



MEMORANDUM

Date: **November 25, 2016**

Date Last Updated: **November 27, 2015**

To: Chair and Board of Governors
From: President
Subject: MONITORING REPORT – EL-1 Global Executive Constraint

I hereby present the monitoring report on our Executive Limitations policy “Global Executive Constraint” according to the schedule set out. I certify that the information contained in this report is true and represents compliance with all aspects of the policy unless specifically stated otherwise.

This Global Executive Constraint is an over-arching EL to all subsequent EL policies. This report only addresses evidence not necessarily captured elsewhere. It is not intended to be redundant to the EL2 Monitoring Reports.

Enterprise Risk Management assessment is also built into existing EL2 Monitoring as directed by the Audit Committee.

The President shall not:

Cause or allow any organizational practice, activity, decision or circumstance which is:

- **unlawful,**
- **imprudent, or**
- **in violation of commonly accepted business and professional ethics.**

I believe that the Board has comprehensively interpreted “imprudent” and “in violation of commonly accepted business and professional ethics” in the EL policies # 2(a) through 2(i). Those monitoring reports adequately deal with these issues.

I do not believe that the Board has fully interpreted “unlawful” since I interpret “unlawful” to mean contrary to any municipal, provincial or federal law and/or regulation that applies to the College.

Compliance will be demonstrated when:

- a) External auditors do not question the prudence, ethics or lawfulness of financial practices.
- b) There are not substantiated claims of human rights abuses, unethical actions or activities, or refusal to comply with orders issued by regulatory agencies (e.g.: Ministry of Labour, Electrical Safety Authority, Transport Canada).
- c) There have been no fines or successful lawsuits for illegal activities as evidenced by our legal counsel.

Evidence:

- a) The external financial auditor provided an unqualified opinion on the College financial statements for the year ended March 31, 2016, with no material questions related to any business practices or unrecorded liabilities. The Audit Committee and the Board of Governors approved this report on May 26, 2016 and June 2, 2016 respectively. Included in their review of College files, the auditors had asked the College’s lawyers to identify any significant or potential liabilities and to estimate the related liability with the result noted above. In addition, the following special audits were conducted of:
 - Verify President compensation and benefits to approved employment contract;
 - Examine all payroll source deductions and remittances to ensure they were fully paid on time;
 - Examine expenditures reimbursed to the President via credit card or expense report to ensure that the amounts are in accordance with the perquisites policy of the College;
 - Examine the expense reimbursements to employees that are not part of the credit card reimbursement process. Ensure that expenses are in line with appropriate policies and that support is included with the reimbursement.

No evidence of fraud was found in any of the above audits.

- b) There have been no substantiated complaints of unethical actions or activities, or of human rights violations. There have been no submissions from staff or others under the College’s Whistle Blower policy. The College is in compliance with any orders issued by various regulatory agencies. A Bullying and Harassment Complaint was settled in

mediation in May 2016, and an internal complaint was filed in September 2016, which has been investigated with no finding of bullying or harassment.

- c) In May 2016, the College was assessed and paid a monetary penalty to Transport Canada, which the Board was apprised of at their May 27, 2016 Board of Governors' (In Camera) meeting. The College is now fully compliant with all orders from Transport Canada.

During the course of an Indirect Tax Recovery Audit performed by Deloitte LLP in September 2016, it was discovered that the College erroneously reported amounts of Ontario RST as part of the rebates claimed on its GST/HST returns filed for the reporting periods from November 1, 2010 and December 31, 2015. The College voluntarily disclosed this error to Canada Revenue Agency and provided payment to cover the net tax adjustments plus interest.

There is one outstanding human resources related lawsuit against the organization.

I therefore report compliance.

Respectfully submitted,

D. Jim Madder
President