ATTACHMENTS CONFIDENTIAL

UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

REPORT NUMBER 72 OF THE AUDIT COMMITTEE

May 19, 2004

To the Business Board,
University of Toronto.

Your Committee reports that it met on Wednesday, May 19, 2004 at 4:00 p.m. in the Board Room, Simcoe Hall, with the following members present:

Mr. George E. Myhal (In the Chair)
Ms Paulette L. Kennedy
Mr. Paul E. Lindblad
Mr. Gerald A. Lokash
Mr. Richard Nunn
Mr. David Oxtoby
Mr. Roger P. Parkinson
Professor Gordon Richardson
Mr. Robert S. Weiss

Ms Catherine J. Riggall, Interim Vice-President, Business Affairs
Ms Sheila Brown, Acting Chief Financial Officer
Mr. Louis R. Charpentier, Secretary of the Governing Council
Mr. Mark L. Britt, Director, Internal Audit Department

Secretariat:

Mr. Neil Dobbs
Ms Cristina Oke

Regrets:

Ms Kim McLean

In Attendance:

Ms Dominique Barker, member, Business Board
Mr. Keith B. Bowman, Ernst & Young
Ms Diana Brouwer, Ernst & Young
Mr. Eric Fleming, Director, Risk Management and Insurance*
Mr. Pierre Piché, Acting Controller
Ms Julianna Varpalotai-Xavier, Chief Operating Officer, University of Toronto Asset Management Corporation**

* In attendance for item 6.
** In attendance for item 3.

1. Chair's Remarks

The Chair welcomed Ms Catherine Riggall, Interim Vice-President, Business Affairs, to her first meeting of the Audit Committee. He noted that members the Business Board, who were not members of the Committee, were invited to attend Committee meetings, and he welcomed Ms Dominique Barker.

The Chair observed that the Committee's year-end meeting was divided into two parts, with the Committee reviewing a draft of the notes to the financial statements (without current-year numbers) at this meeting and then reviewing the full financial statements on June 16.

2. Reports of the Previous Meetings

The Chair noted that Report Number 70 had been distributed for the previous meeting, but it had not been considered for approval. A member had, just before the meeting, made a number of very helpful suggestions for improvements to the section dealing with the annual report on the pension plan. Her suggestions had been incorporated into the revised draft included in the agenda package.

Revised Report Number 70 (October 29, 2003) and Report Number 71 (November 26, 2003) were approved

2. Business Arising from the Reports of the Previous Meetings

The Chair recalled that there were a number of matters of business left over from the meetings in the fall, and a list of those items would be prepared for the next meeting. One of those items was an Audit Committee self-assessment questionnaire. A document prepared by Ernst & Young, containing some minor modifications to adapt it to the University, would be distributed to members shortly.

THE FOLLOWING ITEM IS RECOMMENDED TO THE BUSINESS BOARD FOR ACCEPTANCE.

3. University of Toronto Asset Management Corporation: Financial Statements, 2003

The Chair reported that Mr. Felix Chee has decided to devote his full time to the leadership of the University of Toronto Asset Management Corporation (UTAM), and he had been appointed as on-going President and C.E.O. of UTAM. While that would represent a loss to the University, it was comforting to know that Mr. Chee would be overseeing the University's investments and would be available to the University for consultation on other matters.

Ms Varpalotai-Xavier commented on UTAM's financial statements for the year ended December 31, 2003.

- **Balance sheet: assets - cash**. The cash balance was high, at $747,000, compared with $2,000 at the 2002 year end. That was a function of the process used by the University to provide quarterly funding for UTAM's operations, based on estimated costs. The cash that had not been required had been returned to the University in January, 2004.

- **Statement of expenses and recoveries: Salaries and benefits – incentive compensation**. UTAM's original Compensation Policy had provided that only one half of any incentive compensation awards would be vested and paid out after the conclusion of a fiscal year, with the remaining half invested in the Long-Term Capital Appreciation Pool and paid out over three years, subject to the employee's continuing to work for UTAM.

