



Date: **March 24, 2017**

Date Last Updated: **March 23, 2016**

To: Chair and Board of Governors
From: President
Subject: MONITORING REPORT – EL-2f Asset Protection

The President shall not allow corporate assets to be unprotected, inadequately maintained nor unnecessarily risked.

I hereby present the monitoring report on our Executive Limitations policy “Asset Protection” 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.

The President shall not:

- 1. “Allow the organization, Board members, staff, and volunteers to be uninsured against theft, fire, and casualty losses to a prudent replacement value and against liability losses.”**

I interpret “prudent” and “appropriate” to mean coverage is consistent with industry standards for Colleges.

Evidence:

The College is part of a consortium of 20 colleges, which joined forces to purchase insurance in 2012 that resulted in changing from Marsh Canada Inc. to Aon Reed Stenhouse Inc. (AON), effective 2013.

Aon had advised that our coverage is similar to the other Ontario Colleges. Attached is a summary of the College’s 2017-18 insurance coverage, see “Appendix A.”

I report compliance.

- 2. “Subject facilities and equipment to improper wear and tear or insufficient maintenance.”**

I interpret “adequate” to mean sufficient to support safe operations and to avoid foreseeable accidents or losses.

Evidence:

MTCU in conjunction with Colleges Ontario, is investing in deferred maintenance systems for colleges across Ontario to update deferred maintenance estimates and to assist in planning to deal with the large maintenance backlog in colleges.

Capital funds provided by the MAESD for 2016-17:

- Facilities Renewal Program (FRP) for the maintenance, repair, and renovation of existing facilities: Base funding: \$312,400; Special Top-up funding: \$406,100 for a total of \$718,500. Examples: LED lighting retrofit; Biomass fuel feed upgrade; Boiler replacement.
- College Equipment and Renewal Fund (CERF) to acquire and renew instructional equipment and learning resources: \$203,800; Examples: E-classroom renewals; machine shop lathe; computers; GPS units.
- Apprenticeship Enhancement Fund (AEF) to purchase new equipment or upgrade shops: \$108,579. Examples: Engine stands; transmissions; planers; work benches, tools.
- Special Capital Grant: \$350,000 to support the Sioux Lookout High School Campus Co-location Project.

In August of 2015, we received the final “facility condition report” (1423+ pages) from VFA Canada, which provides detailed replacement and renewal cost information for all College facilities, which estimated the College’s deferred maintenance at \$94.7 million.

Approved Facilities Renewal and Major Capital Projects for 2016-18:

- Student Wellness Centre: \$13.4 million; replaces outdated fitness facilities (Bubble and Neebing Building); estimated reduced deferred maintenance expense: \$4.4 million.
- Sioux Lookout High School Campus Co-location Project: \$2.4 million; estimated reduced deferred maintenance expense: N/A; campus to be relocated from leased space in the Access Centre.
- TEC Hub Capital Build: \$19.042 million; estimated reduced deferred maintenance expense: \$1.65 million (\$740,300 for Conmee; \$55,200 for Greenstone; \$580,000 for McIntyre).
- Canada150 Signage Project: \$200,000 (\$100,000 FedNor grant; \$100,000 College).

Maintenance in the Facilities Services Department is undertaken in a proactive manner facilitated thru the use of a computerized maintenance management system (i.e. “Maintenance Connection”). The Thunder Bay campus has maintenance staff of one Director of Facilities Services, two electricians, one millwright and one HVAC Mechanic who are responsible for preventative maintenance of buildings. Additional staff plus contractors are dedicated to facilities renewal/ renovation, cleaning and maintenance services. Office equipment is maintained under service contracts.

The College has commenced drafting a 5-10 year capital plan to identify short and long-term capital priorities, projects and funding requirements. Examples of pending Facilities/Infrastructure Renewal and Major Capital Projects: Atikokan Drive Bridge; Dorion Building Regeneration; IT Infrastructure Lifecycle Renewal; Aircraft Renewal; Kenora Campus regeneration, etc.

Major Capital Campaign

- Ketchum Canada Inc. (KCI) is conducting a campaign planning study to be completed by July 2017. TEC Hub equipment and academic initiatives and Future College strategic priorities would be the main focus of the capital campaign.

I report compliance.

3. “Unnecessarily expose the organization, its Board, or staff to claims of liability.”

I interpret “unnecessarily” to mean that reasonable processes are in place to foresee areas of risk and to avoid/mitigate claims.

Evidence:

Occupational health and safety (OHS) is managed through a strong internal responsibility system supported by a network of internal health and safety partners, including Joint Health and Safety Committee Members, Health and Safety Representatives, Designated First Aiders, Fire Wardens and the Confederation College Campus Response Team. Our external partners, including the member organizations of Health and Safety Ontario and St. John Ambulance further support our OHS efforts.

