



Office of the Auditor General of Ontario

Value-for-Money Audit:
York University
Operations
and Capital



December 2023

York University

York University Operations and Capital

1.0 Summary

Established in 1959, York University (York) has over 52,000 students enrolled in degree programs, making it Canada's third-largest university.

York has two campuses in Toronto (Keele and Glendon) and a third scheduled to open in fall 2024, in Markham, Ontario. York is an interdisciplinary research and teaching university, with accessible admission thresholds that provide higher education opportunities to a broader range of students. Historically, the university has built a reputation in liberal arts education and in professional studies such as business, law and education. Fifty-nine percent of students attend one of two faculties: Liberal Arts and Professional Studies, or Health.

Like other Ontario universities, York has faced challenges over the past five fiscal years, including a government-mandated 10% province-wide tuition reduction and freeze that began in 2019/20, and disruptions as a result of the COVID-19 pandemic. At the end of fiscal year 2022/23, York emerged with a positive net asset position amounting to \$1.9 billion and was in a sound financial position at the time of our audit.

Even so, there are cautions as the university's in-year surplus amounts have consistently declined over the past five fiscal years. Since 2018/19, in-year

surpluses decreased by 87% (\$143.5 million) overall, from \$164.2 million in 2018/19 to \$20.8 million in 2022/23. The change was driven, largely, by a \$147.5 million (19.7%) increase in salaries and benefits. Although almost 250 new positions were added, primarily to academic staff and faculty members, tuition revenue and government grant funding remained relatively flat.

The university's financial performance has also been adversely impacted by the in-year deficits realized by many of York's faculties. In 2022/23, six of York's 10 faculties had an in-year deficit ranging from a low of \$1.4 million at the Lassonde School of Engineering to a high of \$14.5 million at the Faculty of Arts, Media, Performance and Design. Four faculties (Arts, Media, Performance and Design; Glendon College; Environmental and Urban Change; and Education) have run in-year deficits in each of the past five fiscal years.

York fell into the Ministry of Colleges and Universities' medium-risk category on two of the three financial indicators related to debt, consistently over the last five years (2018/19–2022/23), and for the third indicator, for the last two years. York has reached a level of debt that could have negative impacts on the university in future if it is not appropriately monitored and managed. York's debt totalled \$600 million, half of which will come due by 2044. We found the university had a repayment plan for that half but not for the remaining amount, due by 2060.

Our audit also assessed key operations, capital decision-making and governance structures at York. The following are our significant findings:

- York has continued to offer many academic programs with low demand and enrolment, despite continued financial deficits.** Our review of undergraduate program enrolment found that York continued to deliver programs with low enrolments year after year, a major contributor to faculties operating in deficit positions. Across the university in 2023, 23% of undergraduate programs had 20 or fewer students enrolled. Over the past five fiscal years (2018/19–2022/23), enrolment decreased by at least 10% in 58 (43%) of York’s 135 undergraduate programs. For example, in Glendon College, 17 (81%) of its 21 undergraduate programs had enrolment go down by at least 10% in the last five years from 2018/19 to 2022/23, while the faculty had in-year deficits in each year over the same period. We noted that, in 2022/23, Glendon had the second-lowest student-to-faculty ratio in the university (16.1 students for each tenure-stream professor, compared to the university average of 31.6). While a lower student-to-faculty ratio enhances the student’s experience, it is costlier. The university told us it needed to subsidize some programs and faculties to sustain a range of activities that contributed to fulfilling the university’s academic mission, overall reputation, and impact on society and the economy, as well as to meet emerging needs of industries and employers. While there are valid reasons for maintaining certain programs and courses regardless of the demand or required investment, there is an opportunity for York to adjust or restructure its program offerings to improve financial sustainability.
- York is exposed to the risk of tuition revenue decline, due to its reliance on tuition revenue from a limited number of countries (namely, China and India).** International students accounted for 18% of York’s total enrolment and almost half its tuition revenue. Some faculties

relied more substantially on international student tuition than others. For example, the university’s largest faculty, Liberal Arts and Professional Studies, relied most heavily on international student tuition revenue. In 2022/23, 61% of tuition revenue at that faculty came from international students. Students from India and China totalled 5,062 and represented 57% of all international students enrolled at York. Reliance on only a few nations’ students for revenue exposes a university to the risk that external factors, like a global economic downturn or foreign policy shifts, could suddenly and significantly impact its financial health, if international student enrolment from these countries declines. At the time of our audit, for example, relations between Canada and India were frayed due to political tensions and India had suspended visa services, preventing Canadian nationals from obtaining Indian visas. Should reciprocal action be taken by Canada, or Indian students were made to return to India, there could be a significant impact to York. We calculated that York would forego approximately \$46.5 million, or almost 8%, of total annual tuition revenue if all of the Indian students currently enrolled at York were made to return to India.

