

**Report of the Audit Committee**

GD18-61

Board of Governors Meeting of May 23, 2019

**Secretariat**

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The following items arise from the Audit Committee meeting of May 14, 2019. They are presented to the Board of Governors for information.

**I. FOR THE INFORMATION OF THE BOARD OF GOVERNORS****1. Declaration of Compliance to April 30, 2019** [AD18-22]

In accordance with the Committee's Terms of Reference, the Committee received a Declaration of Compliance to April 30, 2019. The Declaration, which included signed reports by the responsible University Officers, confirmed the University compliance with applicable laws and regulations.

**2. Report on Projects and Recommendations with IT Implications** [AD18-25]

The Committee received a report of internal audit recommendations with IT implications carried out in support of McGill's priorities. Pursuant to a request made at the last Audit Committee meeting, project status classifications were streamlined.

**3. Progress Report on Internal Audits** [AD18-28]

The Committee received a progress report on internal audits, which have been recently completed, and those underway. Members were also informed of the status of action items from previous audits carried out by Internal Audit. Audits recently conducted, for which reports had been recently include the Faculty of Medicine, Administrative Excellence Centres (AECs), Information Security, Asbestos Management Process, and Capital Projects (Follow-up report).

**4. Report on Internal Audit Activities: Fiscal Year 2019** [AD18-29]

The Committee received a report on internal audit functions and activities for fiscal year 2019. The report summarizes internal audit functions and activities for fiscal year 2019 and provides an overview of the following internal audit functions and activities:

- The 2019 Internal Audit Plan
- Other internal audit activities
- Internal Audit report rating information

**5. Internal Audit Plan for Fiscal Year 2020** [AD18-30]

The Audit Committee, on the recommendation of the Executive Director, Internal Audit, approved the audit plan for fiscal year 2020. The plan focuses on 11 audits under four (4) administrative units (Vice-Principal (Administration and Finance), Provost and Vice-Principal (Academic), Vice-Principal (Research and Innovation), Secretariat). Highlights include a pre-implementation review of the Recruitment to Retirement (R2R initiative, an audit of the Goodman Cancer Research Centre, and follow-up audits for Procurement Services and Intellectual Property. The plan includes planning and execution of the Enterprise Risk Management (ERM) initiative (including an update to the Internal Audit Charter to include ERM mandate), the implementation of the “Trusted Advisor” vision for Internal Audit and advising management on major initiatives.

**6. Enterprise Risk Management (ERM) Assessment: Recommendations and Implementation Plan** [AD18-31]

The Committee received and reviewed recommendations arising out of Internal Audit’s Enterprise Risk Management (ERM) assessment. The ERM initiative provides a framework and processes for the identification, assessment, mitigation and monitoring of major risks to the University. This initiative falls within the portfolio of the Vice-Principal (Administration and Finance) and is managed by the unit of Risk Management and Insurance. In 2018, the Vice-Principal (Administration and Finance) requested that Internal Audit assess the program and recommend improvements to further advance the program’s maturity and effectiveness. Pursuant to this assessment, the Audit Committee approved a request that the Internal Audit unit be granted the role and responsibility to facilitate the implementation of the ERM initiative.

**7. Report on Quarterly Financial Results for Fiscal Period Ended January 31, 2019 and Variance Report** [AD18-32]

The Committee received a quarterly report on the financial results for the period ended on January 31, 2019, including the financial summary of construction projects at April 30, 2019.

**8. Update of the Implementation of the Policy on the Approval of Contracts and Designation of Signing Authority** [AD18-26]

The Committee received an update on the implementation of the *Policy on the Approval of Contracts and Designation of Signing Authority*, (Signing Policy) which came into effect on May 1, 2018. The Committee was informed that the review of the Policy was underway (one year following its coming into effect) and the review process would involve a consultative approach with stakeholders. An update will be provided to the Committee at its next meeting.

**9. Annual Report on the McGill University Pension Plan** [AD18-33]

The Committee received the annual report on the McGill University Pension Plan for the fiscal year ended December 31, 2018, as approved by the Pension Administration Committee. Members were apprised of the pension plan fund performance and were reminded that the actuarial valuation of the Pension Plan completed as of December 31, 2017, revealed a going concern deficit of \$47.375M (down from \$78M in 2015) and the degree of solvency of the Pension Plan as at December 31, 2017 was 86.1%. The report, which has also been presented to the Finance Committee and the Human Resource Committee, is available at [www.mcgill.ca/hr/pensions/mupp/invest/reports](http://www.mcgill.ca/hr/pensions/mupp/invest/reports).

**10. Annual Report from the General Counsel**

In accordance with the terms of reference of the Audit Committee, members received an annual report on claims and overall risk exposure. It was noted that the University's risk exposure is not significant.

**11. Input on Retreat of the Audit Committee, September 4, 2019** [AD18-27]

The Audit Committee reviewed a proposed program prepared for the retreat of the Audit Committee scheduled for September 4, 2019. Retreat topics will be developed taking into account ongoing and evolving activities of the Audit Committee.

**12. Audit Committee Meeting Dates 2019-20** [AD18-23]

The Committee received the Audit Committee meeting dates for the 2018-19 governance year.

**END**  
**May 2019**