3. University of Toronto Asset Management Corporation: Financial Statements, 2003 (Cont'd)

In previous years, members of the University's Audit Committee had expressed some concern about the accounting for the deferred amounts. Ms Varpalotai-Xavier reported that the UTAM Compensation Committee and Board had approved a revised Compensation Policy, ending the deferral of a part of incentive compensation awards. Beginning with awards for 2003, 100% of incentive compensation was paid out at once. That change was reflected in the increase in salary and benefit expense for 2003. The amounts of incentive compensation earned in earlier years would not be vested until December 31, 2004 and December 31, 2005, subject to each employee's continuing employment with UTAM. Those amounts would remain on UTAM's books and were disclosed in note 4 to the financial statements.

- **Statement of expenses and recoveries: Expenses - professional fees**. Professional fees had increased from $68,000 to $155,000. The increase was attributable to the need for (a) two additional audits and (b) legal fees associated with the application for registration with the Ontario Securities Commission. The first additional audit was of investment performance measurement, which UTAM was now carrying out in-house; the function had previously been provided externally by the funds' custodian, State Street. It was important that the performance figures be audited because they were reported publicly and because they formed the basis for the incentive compensation awards to UTAM staff. The second additional audit was required because the Ontario Securities Commission required financial statements that had been audited within ninety days of UTAM's application for registration.

Among the matters that arose in the discussion of the financial statements and related matters were the following.

(a) Management letter. Ms Varpalotai-Xavier said that the UTAM Audit and Compliance Committee had received a management letter from the external auditors. Mr. Bowman confirmed that it had included no items of concern.

(b) Expenses: salaries and benefits. In response to questions, Ms Riggall and Ms Varpalotai-Xavier said that the University had approved UTAM compensation arrangements. The University's Policy on Appointments and Remuneration required that the ancillary corporations, including UTAM, "shall seek, through the President, guidance from the Senior Salary Committee [of the Governing Council] on their senior executive compensation policies and practices." In addition, two of the three members of the UTAM's current Compensation Committee were senior University officers: the Chair of the Governing Council and (*ex officio*) the President. UTAM did participate in compensation surveys for investment management companies, and, taking into account the size of assets under management, offered compensation that ranked in the second quartile of peers. The recent changes in UTAM's compensation policy included

3. University of Toronto Asset Management Corporation: Financial Statements, 2003 (Cont'd)

reference to investment performance compared to a universe of peer funds; that had the effect of making the policy align better with the new and more cautious investment policies.

(c) Investment policy for the endowment pool and the endowment payout. The Chair observed that the Investment Policy for University funds included for the Long-Term Capital Appreciation Pool (the endowment pool) a target return of the Consumer Price Index plus four percent. Did that relate to the endowment payout? Was it based on an actuarial study? Ms Brown replied that the University had, with the assistance of actuarial consultants, completed a study of the liabilities of the endowment funds. Approximately $500-million of the endowment supported student assistance, approximately $270-million supported endowed chairs, and the remainder supported other university activities. The University sought in its payout policy both to maintain the capital value of the endowment against erosion by inflation and also to meet the obligations undertaken to donors to support the various student awards, endowed chairs etc. Doing the latter required on-going cash-flows. Previously, the endowment payout was 5% of the average market value of the units in the endowed pool over the previous four years. With the new payout policy, that payout had been reduced to about four percent, within a three percent to five percent corridor, based on a re-established and lower market-value base. That payout would, by and large, be increased annually by the rate of increase in the Consumer Price Index. The Chair remarked that the 15.5% return on the endowed pool in calendar 2003 was quite a good one.

(d) Expendable funds pool. The Chair noted that the investment target for the Expendable Funds Investment Pool (EFIP or the "expendable pool") was 4.5%. That appeared to be an aggressive target for a short-term pool. Ms Brown replied that the expendable pool contained all of the University's cash (except for any cash held in the Long-Term Capital Appreciation Pool). That included revenues from operating grants and fees, research grants, and capital grants. Those revenues were spent all the time. However, because of the timing of the cash flows, it had been possible to identify a reliable minimum balance in the expendable pool that could be invested in the longer term fixed-income securities that were expected to enable the achievement of the target return.

A member recalled that a portion of the expendable pool had been invested in equities, leading to a significant loss arising from the poor equity markets between 2000 and the first quarter of 2003. That loss, while recognized in full in the financial statements, was being amortized over three years in the long-range budget plan. Would the expendable pool gain any benefit from the recovery of the equity markets? Ms Brown replied that the expendable pool was now invested solely in fixed income investments and in capital projects. Nonetheless, while she could not provide definitive figures before the release of the audited financial statements, she was optimistic that the return on the expendable pool would exceed its policy and budget target.

