

UNIVERSITY OF TORONTO
THE GOVERNING COUNCIL

REPORT NUMBER 132 OF THE AUDIT COMMITTEE

May 2, 2019

To the Business Board,
University of Toronto

Your Committee reports that it met on Thursday, May 2, 2019, at 4:00 p.m. in the Governing Council Boardroom, Simcoe Hall, with the following members present:

Christopher Thatcher (Chair)
Robert Boeckner
Sue Graham-Nutter*
Kathryn Jenkins*
Andrew Szende

REGRETS:

Janet Ecker (Vice-Chair)

NON-VOTING ASSESSORS:

Mark L. Britt, Director, Internal Audit
Sheila Brown, Chief Financial Officer

SECRETARIAT:

Tracey Gameiro, Audit Committee

IN ATTENDANCE:

Lucine Amirkhanyan, Internal Audit
Carolyn Dawson, Internal Audit
Anoop Kaur, Internal Audit
Kristine Tkachenko, Internal Audit
Pierre Piché, Controller and Director of Financial Services
Diana Brouwer, Ernst & Young
**via conference call*

Audit Committee met in Closed Session.

ITEM 2 WAS APPROVED. ALL OTHER ITEMS ARE REPORTED TO THE BUSINESS BOARD FOR INFORMATION.

PURSUANT TO SECTION 6.1 OF THE AUDIT COMMITTEE TERMS OF REFERENCE, CONSIDERATION OF ITEMS 10 AND 11 TOOK PLACE *IN CAMERA*.

1. Chair's Remarks

The Chair welcomed members and guests to the meeting and reminded them that the Committee met in closed session. The Chair noted that while the meeting was anticipated to be a short one given the lighter agenda, the meeting was an equally important one. In particular, the discussion of the Draft Audited Financial Statements (Item 4) was essential to ensure an efficient close to the financial statements coming forward to the June meeting.

2. Report of the Previous Meeting

Report Number 131, from the meeting of March 5, 2019, was approved.

3. Business Arising from the Report of the Previous Meeting

There was no business arising from the report of the previous meeting.

4. Draft Audited Financial Statements and Notes – April 30, 2019

The Committee reviewed this item for information. Pierre Piché, Controller and Director, Financial Services, spoke to the *Notes* and indicated that the early discussion was an opportunity to provide members with useful context prior to their consideration of the full report at the Committee meeting on June 17, 2019. The Chair explained that the Committee would be asked to recommend the full report to the Business Board for approval.

Dr. Piché highlighted the four most significant areas of changes proposed for this year: investment and investment income, employee future benefits, long-term debt, and contingencies; stating that this information would offer more comprehensive disclosure and greater transparency of reporting.

Members expressed their support of the changes that had been introduced to the *Notes*. In response to a question, Dr. Piché explained that due to the uncertainty involved in collecting pledged donations they were not recognized until received, and remarked that while the *Boundless* campaign included the federated colleges, the financial statements do not.

With regards to the University's asbestos retirement obligations, Dr. Piché clarified that at the point of demolition an assessment is undertaken of the building and any asbestos removed, with the cost accounted for at that time.

5. External Auditors

a. Report on Non-Audit Services by the External Auditors for the period from October 1, 2018 to March 31, 2019

The Chair noted that in accordance with the *Policy on the Use of the External Auditor for Non-Audit Services*, the Audit Committee receives from the administration a quarterly report, resulting in an annual report. The report provided details of the payments made to the external auditors with respect to non-audit services.

There were no questions from the members.

6. Reports of the Administrative Assessors

There were no additional reports from the Committee’s Administrative Assessors.

7. Date of the Next Meeting

Members were reminded that the next meeting was scheduled for Monday, June 17, 2019, 4:00 – 6:00 p.m.

8. Other Business

There were no matters of other business.

THE COMMITTEE MOVED IN CAMERA.

9. Update on External Auditor Services for Grant Specific Audits Request for Proposal (RFP) Process

Dr. Piché provided an update to the Committee on the RFP process undertaken by the University administration for external audit services for grant specific audits.

10. Internal Auditor – Private Meeting

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

11. Committee Members Alone

Committee members discussed topics of interest and concern.

The Committee returned to Closed Session.

The meeting adjourned at 5:00 p.m.

Secretary

May 21, 2019

Chair