



Date: **March 23, 2016**
Date Last Updated: **March 27, 2015**

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 2016-2017 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 for 2015-16 were allocated through the:

- Facilities Renewal Program (FRP) for the maintenance, repair, and renovation of existing facilities: \$317,600;
- College Equipment and Renewal Fund (CERF) to acquire and renew instructional equipment and learning resources: \$203,800;
- Apprenticeship Enhancement Fund (AEF) to purchase new equipment or upgrade shops: \$205,238.

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. Priorities for spending MTCU’s Facilities Renewal Funding are based on the VFA report, which estimated the College’s deferred maintenance at \$94.7 million.

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.

In January 2013, there was a malfunction of an on-site gasoline pump that caused a limited spill. The matter was reported to the Ministry of the Environment (MOE) and the Technical Standards and Safety Authority (TSSA). The College has complied with all instructions of the MOE, TSSA and our insurer. The related underground tank was removed in January 2014; also, TSSA asked that the surrounding soil, contaminated by decades of pump operation, be removed in the summer of 2014. This is now complete.

Update: In July, 2015 TSSA accepted the College’s action plan to do ongoing monitoring of 3 test wells for residual liquid-phase petroleum hydrocarbons that may leach out of small areas that could not be accessed during the soil removal (building footings and high voltage yard).

The College has commenced drafting a 10 year capital plan to identify short and long-term capital priorities, projects and funding requirements.

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:

Each relevant Board Executive Limitation (EL) report includes a brief notation with respect to compliance with Integrated Risk Management “Risk Foci” (see also Appendix “B”).

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, and Fire Wardens. Our external partners, including the member organizations of Health and Safety Ontario further support our OHS efforts, as does a 2015 partnership with St. John Ambulance establishing the Confederation College Campus Response Team.

The College’s 2015 injury experience reflects the effectiveness of the system:

- The lost time injury frequency was reduced to .19 (lost time injuries per 100 person years) as compared to .75 (2014), and .97 (2013).
- The number of days lost decreased: 2 days (2015); 188 days (2014); and 22.7 days (2013).
- Slips, trips and falls accounted for 13% of compensable injuries in 2015, reduced from 22% (2014) and from 29% (2013).

The efforts of our employees, and health and safety partners (both internal and external), were also instrumental in addressing lead contamination stemming from a previously unidentified source (an aviation spark plug cleaner) at the Aviation Centre of Excellence (ACE) on August 11, 2015. Though commonly used industry-wide, the risk associated with the device was poorly understood in the aviation sector. As a result of industrial hygiene testing that was conducted, the spark plug cleaner was taken out of service; the facility decontaminated; and controls established in working with low lead aviation fuel. Though the Ministry of Labour formally issued orders, the orders reflected the measures that had already been planned and implemented by the College.

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 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. The auditors did identify some minor items in management letter that were discussed with Audit Committee on May 27, 2015. At the Audit Committee meeting on November 26, 2015, a follow up of actions taken was presented to the Committee and auditors. All of the auditor’s recommendations have been addressed and actioned upon including the Accounts Receivable Policy, which was approved in December 2015.

In November 2015, the auditors presented their audit plan to the Audit Committee and management for the year ending March 31, 2016. 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 has implemented the recommendations, to the extent feasible, made by Dell Canada’s Assessment of College IT operations: implementation of performance monitoring tools, redirecting resources to a second database administrator, higher Internet bandwidth to meet increasing demand, development and implementation of a comprehensive Disaster Recovery Plan, development and implementation of a College Strategic IT Plan.

The College has developed and implemented a Records Retention and Destruction policy, which has been reviewed by our legal counsel and financial auditor.

The College follows generally accepted principles of information management, 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;
- 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;
- 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.

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:

An Endowment Committee consisting of staff, a governor and an external public member provides overview and direction to the professional investment advisor, and the Endowment Fund is managed in accordance to the terms outlined in the Endowment Fund Statement of the Investment Policy.

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. The February 29, 2016 Balance Sheet identifies \$3.4 million in short-term investments. This balance fluctuates with the cash flow timing of operating grants, large contract training agreements and capital project funding and disbursements. The \$3.4 million short-term investments are allocated according to the Short-Term Investment Policy of the BOG.

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 29, 2015 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 2016-2017 at their January 22, 2016 meeting. The College has complied with direction from the Ministry on the legislative framework relating to tuition and ancillary fees.

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 2 items (other than routine payroll remittances): SUCCI student activity fee payments and a payment to Lakehead University for the collaborative nursing program.

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

Appendix A

**Confederation College
Principal property and casualty coverages 2016-2017**

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

Appendix B

Integrated Risk Management

Risk Foci	Relevant Policies
Academic Effectiveness	Ends
Competition for Students Student Retention/Satisfaction	Ends Treatment of Learners
Organizational Reputation/Brand Perception	Public Image, Compensation and Benefits Asset Protection Treatment of Staff, Treatment of Learners
Human Resources Operational Continuity	Compensation and Benefits Treatment of Staff
Financial Viability and Transparency	Financial Condition & Activities Financial Reports & Statements Financial Planning & Budgeting Asset Protection
Legislative Compliance, Commitment to Government	General Executive Constraint Compensation and Benefits Financial Condition & Activities
Information Protection	Treatment of Learners, Asset Protection
Governance Continuity\ Effectiveness	Communication & Support to Board

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"> • Installation and management of appropriate multi-zone firewall technology, anti-virus software, network security and intrusion detection appliances; • Regular installation of industry software security patches into College servers; • 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 to control access to sensitive electronic information with industry norm strength-of-password protocols.