3. University of Toronto Asset Management Corporation: Financial Statements, 2003 (Cont'd)

(e) Pension fund. A member asked whether continuing good investment returns on the pension fund might lead to any reduction in the required employer contributions to the pension plan. Ms Brown replied that the Business Board, at its meeting of January 19, 2004, had approved a Pension Funding Strategy by which, beginning on May 1, 2004, the University would resume contributing the full current service cost of the pension plan as well as continuing to contribute to the Supplemental Retirement Arrangement. In addition to these contributions in respect of current service costs, the Pension Funding Strategy provided that additional monies would be contributed to the pension plan and set aside in the committed funds to match the S.R.A. liability such that the registered plan would be fully funded and the S.R.A liability matched by those additional special payments over fifteen years. The Strategy also required that if good investment returns, resulting in returning the plan to a fully funded status and providing sufficient funds in the committed fund to fully match the S.R.A. liability, then the special payments would continue and would provide reserves to handle any future years of poor investment returns. There would, therefore, be no budget relief from good investment returns unless the Business Board were to approve a revision to the Pension Funding Strategy.

In response to a member's question, Ms Brown said that if in future poor investment returns caused the registered plan to remain in deficit or not to meet the current solvency requirement, the University would, of course, be required to continue the employer current service contributions and additional special contributions specified in the Pension Benefits Act.

On the recommendation of the Interim Vice-President, Business Affairs,

YOUR COMMITTEE RECOMMENDS

THAT the audited financial statements of the University of Toronto Asset Management Corporation, December 31, 2003, be accepted.

THE FOLLOWING ITEMS ARE REPORTED TO THE BUSINESS BOARD FOR INFORMATION.

4. Audited Financial Statements: Draft Notes

Ms Brown recalled that the Committee reviewed the University's financial statements over two meetings. At this stage, the Committee reviewed the draft notes. Numbers for the current year were not yet available; the review was therefore one of the concepts only. At the next meeting, the full statements would be reviewed on the basis of a full presentation. The Chair thanked Ms Brown and Mr. Piché for identifying the changes in the draft notes from the previous year, and he invited Mr. Piché to present the draft notes.

4. Audited Financial Statements: Draft Notes (Cont'd)

Mr. Piché outlined the key changes to the notes from 2003.

- **Note 1, Description**. The vision statement included in the University's recently approved academic plan, *Stepping UP*, was included in note 1. It replaced the previous statement contained in the University's Statement of Institutional Purpose.

- **Note 3, Employee benefit plans**. The note would record (a) the change in the discount rate used to determine the accrual for the University's benefit obligations, and (b) the change in the assumed long-term rate of return on pension plan assets. In both cases, the assumed rate was reduced from 7.0% to 6.25%. Mr. Piché noted that the rates for accounting purposes represented management's best estimates, based on current market rates. In that respect they differed from the actuaries' assumptions, which were based on longer term experience. The previous 7% assumption used for accounting purposes had been the same as the actuaries' long-term assumptions.

  A member recalled that the Committee had been advised that, at least for purposes of the actuarial valuation, the key factor in those assumptions was the spread between the discount rate and the assumed rate of return, given that the rate of inflation was included in both. Mr. Piché replied that the spread remained unchanged at four percent. The change resulted largely from a reduction in the assumed rate of inflation. Because the University's pension plans were 75% indexed against inflation, the impact of the reduced assumptions was less on the liability side. Because the assumed rates were applied going forward, there would be no effect on the 2003-04 statements. For 2004-05, the outcome would be a $7-million increase in pension expense.

- **Note 9, Series B senior unsecured debenture**. The note was added to disclose the University's further $200-million debenture issue being used primarily to finance capital projects. The wording was similar to that of note 8, which disclosed the $160-million series A senior unsecured debenture issued in 2001.

- **Note 13, Endowments**. The third paragraph reported investment income on the endowments; it represented a felicitous change from the previous year's note that had disclosed investment losses. The wording was similar to the note to the financial statements from 1999-2000, the most recent year when the endowments had earned income. The financial statements would record as revenue all investment income from the endowment funds that was available for spending as well as the investment income from internally restricted endowment funds that was reinvested to preserve the capital of the endowment funds against erosion by inflation. Investment income from externally restricted endowments that was reinvested was not recorded as revenue but was treated as an addition to the capital value of the endowment. That amount would be reported in note 13.