- York’s deferred maintenance backlog has left many of its buildings and infrastructure in increasingly poor condition.** York’s deferred maintenance backlog grew 109%, from \$459 million to \$1.04 billion, between January 2019 and January 2023. The industry norm is for institutions to spend 1.5%–2.5% of the current replacement value of assets on deferred maintenance each year. To achieve this standard, York would need to spend \$56–\$93 million annually. By contrast, the university spent on average only \$18.9 million on deferred maintenance over the past five fiscal years. In September 2022, the Land and Property Committee of the Board developed a five-year plan to manage the backlog, but the committee decided to make

only \$22 million available each year. Despite the growing maintenance backlog, we found York had directed substantially more resources toward constructing new capital buildings and expansion projects—\$745.3 million over the past five fiscal years compared to \$94.7 million on deferred maintenance. This has left both the Keele and Glendon campuses in a state of critical disrepair.

- York did not prepare full business cases for major capital projects before proceeding with them, including fully assessing the financial viability of those projects.** We reviewed seven major capital projects and found that in four of them, with total costs of \$206.2 million, no financial evaluation at all had been undertaken. For example, there was no assessment of the expected income to be generated from these investments over the long-term, or the length of time required to recover the funds to be spent. For three other major capital projects we reviewed, there was a partial and problematic financial analysis. To illustrate, a new campus in the City of Markham was under construction during our audit and was expected to cost \$260.5 million when completed in fall 2024. The university had conducted a profitability forecast; however, the analysis did not consider how long it would take to recover the initial capital cost of \$260.5 million to construct the building. Based on York's financial profitability projections, we calculated that it would recover its initial capital investment in 2038/39.
- Increase in size of senior administration despite stable enrolment and tuition revenue.** Between 2018/19 and 2022/23, the university experienced minimal increases in full-time equivalent (FTE) enrolment of 0.3%, a 1.2% increase in combined domestic and international tuition revenue (including government grants), and a 3% increase in total revenue. Yet, over the same time period, the size of the senior administration team increased by 37% and the amount of related compensation (salary,

benefits, bonuses and stipends) increased by 47%. This was due primarily to the creation of an additional Vice-President (VP) position and several Assistant Vice-President (AVP) positions, resulting in total compensation for each group increasing by 48% and 73%, respectively. A VP was added with the creation of York's new Equity, People and Culture Division, while the number of AVP positions grew from 14 to 25, combined with a 20% average salary increase over five years. With the exception of approval granted by the Board for the VP and three AVP positions with the establishment of the Equity, People and Culture Division, the Board did not review and approve the other new AVP positions, and was not provided information on their impact and changes to the senior administration structure. The reasons for the new AVP positions included re-classifications for retention purposes, and restructuring and expanding university departments and functions.

- York's results were lower on many performance indicators, such as those related to its graduates' academic and employment success, compared to other Ontario universities.** While York achieved most of the Ministry-established targets for 2022/23 as stipulated in its Strategic Mandate Agreement, it missed its target (and performed below the provincial average) for attracting research revenue from private-sector sources. York also performed below the provincial average in graduation rate; graduate employment rate in a related field; graduate employment earnings; community local impact on student enrolment; research funding and capacity (that is, the ability to secure federal research grants); and experiential learning. Further, when compared to similar Ontario universities, York's 2022/23 results were below the average in all metrics, with the exception of Institutional Strength/Focus—the proportion of enrolment in an institution's defined program areas of strength.

This report contains 13 recommendations, with 29 action items, to address our audit findings.

Overall Conclusion

Our audit concluded that York University was financially sustainable, with a positive net asset balance of \$1.9 billion at the end of fiscal year 2022/23. However, the university did experience declining in-year financial surpluses during the 2018/19–2022/23 period, led by relatively flat enrolment and tuition revenue and increasing faculty and staff salaries and benefits. The majority of York’s faculties (six of 10) have been operating with expenses that exceed their revenues. Restructuring its program offerings is one way for York to potentially improve its financial sustainability.

