

Secretariat

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The following items arise from the Audit and Risk Committee meeting of May 12, 2020. They are presented to the Board of Governors for consideration.

I. FOR THE INFORMATION OF THE BOARD OF GOVERNORS**1. Update on Activities under the Policy on the Approval of Contracts and Designation of Signing Authority** [AD19-29]

The Audit and Risk Committee received an update on the activities under the *Policy on the Approval of Contracts and Designation of Signing Authority* (Policy), which came into effect on May 1, 2018. The results for the third fiscal quarter (November 1, 2019 - January 31, 2020) were presented to the Committee, indicating an increase in the number of reports submitted in relation to previous quarters and capturing 80 contracts.

The Committee also received a revised draft of the Policy and discussed the proposed amendments. The Committee was informed that the review is ongoing and that it is expected that a final draft for consideration will be submitted to the Committee in the fall.

2. Update on Action Plan Pursuant to the Directive Concerning Risk Management [AD19-27]

The Committee received an update on the status of the development and implementation of McGill's organizational framework and plan for managing corruption and collusion risks in contract management processes in regard to phases 2 and 3. Phase 1 of the plan was approved by the Audit and Risk Committee in February 2019. At that time, it was agreed that the University would submit the plan in three separate phases with each phase addressing a set of specific risks from the list provided by the UPAC. It is anticipated that the next phase of plan will be submitted to the *Conseil du trésor* by the Vice-Principal (Administration and Finance) on behalf of the University in June 2020.

McGill University is subject to the *Act respecting contracting by public bodies*, as well as its rules, directives and policies, including the *Directive concernant la gestion des risques en matière de corruption et de collusion dans les processus de gestion contractuelle* ("Directive") issued by the *Conseil du trésor* in response to a recommendation by the *Unité permanente anticorruption* ("UPAC") according to which public bodies must establish an organizational framework and plan for managing risks related to corruption and collusion in the contract management processes.

3. Report on the Status of Management IA Action Items [AD19-33]

The Committee received a status report on Management’s assessment of Internal Audit’s “past due” items in relation to the probability and impact of occurrence. Items that are not resolved within one year of the issuance of the Internal Audit Report are considered “past due”. The Committee was informed that work was ongoing to resolve the outstanding items.

4. Progress Report on Internal Audits [AD19-30]

The Committee received a progress report on internal audits which have been recently completed or are still ongoing. Members were also briefed on the status of action items from previous audits carried out by Internal Audit and the internal audit plan FY2020 and FY2021.

5. Report on Internal Audit Activities: Fiscal Year 2020 [AD19-31]

The Committee received a Report on Internal Audit Functions and Activities for Fiscal Year 2020. The report summarizes internal audit functions and activities for fiscal year 2020 and provides an overview of the following internal audit functions and activities:

- The 2020 Internal Audit Plan
- Other Internal Audit Activities
- Internal Audit Organizational Chart.

The Report has been submitted to the Board as document number GD19-58 Appendix A.

6. Internal Audit Plan for Fiscal Year 2021

In accordance with its Terms of Reference, the Committee, on the recommendation of the Acting Executive Director, Internal Audit, approved the audit plan for fiscal year 2021. The plan focuses on nine audits under two administrative units: Vice-Principal (Administration and Finance) and the Office of the Provost and Vice-Principal (Academic). Highlights include a post-implementation review of the Recruitment to Retirement (R2R initiative).

7. Overview of University Mechanisms Supporting Proper Conduct and Sound Operations [AD19-34]

The Committee received and reviewed a summary of the University’s mechanisms that support proper conduct and sound operations. The summary included a list of policies, procedures, guidelines and practices established by various units across the University.

8. Report on Quarterly Financial Results for Fiscal Period Ended January 31, 2020 and Variance Report [AD19-26]

The Committee received a quarterly report on the financial results for the period ended on January 31, 2020 and a variance report. This included a summary of Construction Projects as at April 30, 2020.

9. Annual Report from General Counsel

In accordance with its Terms of Reference, the Committee received an annual report from the University's General Counsel. The report provided a summary of ongoing claims against the University along with the estimated real risk associated with the claims. Overall, it was reported that the estimated real risk for the University was low.

10. Declaration of Compliance to April 30, 2020 [AD19-25]

In accordance with its Terms of Reference, the Committee received and reviewed the Declaration of Compliance to April 30, 2020. The Declaration, which included signed reports by the responsible University Officers, generally confirmed the University's compliance with applicable laws and regulations.

11. Report on Signed Contracts over \$6 million for the Period Ended April 30, 2020 [AD19-28]

In accordance with its Terms of Reference, the Committee received confirmation that for the year ended April 30, 2020, all contracts over \$6 million had been approved by the Board or relevant Board Standing Committee, in accordance with University policy. Future annual reports will include a list of approved contracts over \$6 million.

12. Update on University Operations in Light of COVID-19

The Committee received an update of the University's operations in light of COVID-19. The update focused on key changes to the University's operations following the directives from the *Ministère de l'Éducation et de l'Enseignement supérieur* as well as overview of the budget strategy, as proposed in the Provisional FY2021 Budget adopted by the Board of Governors on April 23, 2020.

END
May 2020