

## York Secretariat

### FINANCE AND AUDIT COMMITTEE

#### Report to the Board of Governors at its meeting of October 6, 2008

*The Finance and Audit Committee met on September 24, 2008 and in addition to the matters on the agenda for action, submits the following report to the Board of Governors for information:*

##### 1. Ancillary Results for the Year Ended April 30, 2008

The Committee received the Ancillary Operations report on the housing, food services, recreation facilities, bookstore, printing and parking operations. The results for fiscal 2007-08 are favourable to projections, and overall the Ancillary Operations exceeded planned targets for the second year in a row

##### 2. Internal Audit Report

The Committees received an Internal Audit Status report from the Director of Internal Audit covering the period July 1, 2008 to August 31, 2008, including a detailed corrective actions status report. The department undertook 14 audit engagements, of which 7 have been completed.

Student Awards was one area recently audited. The audit revealed the need for two overarching corrective actions:

- to formally articulate the University's objectives and strategies with respect to student financial assistance to ensure the greatest areas of need are being met; and
- to improve the effectiveness of the administrative and internal control framework of the student award processes at the University

Given the increasing dependence many students have on scholarships and bursaries to fund their education; the impact of financial assistance on student recruitment and retention; and the important role stewardship and donor recognition play in fundraising and reputation building, the Committee emphasized the critical need to enhance the administrative functioning of the award and post-award processes. The Committee also conveyed its suggestion to enhance the University's celebration of student award recipients.

The Internal Audit department is also continuing work on the development and implementation of the Risk Management Initiative.

##### 3. Annual Report on York University Pension Plan and Fund

The Committee received from the Vice-President Finance and Administration the 2007 Annual Report on the York University Pension Fund pursuant to the annual reporting requirements in the York University Pension Plan and the Pension Reporting Policy. The Committee is presenting the report for the information of the Board of Governors. It is attached as Appendix A.

##### 4. Status of York University Endowment

The Committee received a report on the combined York University and York University Foundation endowment value as of April 30, 2008. The fund has grown considerably in recent years as a result of strong fundraising efforts as well as a strong investment performance of the fund. The fluctuating markets this past year, however, resulted in a negative return for fiscal 2008. A downturn in investment performance presents a potential future

risk to meeting the University's annual disbursements of the endowment. As such, the University is carefully monitoring the fund performance and will keep the Committee apprised of any significant shifts. A copy of the memorandum to the Committee showing the endowment value, performance results and fund position is attached as Appendix B.

#### **5. Revised Signing Authority Guideline and Register**

In June 2005 the Board approved a Signing Authority to create a framework for the hierarchy of signing authorities required for various types of contracts that may be entered into behalf of the University. Consistent with the Policy, a formal organizational authority register was developed for the University defining management authority and spending limits in the execution of documents. The Register has been in place since May 2007. Several minor updates of a housekeeping nature were made to the Register following its first year of implementation.

#### **6. Geothermal Facility at York**

Geothermal is a source of renewable energy found in the earth's crust. Thermal energy extracted from geothermal reservoirs can be used as ground source heat pumps (GSHPs), water heating or electricity generation. GSHPs provide heating and/or air-conditioning to buildings by taking advantage of the earth's relatively constant year-round temperature below the frost line. For the financial and environmental benefits provided, GSHPs have been deployed at numerous institutions, including the University of Ontario Institute of Technology (UOIT) and the British Columbia Institute of Technology. With the endorsement of the Finance & Audit Committee, the University is going to undertake a feasibility study to assess technical and economic feasibility of geothermal at the Glendon campus. The study will be funded by the Glendon Centre for Excellence capital project.

#### **7. First-Quarter Operating Results**

The Committee received the 1st Quarter Operating Report from the Vice-President Finance and Administration. As in recent years, there are no significant operating budget issues. Operating revenues are running ahead of last year due to the impact of the increased tuition rates and a one-time Campus Renewal Grant of \$18.6M. Operating expenditures are also running higher owing to the increase in faculty complement coincident with the higher enrolments in recent years. Research grants are slightly higher over 2007 levels. Student accounts receivable have increased in line with the higher tuition fees, ancillary operations are on track with their budget position for the year, and the cash balance is very strong.

*Peter Currie*  
Chair