We concluded that York focused on capital expansion while neglecting a growing deferred maintenance backlog, which totalled over \$1 billion by the end of 2022/23. The capital expansion was financed largely by debt, through a series of 40-year debentures. York has now reached its capacity for debt, thereby limiting future capital projects, as well as the potential to reduce its deferred maintenance. York’s debt repayment plan, beginning in 2042, includes payment for only half the total debt. As well, comprehensive business cases need to be consistently prepared for all major capital projects to inform the Board of Governors as to whether a project warrants financial investment.

In 2022/23, international students represented 18% of the student population at York and accounted for 49% of the university’s tuition revenue. Like other post-secondary institutions in Ontario, York has grown financially dependent on international students from China and India. This dependence poses significant financial risk to the university should an unforeseen event occur and international student enrolment from these countries declines.

Finally, although York has achieved its targets for all but one of the Ministry of Colleges and Universities’ key performance indicators, including those in the Strategic Mandate Agreement between York and the Province,

the university’s performance lags behind the provincial average for comparable universities in key metrics such as graduation rate, graduation employment rate in a related field and graduate employment earnings.

OVERALL YORK UNIVERSITY RESPONSE

York University appreciates the work of the Auditor General and his staff and thanks them for their collaborative approach to undertaking this audit. The *York University Act* attributes specific responsibilities to the President and each body in our bicameral system of governance. Our mandate is reflected in our mission and vision, guiding our access strategy to increase the percentage of students with university education, program development to meet societal needs, research and innovation activities, and strategic partnerships. While we are committed to continually strengthening our outcomes based on agreed-upon targets, comparisons to institutions with different histories and mandates will have limitations.

York anticipated many of the recommendations of the Auditor General, and we look forward to exploring opportunities to further codify the initiatives already underway. Our growth in areas of science, technology, entrepreneurship, engineering, and health, requires ongoing refinement of capital and deferred maintenance plans to ensure that we maximize the realization of our University Academic Plan in a financially sustainable way.

These efforts are important given the decrease in tuition in 2019/20 and the subsequent tuition freeze, which, as noted in the audit report, resulted in an estimated revenue loss of approximately \$335 million. Compounding this situation is the increase of new regulations and responsibilities, ranging from sexual violence prevention, Indigenous and equity initiatives, to sustainability and carbon reductions. This context necessitates our continued focus on attracting an increasingly diverse and global population of international students.

2.0 Background

2.1 Overview

Ontario's universities aim to ensure that students get a high-quality education and skills needed to get good jobs and provide Ontario's businesses with a skilled workforce and the talent they need to thrive and prosper. Universities also aim to advance society through the research that they conduct.

York University (York) was established in 1959 under the *York University Act* in response to the growth in Toronto's metropolitan area.

Today, York is the third-largest university in Canada based on enrolment, after the University of Toronto and the University of British Columbia. With over 52,000 students, including about 9,000 international students from 182 countries, it has one of Canada's largest and most diverse student populations.

York is an interdisciplinary research and teaching university, offering degrees in 10 faculties. The

three faculties of Liberal Arts and Professional Studies, Health, and the Schulich School of Business made up 68% of degrees granted in the five-year period 2017/18–2021/22. **Figure 1** provides York's institutional profile.

York has two Toronto campuses and is scheduled to open a third campus in Markham, Ontario, in fall 2024. Almost 97% of students (51,200) are enrolled in programs at the university's Keele campus, located in North York. The Glendon campus, located in midtown Toronto, offers primarily liberal arts programs in both French and English to about 1,600 students.

Across these campuses, York employs over 5,000 full-time faculty and staff and an additional 2,400 part-time academic and administrative staff. Seventy-five percent of both full-time and part-time staff are members of the university's 14 unions (eight representing academic staff and six representing non-academic staff). Additionally, York employs 3,680 students in part-time positions (such as tutors, mentors, assistants and university ambassadors) and in its ancillary operations (such as the bookstore and athletic centre).