The College’s 2016 injury experience reflects the effectiveness of the system:

- The lost time injury frequency has remained at .19 which is the same as 2015 (lost time injuries per 100 person years); as compared to .75 (2014), and .97 (2013).
- The lost time injury severity decreased to .39 (days lost per 100 person years), from .58 (2015); 44.23 (2014); and 7.77 (2013).
- Slips, trips and falls at foot level did not result in any compensable injuries in 2016, reduced from 13% of compensable injuries in 2015; 22% in 2014 and 29% in 2013.

I report compliance.

4. “Receive process or disburse funds under controls that are insufficient to meet the Board-appointed auditor’s standards.”

I submit this is clear and requires no further interpretation.

Evidence:

The Board-appointed auditors (Grant Thornton) perform a review of the college’s system of internal checks and controls. Their review did not result in the identification of any weaknesses that would materially affect the financial statement disclosure for the year-ending March 31, 2016. The auditors provided an audit opinion that the financial statements of the College are in accordance with Canadian public sector accounting standards and the financial statements present fairly, in all material respects, the results of operations, changes in net assets and cash flows. A surplus of \$981,260 of revenue over expenses was reported in the audited financial statements for the year ending March 31, 2016.

On December 7, 2016, the auditors presented their audit plan to the Audit Committee and management for the year ending March 31, 2017. The audit plan is the auditor’s report to the Audit Committee outlining the terms of the audit engagement, the proposed audit strategy and the level of responsibility assumed by the auditors under Canadian Auditing Standards (CAS).

I report compliance.

5. “Allow intellectual property, information or files to be exposed to loss, improper access or significant damage, or operate without maintaining records in accordance with a records retention schedule approved by legal counsel.”

I interpret “loss or significant damage” to mean irrecoverable loss or damage. Compliance will be demonstrated when generally accepted principles of secure information management are followed.

Evidence:

The College continues to follow industry standard operating procedures for the protection and management of College information and files including:

- Operation of an industry standard computing facility distributed between the McIntyre and Shuniah buildings. Features include controlled access to limited staff, backup emergency generator power supplies, redundant server facilities, regular backups of all central servers, and offsite storage of backup media. One of the two primary uninterruptable power supplies was replaced in 2017;
- Implementation of a document electronic imaging and archiving solution with the College’s Banner ERP system. The solution has allowed for improved document/record storage, security, and protection within the College. Work continues on eliminating paper based records used in administrative processes;
- Intellectual Property, Freedom of Information / Protection of Privacy, Information Collection and Retention policy and operating practices are reviewed on an ongoing basis by a sub-committee of the Strategic Leadership Team.

An updated Strategic IT (Information Technology) Plan is being developed in 2017 with a third party industry consultant. The plan includes additional measures the College can undertake to improve online security and business continuity.

See also Appendix C: IRM Report for Information Technology

I report compliance.

6. “Invest funds or hold operating capital in instruments or vehicles inconsistent with MTCU policies, or without consideration of rate of return, value at maturity and cash flow needs.”

I interpret this to mean that investments (defined as funds not required in the short term) will be managed professionally to maximize return, value and to meet cash-flow needs.

Evidence:

All College investments comply with MTCU policy Directives for Investments. The College's endowment funds are held in vehicles approved by the Trustees Act for public donations or the Financial Administration Act for government contributions. All College operating funds are held in either an interest bearing current account or GIC's as per the Financial Administration Act and compliance is verified by external financial auditors.

Our Short Term Investments of operating funds are usually in a combination of high yield accounts and GICs to maximize our investment income. The maturities of investments are matched to the College's cash flow needs. Currently, the College does not have any Short Term Investments.

I report compliance

7. "Compromise the independence of the Board's audit or other external monitoring."

I submit this is clear and requires no further interpretation.

Evidence:

The Board's Audit Committee consisting of Governors, the President and Senior Finance staff has acted as a Board interface with the external financial auditor, Grant Thornton LLP. The auditors meet at least twice per year with the Audit Committee to present their plan for the current year and subsequently to receive the results of the financial audit and the related financial statements. The auditors are required to report on any conflict of interest to the Audit Committee. The Audit Committee meets 'in camera' with the auditors to provide an opportunity for auditors to comment to the Audit Committee without management present. There were no conflicts of interest expressed by the auditors at the Audit Committee's May 26, 2016 meeting.

The President and senior Finance staff attest in a representation letter, drafted by auditors per audit standards, that we have reported all financial information and not knowingly withheld any information relevant to the preparation of the financial statements.

Other external monitoring and auditing reports are provided to the Ministry of Training, Colleges and Universities, which ask for financial information, enrolment data and key performance indicators from the College. We also comply with Revenue Canada, Ministry of Transport and other regulatory reporting requirements. There have been no reported instances of any compromise to the independence of the audit or other external monitoring.

