & Retention
- Equipment Loss
- Intellectual Property Risk
- Allegations of Research Misconduct

He observed that, in his view, there were two other notable risks – collective bargaining and investment risk. Their absence from the 2016 top ten list pointed to the importance of including a qualitative assessment of the data in addition to the quantitative analysis that was generated by the software.

During the discussion, members commented on the risks that had been identified by various portfolios, as well as risks that they had not identified. It was suggested that users might benefit from further education on the definition, significance, likelihood, and mitigation of individual risks.

Committee members expressed their satisfaction with the risk assessment process. It was decided that the two additional risks identified by Professor Mabury should be included in the information sent forward with the Report to the Executive Committee. As well, it should be kept in mind that, while the process was mechanically driven, there was need for judgement to be applied in order to gain a full understanding of the results.

The Chair thanked Professor Mabury and his team for the comprehensive report that they had prepared.

5. Reports of the Administrative Assessors

There were no reports from the administrative assessors.

6. Date of the Next Meeting

Members were reminded that the next meeting was scheduled for Wednesday, May 3, 2017, from 4:00 to 6:00 p.m. The key item for discussion at the next meeting would be the Draft Notes to Audited Financial Statements – April 30, 2017. The Committee would also receive a Report on Non-Audit Services by the External Auditors.

7. Other Business

There were no matters of other business.

The Committee moved *in camera*.

8. Internal Auditor – Private Meeting

Members of the administration absented themselves and the Committee met privately with the Director of Internal Audit.

9. Committee Members Alone

The Committee members met alone.

The Committee returned to closed session.

The meeting adjourned at 5:20 p.m.

Secretary
March 14, 2017

Chair