Figure 1: Profile of York University, 2022/23

Prepared by the Office of the Auditor General of Ontario

Established	March 26, 1959	
Main campus	Keele Campus	
# of campuses	2 ¹	
Faculties	10	
Undergraduate programs	135	
Graduate programs	121	
FTE² students enrolled (domestic and international)	47,031	
International students enrolled (head count)	8,832	
Graduation rate³	70.7%	
Total revenue in 2022/23	\$1.3 billion	
Ministry operating grant for 2022/23	\$302 million	
Average undergraduate tuition for all programs	Domestic students	\$7,245
	International students	\$32,962
Average graduate tuition for all programs	Domestic students	\$6,648
	International students	\$29,959

1. The Keele and Glendon campuses are both located in Toronto. A third campus in Markham is scheduled to open in fall 2024.

2. A full-time equivalent (FTE) measure attempts to standardize a student's actual course load against the normal course load for a full-time student.

3. Refers to the 2014 student cohort that graduated by 2021.

2.1.1 Organizational Structure of York University

Like most Ontario universities, York University's governance structure is bicameral; it has a Board of Governors (Board) and a Senate, both of which derive their distinct powers from the *York University Act*.

York's Board and the President oversee the operational and financial management of the university. The Board of Governors is considered the corporate and/or legal entity with authority to make bylaws, resolutions and regulations. The Board has legal responsibility and authority over the conduct, management and control of property, revenues, expenses, business and other operations, whereas the Senate is responsible for decision-making about educational policy, with the Board's approval.

See **Appendix 1** for York University's organizational chart.

Board Composition and Appointment Process

The maximum membership for the Board is 32 members, comprising 24 (75%) external members who are chosen by the Board members themselves and eight (25%) internal members, including the President, Chancellor and six other members, chosen by stakeholder groups within the university, such as the Student Senator Caucus or Senate. Members chosen by the stakeholder groups are, for example, professors, students or non-academic staff who bring in various perspectives—although their fiduciary duty is to the university overall. At the time of our audit, there were 25 members and seven vacancies on the board. The Board has an additional 33 honorary members who are entitled to attend Board meetings but do not have voting rights.

See **Appendix 2** for the membership of the Board of Governors and **Appendix 3** for a listing and description of Board committees.

Senate Composition and Operations

York's Senate is responsible for the academic policy of the University. Its powers include setting standards

for admission, establishing and modifying programs, determining graduation requirements, university academic planning, regulating examinations and, along with the approval of the Board, establishing new academic units and endowing research and teaching chairs.

The Senate includes appointed and elected members, including ex-officio members. The maximum allowable size of the Senate is 169 members. At the time of our audit, it was composed of 159 members, including faculty members (94), students (22), ex-officio members (22), committee chairs (5) and others (16).

See **Appendix 3** for a listing and description of committees used by the Senate to fulfill its mandate.

York University Development Corporation (YUDC)

York University Development Corporation (YUDC) is a wholly owned subsidiary of York University and provides real estate property advisory, development and management services to the university. YUDC also owns and manages York Lanes, a commercial building on campus with a retail mall and office complex. The York Lanes land site is leased from the university under a 65-year lease.

Over the past five fiscal years ending in 2022/23, YUDC earned \$28.6 million in revenue. The majority (71%) of that revenue related to rental income from tenants at York Lanes (that is, non-related parties), while the remainder (29%) was income from the university (that is, a related party) for consulting and other project services provided by YUDC. Over the same time period, YUDC paid third-party service providers about \$3 million for services such as legal, land-use planning and urban design, procurement advisory, architectural design, and civil engineering. About 35% (\$1.1 million) of these payments was for legal services. See **Appendix 4** for YUDC's latest balance sheet and income statement.

YUDC's Board of Directors is composed of seven members: three work in the university's administration and four are private-sector business leaders (three of these are presently serving or have served on the York University Board of Governors).

