

UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

**REPORT NUMBER 106 OF THE AUDIT COMMITTEE**

**March 7, 2013**

To the Business Board,  
University of Toronto.

Your Committee reports that it met on Thursday, March 7, 2013 at 4:00 p.m. in the Board Room, Simcoe Hall, with the following members present:

Ms Paulette L. Kennedy (In the Chair)  
Ms Penny Somerville (Vice-Chair)  
Mr. Jeff Collins  
Ms. Kathryn A. Jenkins  
Mr. Peter Robinson  
Mr. Howard Shearer  
Mr. Chris Thatcher

Mr. Mark Britt, Director, Internal Audit Department ++  
Ms Sheila Brown, Chief Financial Officer +  
Mr. Louis R. Charpentier, Secretary of the  
Governing Council +  
Prof. Scott Mabury, Vice-President, University  
Operations +

Ms. Sheree Drummond, Secretary

In Attendance:

Ms. Stephanie Chung, Ernst & Young +  
Mr. Pierre G. Piché, Controller and Director of Financial Services +  
Ms. Martha J. Tory, Ernst & Young +

+ Present for items 1 – 8.

++ Present for items 1 – 9.

ALL ITEMS ARE REPORTED TO THE BUSINESS BOARD FOR INFORMATION.

**1. Chair's Remarks**

The Chair welcomed members and reminded them that the committee meets in closed session and that the materials were confidential.

The Chair suggested that item 6, Audit Committee Governance Review, be considered in the *in camera* portion of the meeting and members agreed.

On motion duly made and seconded and carried

YOUR COMMITTEE RESOLVED

THAT item 6, Audit Committee Governance Review, be considered in the *in camera* portion of the meeting.

## **REPORT NUMBER 106 OF THE AUDIT COMMITTEE – March 7, 2013**

### **2. Report of the Previous Meeting**

Report Number 105 (December 4, 2012) was approved.

### **3. Business Arising from the Report of the Previous Meeting**

The Chair noted that the ongoing discussion of the External Auditor and the related discussion of the Audit Committee Governance review that had taken place in the *in camera* portion of the previous meeting, would continue to be discussed in the *in camera* portion of the meeting.

Mr. Britt noted that he had undertaken to provide an update to the Committee on the matter regarding compensation of faculty members involved in providing their services to the various executive programs. He said he had nothing further to report at this time but that he would keep the Committee apprised as appropriate.

### **4. U of T's Risk Management Framework: Challenges and Opportunities for Enterprise Risk Management**

Mr. Britt reminded members that Internal Audit had been working on a proposal for a study on how risk management functions. He informed members that a draft had been reviewed by the Vice-President, University Operations and that he was refining the document based on the feedback he had received. He provided members with an overview of the proposal. He said that the starting point was the Risk Profile report and that the intent was to drill down in order to try to delineate the levels of control of risk management and to provide greater clarity on where the risk assurances functions are. He noted that the University has an extensive system of risk management but that it was highly decentralized. He did not expect that massive gaps would be found but rather that the challenge was more about communication.

A member asked what would happen if this report did not align with management's report. Mr. Britt replied that the first stage will be to catalogue everything and meet with the Vice-Presidents to ensure that the picture is complete. He said that the focus would be on key risks and that the process would involve a lot of discussion and consultation with the senior team as well as with the owners and managers of the various risk functions. Mr. Britt indicated that once there was a clear sense of this then it would be possible to consider some kind of schedule of maturity scale. This would be discussed with management. He emphasized that the idea was to remove the subjectivity and come up with a more objective measurement. At that point it would then be possible to draw upon authoritative models, diagnostic tools and to lay out components for a robust enterprise risk model.

In response to a question, Mr. Britt said that after the information was compiled it would be possible to make recommendations for how best to coordinate and integrate risk management functions throughout the University. He noted that this would be a management decision but that the benefit for the Audit Committee would be that it could focus its attention on the gaps.

**REPORT NUMBER 106 OF THE AUDIT COMMITTEE – March 7, 2013**

The Chair noted that she expected that there already was a breadth and depth of activities but that it was likely that it was not always the case that those involved thought about it as risk management.

Mr. Britt advised members that he estimated this project would take about 500 hours and that he would be the primary person engaged in this study. He said that he anticipated being able to report on this matter at the June meeting.

Professor Mabury noted that a lot of activity was happening in this area but that it was not being reported up and that the University had a model of distributed accountability with embedded responsibility. A member commented that in his experience organizations with distributed responsibility became silos and asked whether the University managed risk too independently and in so doing took away from the whole. Mr. Britt replied that the study would help to determine the level of cross communication.

**5. Report of the Administrative Assessors**

Professor Mabury commented briefly on: the possibility that the provincial government would introduce a revised tuition framework that would reduce tuition revenue; the Back Campus project; and the investments in the Next Generation Student Information System (NGSIS).

**6. Audit Committee Governance Review**

As per the Chair's Remarks above, this item was discussed *in camera*.

**7. Date of Next Meeting**

The Chair advised that the date of the next meeting was Monday, April 29, 2013.

**8. Other Business**

No items of other business were raised.

THE COMMITTEE MOVED *IN CAMERA*.

**9. Internal Auditor – Private Meeting**

Members of the administration, the Secretariat (with the exception of the Committee Secretary) and the external auditors absented themselves. The Committee met privately with the Director of the Internal Audit Department. Following a brief report, Mr. Britt absented himself from the meeting.

**REPORT NUMBER 106 OF THE AUDIT COMMITTEE – March 7, 2013**

**10. Audit Committee Governance Review**

Members discussed issues related to the Audit Committee governance review.

THE COMMITTEE CONCLUDED ITS *IN CAMERA* SESSION.

The meeting adjourned at 5:55 p.m.

---

Secretary

---

Chair

April 15, 2013