

Secretariat

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The following items arise from the Audit Committee meeting of January 28, 2016. They are presented to the Board of Governors for its consideration.

I. FOR THE INFORMATION OF THE BOARD OF GOVERNORS**1. Declaration of Compliance for Period ended December 31, 2015 [AD15-13]**

In accordance with the Committee's terms of reference, the Committee received a declaration of compliance to December 31, 2015. Members were informed that the University was in compliance with all applicable laws and regulations.

2. Follow-up Items from October 2015 Audit Committee Meeting

Further to the Committee's meeting of October 5, 2015, members received the Letter of Recommendations for the year ended April 30, 2015 issued by the external auditors following their audit, along with Management's response. Members also received a report on the University's accumulated deficits, prepared in accordance with Generally Accepted Accounting Principles (GAAP). Lastly, members received an update on the controls the University has in place for the management of financial accounts across campus, which were subsequently reviewed by the Committee.

3. Quarterly Financial Statements for period ended October 31, 2015 [AD15-14]

The Committee received a quarterly report on the financial results for the period ended on October 31, 2015 and variance reports. Also presented was a financial summary of construction projects at January 22, 2016.

4. Update on Implementation of Tri-Agency Monitoring Visit Recommendations [AD15-15]

The Committee received an update on the progress related to implementing the outstanding recommendations contained in the Tri-Agency Monitoring Report and the preparations for the upcoming Tri-Agency visit to McGill.

5. External Audit Plan for Fiscal Year 2016 [AD15-16]

In accordance with its terms of reference, the Committee approved the external audit plan for fiscal year 2016, as prepared by the university's external auditors. The fees of the audit plan are based on the fee structure approved by the Board of Governors in 2012.

6. Progress Report from Internal Audit [AD15-17]

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 the report on GHG Emission, the report on the Faculty of Education and the report on McGill's Buildings and Grounds Department.

7. Annual Reports

7.1 2014-15 Report on Risk Management and Insurance [AD15-18]

The Committee received an annual report on risk management and insurance for the period May 1, 2014 to April 30, 2015. The Committee was apprised of the highlights of the report, including an update on property claims and liability claims.

7.2 2014-15 Report on Enterprise Risk Management [AD15-19]

The Committee received an annual report on Enterprise Risk Management submitted by Associate Director, Risk Management and Insurance and Deloitte, which included a review and assessment of the University's previously reported top-tiered risks. The Committee reviewed the internal work that has been achieved to date, including the formulation of the ERM task force, the further streamlining and prioritization of risks, and the identification of risk owners.

8. Progress Report on Implementation of Financing Plan in Support of Deferred Maintenance and IT Initiatives

The Committee received an update on the plan for the implementation of the Financing Plan in support of deferred maintenance and initiatives that was approved by the Executive Committee of the Board on February 26, 2015. Along with the roadshows for potential investors made by members of the senior administration in Montreal and Toronto, it was reported that a deal was closed to issue \$160 million in debentures with a maturity date of 40 years at an interest rate of 3.975% per annum.

9. Construction Report: Report on Timeline and Budget Status [AD15-20]

The Committee received a report on the status of timelines and project budgets approved by the Building and Property Committee and/or Board of Governors between May 1, 2011 and September 30, 2015.

10. Review of Audit Committee Terms of Reference [AD15-21]

The Committee conducted a preliminary review of proposed revisions to its terms of reference. The Committee will further review its terms of reference in May, with the objective of submitting recommendations to the Nominating, Governance and Ethics Committee.