2.1.2 Enrolment and Tuition

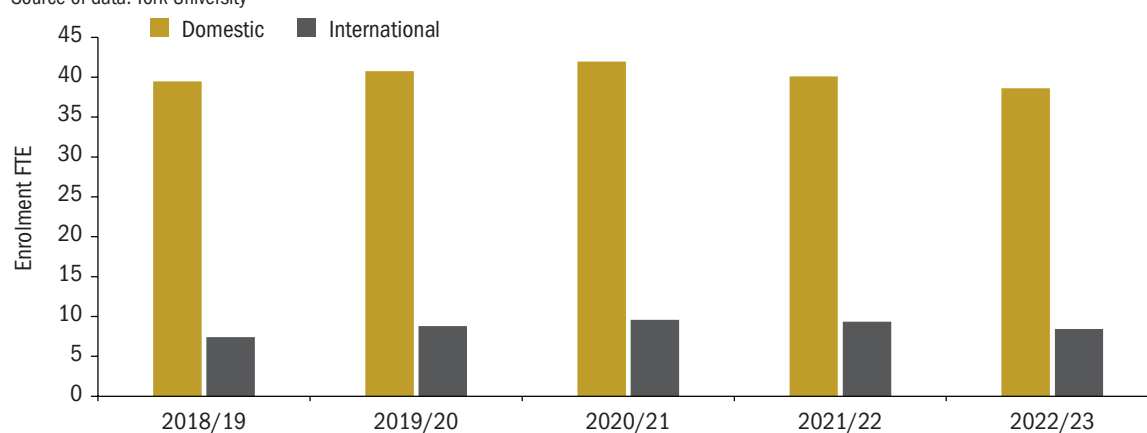
Enrolment at York University in 2022/23 totalled 52,791 students, or 47,031 in full-time-equivalent (FTE) students, which refers to students taking a full-time course load of five courses. Part-time or non-standard enrolment can be captured in terms of a student's proportion of a full-time course load in each term. Domestic students represented 82% of FTE enrolment at York and international students represented 18%

of FTE enrolment. **Figure 2** shows the five-year trend in total enrolment and a breakdown of domestic and international FTE students over the five fiscal years from 2018/19 to 2022/23.

Figure 3 provides a breakdown of enrolment by faculty. York University has 10 faculties, and almost 60% of FTE students are enrolled in two of those faculties—the Faculty of Liberal Arts and Professional Studies and the Faculty of Health.

Figure 2: Breakdown of Domestic and International FTE Students at York University, 2018/19–2022/23* (000)

Source of data: York University



* In 2019/2020 and 2020/2021, most courses were offered virtually due to the COVID-19 pandemic. This resulted in more students returning to studies or continuing their studies, and it also resulted in students registering at a higher course load than they may have previously.

Figure 3: Full-Time-Equivalent Student Enrolment by Faculty, 2022/23

Source of data: York University

Faculty	# of FTEs	% Enrolment
1 Liberal Arts and Professional Studies	17,660	38
Liberal Arts	11,484	25
Professional Studies*	6,176	13
2 Health	9,724	21
3 Engineering (Lassonde)	4,449	10
4 Science	4,211	9
5 Business (Schulich)	2,924	6
6 Arts, Media, Performance and Design	2,537	5
7 Education	2,076	4
8 Glendon	1,396	3
9 Law (Osgoode)	1,403	3
10 Environmental and Urban Change	651	1
Total Enrolment	47,031	100

* Professional Studies includes programs in commerce, information technology, accounting, human resources, social work, and disaster and emergency management.

Figure 4: Average Domestic and International Tuition Fee by Faculty, 2022/23*

Source of data: York University

Faculty	Domestic (\$)	International (\$)
Undergraduate		
Law (Osgoode)	24,802	38,023
Business (Schulich)	8,647	34,219
Engineering (Lassonde)	8,641	30,727
Liberal Arts and Professional Studies	6,776	33,518
Arts, Media, Performance and Design	6,402	32,680
Education	6,118	32,756
Environmental and Urban Change	6,118	32,756
Health	6,118	32,756
Science	6,118	32,756
Glendon	6,118	32,756
Average for undergraduate	7,245	32,962
Graduate		
Business (Schulich)	28,044	52,678
Graduate Studies	3,718	17,152
Average for graduate	6,648	29,959

* Tuition fee averages are weighted based on proportional FTE enrolment data for 2022/23.

Tuition Fees

On January 17, 2019, the Ontario government announced a 10% reduction in post-secondary tuition fees beginning in 2019/20, which it extended each year through the end of 2023/24, with limited fee increases for only domestic out-of-province students of 3% in 2021/22 and 5% in 2022/23 and 2023/24. The tuition reduction and tuition freeze did not apply to international students, as international tuition rates are not regulated by the Province.

In 2022/23, tuition fees at York averaged \$7,245 for undergraduate domestic students. In comparison, the average undergraduate tuition fee that year across all Ontario universities for domestic students was \$7,920.

For international students, 2022/23 fees at York averaged \$32,962 per undergraduate, a 24% increase over the average from 2018/19. In comparison, the average tuition fee in 2022/23 across all Ontario universities for undergraduate international students was \$45,242, which was 29% higher than tuition for such students in 2018/19.