8. "Set tuition fees."

I interpret this to recognize that the Tuition and Ancillary Fees Reporting Operating Procedure under the Minister's Policy Directive states "that the college is responsible for ensuring that tuition and ancillary fees for all programs of instruction and courses operated by the college have been approved by the Board of Governors."

Evidence:

The Board of Governors approved the tuition and ancillary fees for 2017-2018 at their January 27, 2017 meeting. The College has complied with direction from the Ministry on the legislative framework relating to tuition and ancillary fees, which was extended for an additional two years on December 15, 2016. The average tuition fee increase is 3% for 2017-18 as per MAESD binding policy directive.

As requested at the January 2017 Board meeting the following is an overview of the Ancillary Fee process at the College:

- Ancillary fees have increased 29% since 2013 (from \$402 to \$520 dollars). Any college department or program considering implementing a new fee, or increasing an existing fee must submit this request to a review committee comprised of representatives from student success, the registrar's office, an academic school and the student union.
- The committee will review the request and determine if the fee is appropriate and within the Ministry binding policy. Once recommended by the committee, the fee will then go to the appropriate body for approval (SUCCI Board and College Board of Governors). Only fees approved through this process can be charged to students. Each year the college reviews the tuition and ancillary fees across the college system to ensure that we are in line and remain competitive.
- As the Ministry moves to a new OSAP system and "Free Tuition" there is a stronger need for colleges to ensure that Ancillary Fees and Student Union fees (Student Activity fee, Bus Pass and Health Fee) are an accurate reflection of the costs associated with the services. Not every fee will increase each year, but they are reviewed by their respective areas to ensure the appropriate balance between value and service. With a fee such as the Co-op Fee, the department has lowered expenses within the area to maintain the fee amount and service levels.
- Any increase or expansion in the rate of institutional compulsory ancillary fees which would increase total institutional compulsory ancillary fees by more than 20% in one academic year must be approved through student referendum.

Colleges are also required to submit the following reports to the ministry:

- Audited enrolment
- Tuition and Ancillary fee report
- Tuition fee set-aside expenditure report (used for student assistance purposes);

I report compliance.

9. "Make a single purchase or commitment of greater than \$1,000,000. Splitting orders to avoid this limit is not acceptable."

I interpret this to mean that the President may not make a commitment (i.e. individual purchase order or invoice) that would result in a financial expenditure of greater than \$1,000,000 per year. The routine commitments identified in the Boards approved Purchasing Spending Authorization Limits Practice, ch2-s2-06, (inventory purchases for ancillary operations, Sun Life employee benefit

remittances, Revenue Canada payroll remittances, utilities, taxes and postage meter) would continue to be excluded.

Evidence:

A computer listing of individual vendors that were approved or paid greater than \$1 million in the last year identified 1 firm: Tom Jones Corporation re: Student Wellness Centre Project.

I report compliance.

MOTION:

THAT we accept Report EL2f – Asset Protection, showing full compliance with a reasonable interpretation of the policy.

Respectfully submitted,

D. Jim Madder
President

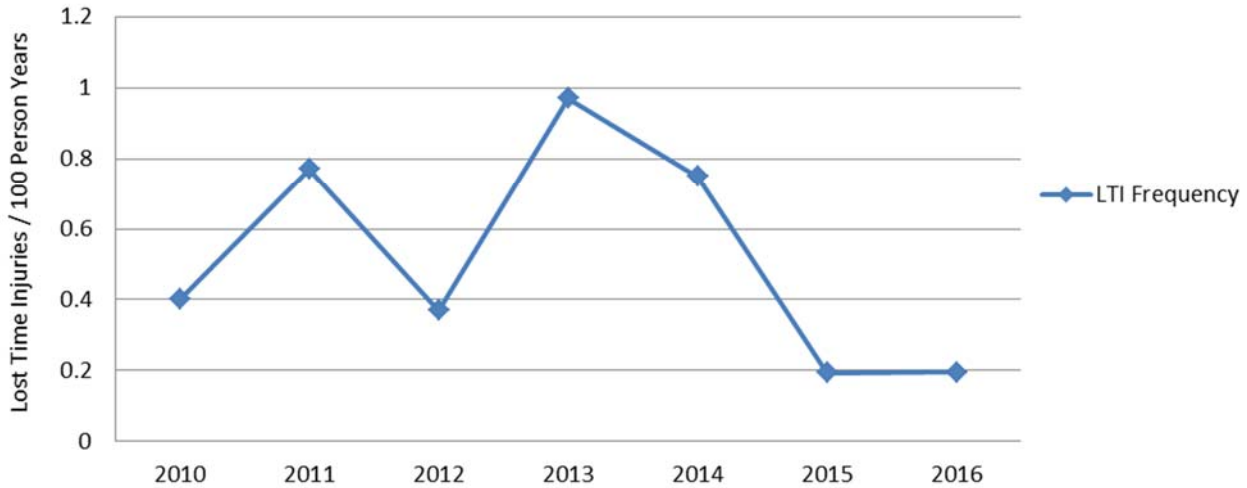
**Confederation College
Principal property and casualty coverages 2017-2018**