4. Audited Financial Statements: Draft Notes (Cont'd)

- **Note 14, Ontario Student Opportunity Trust Fund**. The Ontario Student Opportunity Trust Fund (O.S.O.T.F.) was a Government of Ontario matching program to encourage donations to the endowment to provide need-based student aid. The inclusion of the note reporting on this program was proposed by the Government as a means of saving the cost of separate audited financial statements on the fund. Meeting the Government's requirements for the note had, however, introduced certain complications. First, the Government had required reporting of the value of the endowment at book value. To meet generally accepted accounting principles, the book value had been reconciled to the market-value reporting required in the University's financial statements. Second, for the second phase of the program, the Government had required reporting for its own fiscal year, which ended March 31, 2004. The University's fiscal year ended on April 30. For the second phase of the O.S.O.T.F. program, the note included donations and endowment balances for affiliates - amounts which were not, however, included in the University's financial statements.

Among the matters that arose in discussion was the **cost of borrowing compared to investment returns**. A member observed that the University was both borrowing to finance capital projects and (to a lesser extent) other capital needs, while at the same time it was investing its own funds. Did the return on investments exceed the interest rate paid on borrowing? The member would be concerned if the University was paying more to borrow funds than it was earning on externally invested funds. Ms Brown replied that the interest rate on the recent debenture issue had been 5.841%; investment return for the past year had been better than that interest rate. The University was, rather than borrowing more externally, investing a portion of the core amount in the Expendable Funds Investment Pool in University capital projects, with projects making principal and interest payments to amortize the financing, often over a period of 25 years. It would not be permissible to use the pension fund to finance projects, and concerns about conflicts of interest had prevented the University from using endowment funds for that purpose.

5. Risk Assessment Profile

The Chair reminded members that the terms of reference required the Committee to review "an annual management report on significant business, financial and regulatory risks and [to] monitor the University's processes for identifying and controlling those risks. In carrying out this responsibility, the Committee focuses primarily on the adequacy of key controls over those vital risks considered to be, currently or in the future, more significant and likely to occur, meets with management and the internal or external auditors to come to a fuller understanding and better assessment of management's response to controlling important risk situations." The Committee was charged to report any residual "concerns to the University's senior officer reporting to the President responsible for financial matters, to the President, or to the Business Board, as appropriate."

5. Risk Assessment Profile (Cont'd)

Ms Riggall said that the process of risk assessment had been proceeding for three to four years, and the outcome was becoming tighter each year. Participants in the process, in addition to the Interim Vice-President, Business Affairs, included the Acting Chief Financial Officer, the external auditors, the internal auditor, the Secretary of the Governing Council, the Director of Risk Management and Insurance and others including systems specialists. That group considered various individual risks, assessed the likelihood of a harmful occurrence, and assessed the impact of such an occurrence. Among the matters that had been considered for the current risk-assessment profile was the inclusion of a new heading for reputational risk. It had been concluded, however, that reputation was an element contained in almost all of the other risks, and it therefore been concluded that reputational risk should not be treated as a separate category.

Ms Brown reviewed the risk-assessment profile (confidential Attachment 2), and the Committee considered it in detail. At the conclusion of the discussion (recorded in confidential attachment 1), Ms Brown reminded members that the risk-assessment profile and the Committee's discussion of it were confidential. It was very important that information disclosing areas where the University was at risk not fall into the hands of anyone who might wish to cause the University harm.

6. Risk Management and Insurance: Annual Report

Mr. Fleming said that 2003-04 had represented a third very difficult year for the purchasers of insurance. There were, however, some signs of stabilization in the market, with a turnaround possible in a year or so. Canadian insurers had achieved very high profits in the past year, calling into question their need for further large premium increases. The traditional insurance cycle appeared to be recurring, whereby competition would drive rates down until losses arose, perhaps in response to catastrophic claims, leading to another round of rate increases.