In an effort to attract international undergraduate students to stay on for graduate studies, since 2018/19, York has increased its graduate school tuition fees by only 9%, a much lower rate of increase than the 21% average increase at other Ontario universities. See **Figure 4** for domestic and international tuition fees by faculty for York.

The Ministry of Colleges and Universities had established a panel to provide advice and recommendations on a long-term tuition fee policy for all Ontario universities that considers access to and quality of the learning experience. In November 2023, the panel recommended a 5% tuition fee increase, effective September 2024, and annual increases of at least 2% thereafter. The panel also recommended a 10% increase in funding per student by the Ministry, with 2% annual increases thereafter. At the time of our audit, the Ministry had not made a decision on the panel's recommendations.

2.2 Funding and Financial Information

2.2.1 Financial Position

Over the past five fiscal years, from 2018/19 to 2022/23, York University has had an accumulated surplus (positive net asset position) at the end of each fiscal year, ranging from a low of \$1.6 billion (in 2018/19) to a high of \$1.9 billion (in 2020/21 and 2022/23). York has generated an in-year surplus in each year of the five-year period, ranging from a low of \$20.8 million (in 2022/23) to a high of \$164.3 million (in 2018/19). Over the five years, total revenue increased by 3% and total expenses increased by 16%.

In 2022/23, 85% of York's revenue was generated from a combination of student tuition fees (55%) and government grants and contracts (30%), while salaries and benefits accounted for 69% of expenditures that year, followed by operating costs (13%). See **Appendix 5** for York's finances for the five-year period 2018/19–2022/23. To see how the Ministry has assessed York's financial sustainability over the years, refer to **Section 2.4.3**.

2.2.2 Funding from the Ministry of Colleges and Universities

The Ministry provides operating and capital funding to universities through transfer payments. As seen

in **Figure 5**, over the past five fiscal years ending in 2022/23, the Ministry provided to York University, on average, \$296.2 million each year for operating purposes and \$6.7 million each year for capital.

2.2.3 Activity-Based Budgeting

Faculties are divisions within a university concerned with a particular area of knowledge. Departments are units within a faculty that are responsible for overseeing and managing a specific academic discipline or field of study. Programs refer to a structured and organized set of courses, classes and educational activities offered by a university to students pursuing a specific area of study or field of knowledge.

Beginning in fiscal year 2017/18, York moved to an activity-based budget/costing model that provides detailed information on the revenues, expenses and financial position for each of its 10 faculties. Under this model, revenue is attributed to the units generating it: most notably, York's academic faculties. They receive the total amount of revenue they generate, predominantly from government grants and tuition associated with the faculty's enrolments, and are required to contribute to shared service costs such as student services, libraries and facilities.

The difference between a unit's budgeted gross revenue and its allocated shared service costs (the unit's net revenue) is the available budgeted amount

Figure 5: Ministry Grants for York University Operating and Capital Costs, 2018/19–2022/23 (\$ million)

Source of data: Ministry of Colleges and Universities

	2018/19	2019/20	2020/21	2021/22	2022/23	5-year average	5-year change (%)
Operating¹							
York	297.0	295.8	294.5	291.6	301.9	296.2	1.6
All Ontario universities	3,587.0	3,612.2	3,636.8	3,607.1	3,658.7	3,620.4	2.0
Capital							
York	10.4 ²	4.1	5.7	6.5	7.0	6.7	(32.7)
All Ontario universities	130.5	53.4	90.0	93.0	110.7	95.5	(15.2)

1. The amount of operating funding from the Ministry is based primarily on domestic full-time equivalent (FTE) enrolment and programs. The amounts presented are net of the \$750 International Recovery Fee per international student.
2. In 2018/19, York University received funding for major capital, greenhouse gas and retrofit projects, in addition to facilities renewal (funding for deferred maintenance). From 2019/20–2022/23, the university only received funding for facilities and training equipment renewal.

for its direct costs, the most significant being salary and benefit costs. Activity-based budgeting places responsibility on each individual faculty for its respective finances—which incentivizes faculties to treat the programs and courses they offer as sources of revenue and to reduce their share of service costs by, for example, economizing the space each uses. In an effort to promote financial sustainability, transparency and accountability, many established universities in Ontario have implemented activity-based budgeting, including the University of Toronto, Queen’s University, McMaster University, University of Waterloo and University of Windsor.

