To the Business Board,
University of Toronto

Your Committee reports that it met on Tuesday, March 5, 2019, at 4:00 p.m. in the President’s Boardroom, Simcoe Hall, with the following members present:

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

REGRETS:
Claire Kennedy, Chair, Governing Council
N. Jane Pepino, Vice-Chair, Governing Council

Non-Voting Assessors:
Mark L. Britt, Director, Internal Audit
Sheila Brown, Chief Financial Officer
Sheree Drummond, Secretary, Governing Council
Scott Mabury, Vice-President, Operations and Real Estate Partnerships

Secretariat:
Tracey Gameiro, Audit Committee
Anwar Kazimi, Deputy Secretary

In Attendance:
Jeff McIlravey, Internal Audit
Marek Wlochowicz, Internal Audit
Anoop Kaur, Internal Audit
Vandana Bhamidi, Internal Audit
Isaac Straley, Chief Information Security Officer
Elizabeth Cragg, Director, Office of the Vice-President Operations and Real Estate Partnerships
Pierre Piché, Controller and Director of Financial Services
Diana Brouwer, Ernst & Young
Alana Charles, Ernst & Young
*via conference call

Audit Committee met in Closed Session.
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 10 AND 11 TOOK PLACE IN CAMERA.

1. **Chair’s Remarks**

The Chair welcomed members and guests to the meeting and reminded those in attendance that the Committee met in closed session. He introduced members of the Internal Audit team who were attending as observers as part of their continuing professional development.

2. **Report of the Previous Meeting**

Report Number 130, from the meeting of December 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.


Professor Mabury began his review of the *Risk Assessment Report, 2018*, noting that the process undertaken to craft the report continued to evolve and improve. He reported that the process, now in its fourth year, had become more routinized and less directed, as was the objective.

Professor Mabury invited Elizabeth Cragg, Director, Office of the Vice-President, Operations and Real Estate Partnerships, to provide highlights of the *Risk Assessment Report, 2018*.

Ms Cragg indicated that the process ran from November 1, 2018 through to February 1, 2019; intentionally coinciding with when budgets were being worked on and when risk was uppermost in mind. Ms Cragg reported that this year 68 representatives of the 12 portfolios provided their input, the highest response rate thus far, which led to more robust responses. Training sessions were introduced this year, which were well attended and resulted in a reduced need for intervention. Ms Cragg explained that data was collected in four categories: Compliance, Financial, Operational and Strategic.

In response to members’ questions and comments, Professor Mabury addressed the following:

- the heightened focus on reserves and the need to establish appropriate levels;
- portfolios recognizing the need to disseminate and receive risk management information;
- that while risk assessment continued to be a local thought process, people were much more thoughtful about the risks they were reporting on and there appeared to be a trend amongst the portfolios towards thinking about the broader implications for the institution; and
• the University’s demonstrated ability to manage new risks that emerge between reporting cycles, largely being due to its practice of clearly identifying and assigning responsibility to those best positioned to articulate and operationalize a plan to address that area of risk.

5. **Information Security Update**

The Committee welcomed Chief Information Security Officer, Isaac Straley, agreeing that while updates provided to date had been informal, plans were for a more robust discussion going forward.

Mr Straley provided an overview of the following:

- continued challenges recruiting information security talent, and plans to address this by cross-training or transitioning staff from other areas;
- efforts to expand outreach to better identify issues and improve response;
- vulnerability scanning software to identify devices that could be compromised as a tool to gauge risk; and
- defining the institution’s risk appetite and engaging the Committee’s guidance on identifying those metrics and how to meaningfully communicate this back to the institution.

In response to members’ questions and comments, Mr Straley stated the while competition with private sector salaries was challenging it was manageable. The reality appeared more that the talent did not exist in the market which is why a ‘talent build’ program had become the focus of recruitment efforts. These initiatives could include cross-training, secondments, or even developing certificate programs with the goal of creating embedded information security resources within departments.

6. **Business Continuity Planning**

Professor Mabury invited Ms Elizabeth Cragg to address the Committee.

Ms Cragg reported that the Business Continuity Planning (BCP) Working Group launched at the end of 2017. She explained the BCP was not a crisis management plan, nor a unit-by-unit plan individually crafted and imposed centrally. Instead, Ms Cragg explained, that BCP was a set of usable, relevant and accessible documents that set out plans to reduce the consequences of a disruptive event to manageable levels. A comprehensive BCP provided a framework that established operating procedures to sustain critical functions when normal procedures were not possible to perform, and provided a guide for the restoration of normal operations and building functions. Ms Cragg stated that the overarching goal of the BCP planning process was to assist each unit to recover to a fully operational level within 30 days of a major interruption, with interim timelines based on function criticality.

In response to members’ questions and comments, Ms Cragg explained that BCP would partner with the crisis management to clearly define and delineate each of their mandates.
The Committee thanked Ms Cragg for her presentation and remarked that the BCP process was a great step forward and the framework very valuable.

7. **External Audit Services for Grants Specific Audits**

Dr. Pierre Piché, Controller and Director of Financial Services explained that the University was required to submit a number of grant specific audit report to various granting agencies. Both the administration and the external auditors believed that the cost of these audits could be significantly reduced by engaging a smaller firm to provide these services. To that end, Dr. Piché reported that the University administration had proposed to undertake a Request for Proposal (RFP) process for external audit services for grant specific audits.

Dr. Piché asked for the Committee’s thoughts on proceeding with a tendering process, and also for their feedback on the draft RFP, particularly with regards to the rated criteria.

In response to members’ questions and comments, Dr. Piché reported the following:
- there was no obligation on the University to choose a respondent should the tendering process not generate a quality pool;
- one of the possible outcomes could be to remain having the current external auditor, Ernst & Young, perform these services;
- members were encouraged to recommend firms;
- the RFP would be posted on MERX; and
- the proposed timeline for the process was such that respondents would have about a month to prepare a response.

8. **Date of the Next Meeting**

Members were reminded that the next meeting was scheduled for Thursday, May 2\textsuperscript{nd} 2019, 4:00 – 6:00 p.m.

9. **Other Business**

There were no matters of other business.

*THE COMMITTEE MOVED IN CAMERA.*
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 5:59 p.m.

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Secretary                                      Chair

March 21, 2019