

UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

REPORT NUMBER 129 OF THE AUDIT COMMITTEE

September 10, 2018

To the Business Board,
University of Toronto

Your Committee reports that it met on Monday, September 10, 2018, at 4:10 p.m. in the President's Boardroom, Simcoe Hall, with the following members present:

Christopher Thatcher (Chair)
Janet Ecker (Vice-Chair)
Robert Boeckner

Sue Graham-Nutter
Andrew Szende

REGRETS:

Claire Kennedy, Chair, Governing Council
N. Jane Pepino, Vice-Chair, Governing Council
Mark L. Britt, Director, Internal Audit

Non-Voting Assessor:

Sheila Brown, Chief Financial Officer
Sheree Drummond, Secretary, Governing Council
Scott Mabury, Vice-President, University Operations

Secretariat:

Joan Griffin

In Attendance:

Diana Brouwer, Ernst & Young
John Kerr, Director, Risk Management & Insurance
Daniel Ottini, Deputy Director, Internal Audit
Pierre Piché, Controller and Director of Financial Services
Bo Wandschneider, Chief Information Officer

1. Introduction and Chair’s Remarks

The Chair welcomed new and returning members to the meeting and reminded all that the Committee met in closed session. Meeting attendees were invited to introduce themselves and the Chair thanked guests Diana Brower of auditors Ernest and Young, John Kerr of the Office of Insurance and Risk Management, and Daniel Ottini, of Internal Audit, for their attendance.

In his opening remarks, the Chair noted that the Committee had not met during Cycle 1 in several years, and that the importance of the agenda items had warranted the addition of the meeting.

2. Report of the Previous Meeting

Report number 128, from the meeting of June 18, 2018 was approved.

3. Business Arising from the Report of the Previous Meeting

There were no items noted.

4. Audit Committee

a. Terms of Reference

b. 2018-2019 Calendar of Business

The Chair introduced the Committee’s [Terms of Reference](#) and [Calendar of Business for 2018-2019](#). In response to a member’s question regarding changes to the Terms of Reference, the Secretary of Governing Council indicated that the Secretariat managed the Terms of Reference and that no recommendations for changes had been received. She further noted that this was an ongoing conversation and that changes may be brought forward at any time.

5. Risk Management and Insurance Annual Report, 2017-2018

Chief Financial Officer Sheila Brown provided an introduction to the *Risk Management and Insurance Annual Report*. She thanked the Chair for his support in moving the Report from Cycle 6a of 2017-2018 to Cycle 1 of the current year; and noted that the switch had a dual benefit, as it gave administrators greater time to prepare the Report and the Committee members greater time review and discuss the findings.

Ms. Brown's introduction provided context for the discussion and reminded members that the Report pertained to those risks that could or should be covered by insurance and not risk management "writ large". She then invited John Kerr, Director of Risk Management and Insurance at the University to walk the Committee through the key aspects.

Mr. Kerr provided highlights of the Report and informed the Committee that the University maintained a comprehensive insurance program, purchased within the commercial marketplace from quality insurers. It was noted that Premium costs had increased for principal insurance coverage during the year, and that the increases were primarily due to the purchase of property terrorism coverage, the inclusion of newly constructed spaces, and routine inflationary costs.

Mr. Kerr shared that liability costs had remained steady and that no property claims had been reported to insurers during the year. He also noted that self-insured property claims had "spiked" in 2017-2018, in both frequency and costs of claims; water damage caused by severe weather was cited as the greatest cost. It was further noted that at the end of 2017-2018 reporting year, a significant flood had occurred at the Goldring Centre for High Performance Sport, which caused serious damage to the facility. This could impact insurance rates in May 2019.

In response to a member's question regarding the identification of new insurance needs, Ms. Brown indicated that Mr. Kerr was the insurance authority on campus and that he maintained communication with insurance industry colleagues across the country to keep informed of industry changes, and maintained communication with divisional-level faculty and administrative staff to identify new and potential needs for coverage.

The Chair thanked Mr. Kerr for his report and the excellent discussion.

6. IT Risk Management Conversation with Chief Information Officer

The Committee welcomed Chief Information Office (CIO), Bo Wandschneider, for an inaugural conversation on information technology and its associated risks at the University. In his introduction of the discussion, the Chair noted that this topic had been of great interest and concern to the Committee over the past several years.

The CIO spoke briefly to his past experience and noted that while individuals and contexts differed by institution, the issues and the desire for quick resolutions are largely shared. He further explained that since joining U of T significant work had been undertaken and focused on ensuring that a defensible security rationale for all decisions existed. Highlights of successes to date, included:

- Enterprise Systems development of ACORN, ROSI and a state of the art data centre;
- Chief Information Security Officer (CISO) recruitment;
- Information Security Council formation, with best practices, standards, research, education and metrics to come;
- Distributed Active Directory Environment created;
- Consideration of a Shared Operation Centre with other universities.

Members engaged in a thoughtful discussion on the issues. The Chair thanked Mr. Wandschneider and indicated a future time for another discussion would be scheduled.

7. Reports of the Administrative Assessors

Professor Mabury provided a brief update on enrolment for the 2018-2019 academic year. He noted that international student enrolment had increased and stressed the importance of diversification in recruitment markets.

8. Date of the Next Meeting

Members were reminded that the next meeting is scheduled for December 5, 2018.

9. Other Business

No other business was noted at this time.

THE COMMITTEE MOVED IN CAMERA.

10. Internal Auditor – Private Meeting

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

11. Committee Members Alone

Committee members discussed topics of interest and concern for themselves.

The Committee returned to closed session.

The meeting adjourned at 6:40 p.m.

Secretary

September 10, 2018

Chair