

Secretariat

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The following items arise from the Audit Committee meeting of May 15, 2015 and are presented to the Board of Governors for its consideration. The report is presented by Governor Michael Boychuk, Chair, Audit Committee.

I. FOR INFORMATION OF THE BOARD OF GOVERNORS**1. Accounting Changes Related to Post-Retirement Obligations** [AD14-18]

The Committee was briefed on changes the University will be implementing to its accounting standards relating to post-retirement liabilities.

2. Update on Plan for Deferred Maintenance Verbal Update

The Committee was briefed on updates to the Deferred Maintenance Plan following the Board's approval of the financial plan in support of the borrowing needed to implement the plan. On February 26, the Executive Committee approved that McGill borrow or issue debt up to \$400 million to be repaid over the course of a period of less than 40 years, subject to approvals, including the approval of the appropriate regulatory authorities at the Quebec Government.

An advisory committee comprising of senior staff from the Office of the Vice-Principal, Administration and Finance and of representatives of the Board has been convened in order to determine a financing mechanism.

3. Declaration of Compliance to April 30, 2015 [AD14-19]

In accordance with the Committee's terms of reference, members received a quarterly declaration of compliance to April 30, 2015. Members were informed that the University was in compliance with all applicable laws and regulations.

4. Report on Quarterly Financial Results for Fiscal Period Ended January 31, 2015 and Variance Report [AD14-20]

The Committee received a quarterly report on the financial results for the period ended on January 31, 2015 and variance reports. Also presented was a capital projects financial summary at March 31, 2015, containing a list of capital projects awaiting future fundraising.

5. Progress Report on Internal Audits [AD14-21]

The Committee received a progress report on internal audits which have been recently completed and those underway. Audits that were conducted and for which reports have been recently issued include those for the Faculty of Religious Studies, Faculty of Arts and a report on Capital Project Methodology, Process and Controls. Audits that are currently in progress include those for Enrolment Services, Student Accounts and Tri-Agency Monitoring.

6. Internal Audit Plan for Fiscal Year 2016 [AD14-22]

The Committee was informed of the proposed audit plan for fiscal year 2016, which includes a greater focus on administrative units, such as Academic Personnel Office, Facilities Operations and Development/Building and Ground, IT Program/Project Management, Procurement Processes, Intellectual Property and Secretariat. There will also be an audit on for the Faculty of Education.

On a motion duly proposed and seconded the Audit Committee, on the recommendation of the Executive Director of Internal Audit, approved the proposed audit plan for fiscal year 2016.

7. Annual Report on Enterprise Risk Management [AD14-23]

The Committee received the Annual Report on Enterprise Risk Management submitted by Deloitte, which included a review and assessment of the University's previously reported top-tiered risks.

Deloitte provided a summary of the results of the facilitated workshop that was conducted with the Principal and her Executive Team on May 8, 2015.

8. Update on Implementation of Tri-Agency Monitoring Visit and Recommendations [AD14-24]

The Committee was updated on the status of the outstanding recommendations contained in the Tri-Agency Financial Monitoring Report.

9. Annual Report on the McGill University Pension Plan [AD14-25]

The Committee received the Annual Report on the McGill University Pension Plan and an update on the proposed legislation targeting university pension plans. This report was submitted to the Finance Committee on April 21st and to the Human Resources Committee on March 19.

10. Annual Report on Claims and Risk Exposure from the General Counsel Verbal Report

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

**END OF REPORT
May 2015**