Mr. Fleming recalled that the University's main insurer was the Canadian Universities Reciprocal Insurance Exchange (CURIE). Over the past two years, the premiums charged by CURIE had almost doubled, from $850,000 to $1.6-million. CURIE itself, however, was not doing well financially, with its surplus having declined from $7.2-million in 2001 to $4.1-million in 2002 to less than $100,000 in 2003, giving rise to the likelihood of an special premium assessment to its members in 2004, an assessment that could amount up to one third of the regular premium. An amount of, for example, $300,000 would not be surprising. In addition, regular premium increases were planned for the next two years. Mr. Fleming recalled that until 1998, when CURIE was faring well, it had paid out a dividend to its members, which had been put to good use at the University of Toronto.

Mr. Fleming reported on the University's self-insurance program, using its internal insurance reserve. That reserve was used to self-insure against claims below the CURIE deductible of $250,000 and the University's own "responsibility deductible" of $2,500 that was

6. Risk Management and Insurance: Annual Report (Cont'd)

paid by divisions and departments making claims. The University had faced a rising number of claims. About 30% of incidents had arisen from water damage caused by freeze-ups, roof leaks, pipe failures, etc. To some degree, those claims had arisen as the result of the University's deferred maintenance problem. In addition, in spite of the widespread use of preventive measures, there continued to be numerous thefts of computers and other electronic equipment. Ms Riggall noted that the University was a very open and accessible place, and the Chair added that such thefts were epidemic in the City as a whole. Mr. Fleming said that the self-insurance reserve was funded only by investment income on the reserve. In recent years, however, the amount of claims had exceeded the combination of investment income and premium savings arising from self-insurance. Dividends paid by CURIE had also been placed in the reserve, but CURIE had not issued any dividends since 1999. As a consequence, the reserve had deteriorated to an amount just over $1-million, well below the desirable $1.5-million. One possible means of restoring the reserve would be to increase the "responsibility deductible" from $2,500 to $5,000. This and other means had to be considered. Failing some such means, it was clear that there would be need to make provision in the operating budget to restore the reserve.

Among the matters that arose in discussion were the following.

(a) Possibility of seeking an alternative insurer to CURIE. Two members noted that the University's premiums had increased substantially notwithstanding a good claims experience. In part, it appeared that University was being faced with premiums to cover events such as the east-coast hurricane, and could face costs arising from such other events as a west-coast earthquake, meaning that the University was contributing to the cost of risks that were much higher than the risks for this region. Mr. Fleming replied that the need to pay increased premiums arising from the claims of other insured universities was fundamental to the risk-sharing nature of insurance. CURIE did take regional exposures into account in assessing risk, and it did to some extent recognize regional differences in determining premiums. Nonetheless, there were, from the University's perspective, some weaknesses in using CURIE for property and liability insurance, and it would make sense to examine alternatives when the current contractual obligation to CURIE ended in three and one-half years. The Chair observed that the purchasing power of the universities acting together through CURIE to buy reinsurance was a factor to be considered. If the University of Toronto was acting to buy insurance on its own, there was the risk of being put at the mercy of the brokers and the industry.

(b) CURIE re-insurance. In response to questions, Mr. Fleming said that CURIE's property coverage was limited to $650-million per occurrence, apart from claims arising from flood, hurricane or earthquake. Each claim was subject to a $250,000 deductible. A large proportion was covered by re-insurance. CURIE directly insured the first $5-million of any claim. Of that first $5-million, 50% was re-insured, and all of the remaining $645-million was separately re-insured.

6. Risk Management and Insurance: Annual Report (Cont'd)

(c) Robarts Library insurance. A member recalled that the CURIE coverage for Robarts Library was limited to $650-million, well under its $1.5-billion value. He asked whether more complete property coverage for the Library could be obtained from other insurers. Mr. Fleming replied that he had been engaged in preliminary discussions. Many commercial insurers would not be interested in providing coverage in the absence of installation of an automatic sprinkler system, except at a prohibitive premium. With such a system, full coverage would likely be obtainable at an acceptable cost.

Ms Riggall added that a sophisticated early-warning fire-alarm system was in place in the Library, and it was possible to lock off parts of the building in the event of fire. In addition, the building was concrete, with little flammable construction material. There was therefore only a small risk of loss of the entire collection. In response to a question, Mr. Fleming said that notwithstanding the small risk of a catastrophic loss, insurers were still reluctant to offer full insurance at an acceptable premium. They did still have to set aside capacity to deal with a full loss, and that was costly to them, a fact that was reflected in their proposed premium.