Insurance Coverage	Limits
Property & business interruption	200,000,000
Equipment breakdown	200,000,000
Commercial general liability	25,000,000
Umbrella liability	15,000,000
Media Liability	1,000,000
Automobile	1,000,000
Garage automobile	1,000,000
Directors & Officers and Educational Institution Errors & Omissions	5,000,000
Excess Directors & Officers and Educational Institution Errors & Omissions	5,000,000
Crime	various
Cyber liability	1,000,000
Aviation general liability	10,000,000
Aviation hull and liability	10,000,000
Hull and Machinery (Marine	1,000,000

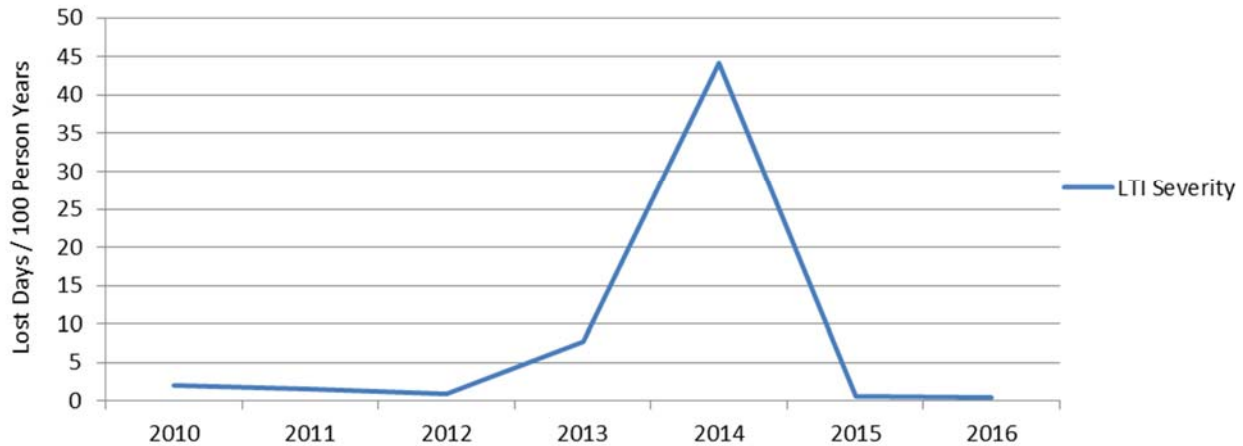
EL-2f – Appendix B

Occupational Health and Safety

Lost Time Injury Frequency (2010 to 2016)



Lost Time Injury Severity (2010 to 2016)



EL-2f – Appendix C

Integrated Risk Management Reporting to the Board

EL-2f Asset Protection Focus: Information Technology		
Item	Risk	Mitigation Strategy
<ul style="list-style-type: none"> • IT reliability and availability • Data privacy, quality and integrity • IT security 	<ul style="list-style-type: none"> • The risk of information technology systems, business applications and telecommunications systems being unavailable to support operations. • The risk that there are inadequate controls in place to ensure the privacy, quality, integrity and accuracy of electronic information. • The risk of failing to, appropriately, secure networks, systems and applications. 	<ul style="list-style-type: none"> • Identification of infrastructure renewal priorities through development of a 5 year strategic IT plan; • Collaboration with Lambton and Loyalist Colleges on PBX (telephone system) replacement; • Existing installation and management of appropriate multi-zone firewall technology, anti-virus software, network security and intrusion detection appliances; 2016 implementation of second generation Palo Alto firewall; • Regular installation of industry software security patches into College servers; • Planned penetration test of College networks and servers through an industry specialist; • Continued refinement and testing of Computer Services' Disaster Recovery Plan. Redundant servers to provide continuity in the event of a failure have been implemented and located in the McIntyre Bldg. Full system recovery test exercises are executed each summer to ensure disaster recovery systems provide the necessary recovery capacity and demonstrate that IT staff have the skills necessary to restore service in a timely manner; • Password protection and multiple levels of logical security

EL-2f Asset Protection Focus: Information Technology		
Item	Risk	Mitigation Strategy
		<p>to control access to sensitive electronic information with industry norm strength-of-password protocols;</p> <ul style="list-style-type: none">• Annual audits of student data to confirm compliance with data retention and storage standards;• Communications to staff on topical cyber threats – example Ransomware;• Included in the College’s insurance coverage is a Cyber Liability policy.