

**Report of the Audit and Risk Committee**

GD21-50

Board of Governors Meeting of February 10, 2022

**Secretariat**

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The following items arise from the Audit and Risk Committee meeting of February 3, 2022. They are presented to the Board of Governors for its consideration.

**II. FOR THE INFORMATION OF THE BOARD OF GOVERNORS****1. External Audit Plan for Fiscal Year 2022** [AD21-16]

In accordance with its Terms of Reference, the Committee approved the External Audit Plan for the year ending April 30, 2022, as presented by representatives of the external auditors, Deloitte LLP (Deloitte).

The audit will be conducted in accordance with Canadian generally accepted auditing standards. Members were informed of new standards, amendments and proposals that will become effective for the University's fiscal year 2022 and beyond. The fees of the external audit plan are based on the fee structure approved by the Board of Governors.

**2. Update on Activities under the Policy on the Approval of Contracts and Designation of Signing Authority** [AD21-13]

The Committee received an update on the activities under the *Policy on the Approval of Contracts and Designation of Signing Authority*, which came into effect on May 1, 2018. The results for the second fiscal quarter (August 1, 2021 – October 31, 2021) were presented to the Committee, indicating full compliance by the 36 delegates who were established by signing officers and registered in the reporting tool during this quarter. A total of 12 contracts were captured.

**3. Declaration of Compliance for period ended December 31, 2021** [AD21-11]

In accordance with its Terms of Reference, the Committee received and reviewed the Declaration of Compliance for the period ended December 31, 2021. The Declaration, which included signed reports by the responsible University Officers, generally confirmed the University's compliance with applicable laws and regulations.

Further to discussions at the Committee's last meeting, the Declaration of Compliance has been updated to include an additional statement from the Vice-Principal (Administration and Finance) in respect of fraud prevention as well as a new reporting requirement relating to fraud for most officers, with instruction on what to include in the declaration in cases where there are allegations of fraud.

**4. Progress Report on Internal Audits** [AD21-20]

The Committee received a progress report on internal audits, including an overview of Internal Audit activity, the status of Internal Audit Plan (FY2021 – FY2022) as well as the status of action items from previous audits.

The following Internal Audit reports were completed since the Committee's last meeting and the reports have been issued:

- R2R Workday Post-Implementation Review (from FY2021 audit plan)
- Student Mobility Central Function (from FY2022 audit plan)

**5. 2020-2021 Report from Risk Advisory and Insurance Services** [AD21-18]

The Committee received the Risk Advisory and Insurance Services Annual Report for the period of May 1, 2020 to April 30, 2021.

The Committee had previously learned that the coverage limit for University's directors' and officers' (D&O) for 2021-2022 has decreased from \$60 million to \$40 million and the total premium increased fourfold. It was reported that the insurance market does not appear to have changed in 2022. McGill is in the process of joining the Bureau de Coopération Interuniversitaire (BCI) for the purchase of all of its insurance policies, with an option to opt out of certain coverages. The D&O renewal process will begin once the BCI call for tender for the broker is finalized.

**6. Update on Review of the Policy on Safe Disclosure** [AD21-14]

The Committee was provided with an update on the review of the *Policy on Safe Disclosure* ("Whistle Blowing"). The *Policy on Safe Disclosure* ("Whistle Blowing"), which provides for an impartial channel for the disclosure of Improper Activities and for a protection from reprisal for those who make such reports, was adopted in 2007 and revised in 2010 and 2015. The Committee was informed that the review process had been initiated and was provided an overview of the general focus of the review. It is anticipated that a preliminary draft of the Policy will be presented at a subsequent meeting.

## **7. Update on University Operations in Light of COVID-19**

The Committee was provided with an overview of the University's operations in light of the COVID-19 pandemic. The Committee learned that since the return of some in-person classes on January 24th, the presence on McGill campuses had reached a daily average of approximately 20,000 individuals. The Committee was informed that the vaccine passport continued to be required to access non-essential activities on campus including eating or drinking in sit-down spaces in food service locations. It was also advised that the University's residences had reached a 78% occupancy rate.

The Committee was informed that the University continues to work closely with provincial and federal governments, as well as public health experts and officials, to offer a safe on campus environment for the community.

Lastly, the Committee was informed that the vaccination rate of the McGill community was quite high with the vaccination rate of students at 96.3% as of January 13<sup>th</sup> and faculty and staff at 92.3 % as of January 21<sup>st</sup>.

## **8. Update on Mechanisms to Support Proper Conduct and Sound Operations**

The Committee received an update on mechanisms that are being implemented by the University to support proper conduct and sound operations, further to the proposal that had been presented at the Committee's last meeting. The proposal addressed the request of the Audit and Risk Committee to develop additional mechanisms for ensuring compliance with established standards of ethical behavior and conduct applicable to the University staff (academic and administrative) in the course of carrying out their position duties and responsibilities.

The Committee was informed that the University continued to enhance its communication efforts and that the annual declaration process for academic and administrative staff, including those with financial responsibilities, was in progress, with the annual declaration for academic staff already being fully implemented.

## **9. University Controls to Maintain Financial Health**

[AD21-15]

The Committee received an overview of the financial controls in place to maintain financial health at McGill. The presentation outlined McGill's funding model, in comparison to other provinces, and the controls in place within the University's funds and transaction streams.

A similar presentation was delivered to the Finance Committee on April 16, 2021 and later presented to the Board of Governors at its meeting of April 22, 2021.

**10. Progress Report on the McGill University Master Plan** [AD21-19]

The Committee received a progress Report on the McGill University Master Plan. The McGill University Master Plan (“Master Plan” or “Plan”) is a dynamic document and framework that aims to guide the physical evolution of McGill University over the short, medium and long term. It was approved by the Board of Governors on May 23, 2019, with the understanding that, among other things, the Building and Property Committee will review, on a semi-annual basis, the status of the Plan’s implementation and that the Finance Committee would review its financial considerations.

Further to the Committee’s request to receive a presentation on the University’s infrastructure, the Executive Summary, which was developed to outline the Master Plan activities and initiatives with summaries of selected planned and ongoing projects by neighborhood, was presented to the Committee.

**11. Report on Quarterly Financial Results for Fiscal Period Ended October 31, 2021 and Variance Report** [AD21-12]

The Committee received a quarterly report on the financial results for the period ended on October 31, 2021 and a variance report. This included a summary of Construction Projects as at October 31, 2021.

**END**

**February 2022**