Faculties unable to independently financially sustain themselves have the option to submit a proposal to the Provost’s Office requesting financial assistance to support their operations. A faculty that obtains approval for operating support is required to develop an action plan to improve its financial performance. Such faculties must also provide annual updates to the Provost on the progress made on their action plans.

2.3 Deferred Maintenance

York University’s current asset management of buildings and infrastructure is updated with an annual on-site verification by third-party consultants of 25% of the buildings. Every fifth year, linear infrastructure (such as roads, walkways and electric power lines) is assessed. The assessment also takes into consideration whether whole equipment replacements are more beneficial compared to continuous repair or due to aged infrastructure that can no longer be supported through component replacement. As of January 2023, York’s current replacement value for the buildings and linear infrastructure on both campuses (Keele and Glendon) totalled \$3.3 billion. The outstanding deferred maintenance was \$1.04 billion.

2.4 York University Performance Metrics

2.4.1 Strategic Mandate Agreements With the Ministry of Colleges and Universities Now Incorporate Performance Metrics

Each university has a Strategic Mandate Agreement (SMA) with the Ministry of Colleges and Universities, which was first entered into for the period 2014–2017 (SMA1), then updated for 2017–2020 (SMA2). Its current iteration is for the period 2020–2025 (SMA3).

Prior to this, most operating funding had been based on enrolment, with only a small portion of funding tied to university performance. The new agreements include a grant based on performance compared to established targets for 10 metrics. The metrics are intended to measure institutions’ effectiveness in addressing labour market needs, enhancing the skills and competencies of students, and strengthening Ontario’s economic competitiveness. SMAs have thus become a component of the Ministry of Colleges and Universities’ accountability framework for the post-secondary education system.

The Ministry originally planned to provide 25% of provincial operating funding based on these 10 metrics beginning in 2020/21. However, due to the COVID-19 pandemic, the use of metrics to determine performance-based funding was postponed for three years, to provide financial stability for universities and allow for the pandemic’s impact to be better understood. Ten percent of Ministry operating funding for universities will be linked to their performance on metrics in 2023/24 and this will rise in future years.

As discussed in our 2022 audit report, *Financial Management in Ontario Universities*, shifting to a performance-based allocation would not have significantly changed the amount of funding universities received. For example, York would have received \$5 million, or 1.7% less than the total funding it received in 2021/22.

Refer to **Appendix 6** for descriptions of the performance metrics, York University’s results and the provincial average for SMA3 (2020–2025).

2.4.2 Other Ministry Key Performance Indicators

Since 1998, the Ministry of Colleges and Universities has been collecting information on Ontario universities outside of the metrics noted in the SMAs, but with some overlap. The Ministry's purpose in collecting information

for other indicators is to support universities with institutional planning, program development and marketing. **Figure 6** shows York University's results and the related provincial averages for these additional indicators using the most recent results available. The Ministry has not established targets for these additional indicators.

Figure 6: Ministry Key Performance Indicator Results for Universities, 2021/22

Source of data: Ministry of Colleges and Universities

Key Performance Indicator	York	Provincial Average
Graduation rate¹	70.7%	78.9%
Graduate employment rate (full-time and part-time)²		
6 months after graduation	85.4%	90.4%
2 years after graduation	91.1%	94.3%
Job relatedness (full-time and part-time)²		
Skills match³		
6 months after graduation	77.0%	83.0%
2 years after graduation	81.0%	87.0%
Subject matter match⁴		
6 months after graduation	69.0%	73.0%
2 years after graduation	72.0%	77.0%
Average annual salary of graduates employed full-time²		
6 months after graduation	\$46,297	\$50,504
2 years after graduation	\$54,382	\$60,254
Graduates' occupations²		
Business, finance and administration occupations	27.1%	23.2%
Education, law and social, community and government-services related occupations	29.8%	27.2%
Health occupations	7.9%	13.6%
Natural and applied sciences and related occupations	8.1%	15.6%
Sales and service occupations	14.3%	9.5%
Others – such as management, art/culture, sport/recreation, trades/transport, natural resources and manufacturing	12.7%	10.9%
Ontario Student Assistance Program loan default rate	2.9%	1.8%

 – York's performance was below the provincial average.