(d) Boiler and machinery accidental breakdown coverage: co-generation unit. In response to a question, Mr. Fleming noted that the co-generation facility was included in the boiler and machinery policy. As a large and expensive piece of equipment, it had been the focus of attention of insurers. It had been necessary to make one substantial claim five years ago arising from the breakdown of a starter gear, leading to a significant premium increase, but the machinery had functioned well since that time.

(e) Possibility of seeking reduced premiums by accepting a higher deductible. The Chair asked whether it would be possible and advisable to accept a higher deductible in order to achieve a premium reduction. Mr. Fleming replied that the University had already accepted the highest deductible available from CURIE. The Chair suggested that Mr. Fleming consider asking the Board of CURIE to consider making provision for a higher deductible. Given the University's good claim record, promoting and accepting a higher deductible might well be appropriate. Mr. Fleming agreed that the point was well taken, but he cautioned that any change would take some time.

(f) Insurance cost and deferred maintenance. A member noted that more than half of the dollar cost of insurance claims had arisen from water damage and other losses that could be attributed at least in some part to deferred maintenance. He suggested that the University use potential premium savings to fund the kind of deferred maintenance work that might prevent the claims that had caused premium increases. Mr. Fleming noted that it would be very difficult to quantify possible savings arising from particular deferred maintenance work, but he agreed that the idea was a good one that merited further consideration.

6. Risk Management and Insurance: Annual Report (Cont'd)

(g) Coverage of related activities. A member observed that one significant claim had arisen from an extra-curricular activity – an accident involving the vehicle towing the University's solar-powered racing car. Did the operating budget recover the cost of insuring such activities? Mr. Fleming replied that all costs for university-wide insurance policies were borne centrally, apart from charges levied on the ancillary operations. Ms Riggall reported that the Provost had established a task force to examine, among other things, charging back certain costs to divisional and departmental budgets.

7. Capital Projects: Financial Report

Ms Brown noted that the administration presented a report to each meeting of the Business Board, listing all approved capital projects and other capital requirements, showing the approved cost, the funding available, the borrowing required, the expected sources of internal financing, and any funding gap. That report was the basis of the report now before the Committee, which also reported on percentage of expenditures relative to the approved cost and on projected variances in costs and funding availability. The report overall showed that there were no significant variances projected. A significant number of projects were completed or nearing completion.

The Chair asked about any issues arising from the major projects now underway such as the Centre for Cellular and Biomolecular Research or the Leslie Dan Pharmacy Building. Ms Brown replied that, with over one half of the budgeted expenditures for all approved projects completed, there were no such issues. The one element of uncertainty was the University's success in its projected fundraising for those building and others. She stressed that, in the absence of a donation in hand or firmly pledged, the report made the highly conservative assumption that borrowing would be required, and borrowing capacity had been reserved. Therefore, each new donation received to support those projects would free more of the University's borrowing capacity.

8. Report of the Administration

Ms Riggall, Ms Brown, Mr. Piché, Mr. Charpentier and Mr. Britt reported that there were no other matter(s) that should be drawn to the attention of the Audit Committee at this time.

9. Date of Next Meeting

The Chair reminded members that the final regular meeting of the academic year was scheduled for Wednesday, June 16 at 4:00 p.m. The major item of business would, of course, be the review of the audited financial statements.

10. Other Business

Audit Committee Terms of Reference

A member observed that the Canadian Securities Administrators had issued their instrument 52-110, which specified certain requirements for the audit committees of public, for-profit companies. The member asked whether the instrument provided any ideas suggesting that the University's Audit Committee should do anything differently. Mr. Bowman said that publicly traded companies were required to have audit committee consisting of at least three members who were independent of management and financially literate. They would have a written charter (terms of reference), would recommend the appointment of external auditors and their compensation (which would be public information), would oversee the work of the auditors and would approve all non-audit services. They would review financial statements, management's discussion and analysis of the statements, interim earnings reports and other financial disclosures prior to release. They would establish procedures for complaints and anonymous submissions of concerns by employees. They would disclose all recommendations that were not adopted by the Board as well as the use of certain exemptions to usual requirements. The member suggested that the instrument be considered by the Committee.

The Chair recalled that he was awaiting a recommendation from the external and internal auditors with respect to the value of interim financial statements to improving controls within the University.

The meeting adjourned at 5:55 p.m.

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Secretary	Chair

June 3, 2004

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