

Secretariat

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The following items arise from the Audit Committee meeting of February 5, 2019. They are presented to the Board of Governors for information.

I. FOR THE INFORMATION OF THE BOARD OF GOVERNORS**1. External Audit Plan for Fiscal Year 2019 [AD18-16]**

In accordance with its Terms of Reference, the Audit Committee approved the External Audit Plan for the year ending April 30, 2019, as presented by representatives of external auditors Deloitte LLP (Deloitte).

The fees of the audit plan are based on the fee structure approved by the Board of Governors in 2016 pursuant to the appointment of Deloitte following a call for tenders. The total value of McGill's contract with Deloitte for external audit services is \$815,000 (not including taxes) over the full potential term of 60 months (5 years). The appointment of the external auditors is subject to annual Board approval.

2. Action Plan Pursuant to the Directive Concerning Risk Management in Contracting Processes [AD18-17]

The Audit Committee, on the recommendation of the Vice-Principal (Administration and Finance), approved the submission of the Initial Risk Management Plan concerning risks in contract management processes (Phase One) to the *Secrétariat du Conseil du trésor du Québec* (Quebec Treasury Board). Submission of this Action Plan is required pursuant to a Quebec Treasury Board Directive issued in June of 2016, in response to a recommendation by the *Unité permanente anticorruption* (UPAC) that government departments and public bodies must adopt a plan to manage risks related to corruption and collusion in contract management processes. Furthermore, the Audit Committee authorized the Vice-Principal (Administration and Finance) to submit, on behalf of McGill University, any subsequent plans or documents related to the Directive and Recommendations Concerning Risk Management in Contracting Processes to the *Secrétariat du Conseil du trésor du Québec*, following review by Internal Audit.

3. Declaration of Compliance to December 31, 2018 [AD18-13]

In accordance with its Terms of Reference, the Audit Committee received a Declaration of Compliance to December 31, 2018 which includes declarations by the University's senior officers certifying that, to the best of their knowledge, and with respect to their areas of responsibility, the University is in compliance with relevant regulatory requirements and other legislation.

4. Internal Audit Reports

4.1 Progress Report on Internal Audits [AD18-18]

The Committee received a progress report on internal audits, which have been recently completed and those underway. Members were also briefed on the status of action items from previous audits carried out by Internal Audit. Audits that were conducted and for which reports have been recently issued include:

- Faculty of Medicine Information Technology (Med IT)
- Campus Planning & Development Office (CPDO)
- Building Operations unit of Facilities Management & Ancillary Services (FMAS)

4.2 Enterprise Risk Management Initiative

2017-18 Report on Enterprise Risk Management [AD18-21]

Enterprise Risk Management Assessment [AD18-19]

The Committee received an annual report on the Enterprise Risk Management (ERM) initiative, which focused on the period from January 2018 to December 2018. The annual report included tracking of the action plans for the University's top risks. The Committee was also informed of collaboration between Risk Management and Internal Audit in the context of the ongoing assessment of the ERM initiative. The Committee also received the the assessment of this initiative. This assessment was submitted in accordance to a mandate given to Internal Audit to assess the ERM initiative and make recommendations on structural and operation enhancements as the initiative continues to mature. Pursuant to the assessment, recommendations concerning the ERM structure will be presented to the Audit Committee at its May 2019.

5. Report on Quarterly Financial Results for Fiscal Period Ended October 31, 2018 and Variance Report [AD18-20]

The Committee received a quarterly report on the financial results for the period ended on October 31, 2018 and a variance report. This included a summary of Construction Projects as at January 15, 2019.

6. Update on the Implementation of the Policy on the Approval of Contracts and Designation of Signing Authority [AD18-15]

The Committee received an update on the implementation of the Policy on the Approval of Contracts and Designation of Signing Authority (Policy), which was approved by the Board in October of 2017 and which came into effect on May 1, 2018. Board approval was granted with the understanding that a review of the Policy would take place one year following its coming into effect. In light of this upcoming review, the Audit Committee was appraised on challenges and opportunities during the implementation of the Policy. It is anticipated that a review of the Policy will start this spring.

7. 2017-18 Report on Risk Management and Insurance [AD18-22]

The Committee received an annual report on Risk Management and Insurance for the period May 2017 to April 2018. The Committee was appraised of the highlights of the report, including property claims and liability claims, real estate purchases as they related to the insurance program, and cyber risk insurance. It was noted that the University incurred a modest increase in premium expenditures when compared to 2016-2017. The Committee was informed that the increase was due to the addition of insurance placements for construction projects as well as insurance policy extensions for ongoing construction projects.

8. Report on Projects and Recommendations with IT Implications [AD18-14]

The Committee received a report on internal audit recommendations with IT implications carried out in support of McGill's priorities, and planned IT projects, including those to be funded by the proceeds of the bond issuance of \$100 million, which has been dedicated to address deferred maintenance needs in IT. Pursuant to a request from the Committee Chair, projects were presented as a function of priority and risk, in a heat map format to ease tracking and follow-up items.

END
February 2019