1. The percent of individuals who started university in 2014 and graduated within seven years (i.e., by 2021).
2. Data used to calculate indicators collected from the 2019 Ontario University Graduate Survey.
3. Refers to whether the work is "closely or somewhat related" to the skills developed at university.
4. Refers to whether the work is "closely or somewhat related" to the subject of the program of study completed.

Figure 7: York University Financial Health Indicator Results, 2018/19–2022/23

Source of data: York University

Health Indicator	Ministry Low-Risk Threshold ¹	2018/19	2019/20	2020/21	2021/22	2022/23	2021/22 ⁵	
							Large Universities Average ²	Provincial Average ³
Net income/loss ratio (%)	≥ 1.5	12.8	9.9	6.0	2.3	1.6	3.9	2.7
Net operating revenue ratio (%)	≥ 7	15.1	11.7	11.5	8.8	5.0	9.2	10.1
Primary reserve (# of days)	≥ 90	180	220	225	200	191	226	131
Interest burden ratio (%)	≤ 2	2.4	2.5	2.7	2.5	2.3	1.6	1.7
Viability ratio (%)	≥ 60	110.4	115.2	120.8	112.7	114.0	199.4	139.0
Debt ratio ⁴ (%)	≤ 35	33.0	34.4	33.9	36.1	37.2	35.1	44.7
Debt-to-revenue ratio ⁴ (%)	≤ 35	39.0	47.1	47.9	47.6	45.3	38.6	40.8
Working capital ⁴ (#)	≥ 1.25	1.22	1.55	2.85	1.89	1.41	1.98	1.54

 - York performed below the sector average in 2021/22. **Bolded** data indicates York did not meet the Ministry's low-risk threshold.

1. Thresholds are based on the financial accountability oversight framework the Ministry began to implement in April 2023. Prior years' benchmarks differed.
2. Includes Ontario universities with more than 30,000 students: McMaster University, University of Ottawa, University of Toronto, Toronto Metropolitan University, University of Waterloo, Western University and York University.
3. Average of all universities in Ontario.
4. A new measure for 2022/23. Calculated retroactively.
5. Latest available comparator data.

2.4.3 Ministry Financial Health Indicators

Since 2014/15, the Ministry of Colleges and Universities has calculated measures of financial sustainability, referred to as Financial Health Indicators (FHIs), for Ontario's universities. Refer to **Appendix 7** for an explanation of each indicator, including the calculation and corresponding Ministry threshold. **Figure 7** includes the trend in York University's indicator results for the period 2018/19–2022/23 compared to other large Ontario universities. The Ministry recently developed a new financial accountability oversight framework for universities that came into effect in April 2023. The FHIs in the new framework include eight financial accountability ratios to monitor the financial health of Ontario universities and their credit ratings, including five previously calculated ratios and three new ones.

If an institution's ratios/metrics are below the defined threshold, they will fall into one of the

Ministry's low-, medium- or high-action plan bands. The low-action band requires only communication; the medium-action band requires an internal recovery plan; and the high-action band requires intervention by an independent advisor and an assisted-recovery plan. The Ministry plans to calculate and apply the new framework to universities in late 2023, based on their 2022/23 FHI results, following which the requirements of the action bands will take effect.

Ministry Financial Health Risk Assessment

From 2017/18 to 2020/21, prior to the new framework, the Ministry assigned a risk category of high, medium or low to each university based on an assessment of the FHIs. There were no established criteria used to assign risk categories, and the Ministry assigned the risk category based on judgment using performance trends. York University was assessed as low risk overall in each of the five years from 2017/18 to 2020/21.

3.0 Audit Objective and Scope

The objective of our audit was to assess whether York University has effective systems, processes and governance practices in place to ensure that:

- academic programs are delivered and resources, including capital, are acquired economically and efficiently to enable long-term financial sustainability;
- relevant legislation, regulations, agreements and policies are in place and adhered to; and
- operational effectiveness is measured, assessed and publicly reported on in compliance with legislation and best practices.

In planning for our work, we identified the audit criteria we would use to address our audit objectives. These criteria were established based on a review of applicable legislation, policies and procedures, internal and external studies, and best practices. Senior management at York University reviewed and agreed with the suitability of our audit objectives and related criteria, as listed in **Appendix 8**.

We conducted our audit from January to September 2023, and obtained written representation from York University on November 21, 2023, and the Ministry of Colleges and Universities on November 20, 2023, that effectively they had provided us with all the information they were aware of that could significantly affect the findings or the conclusion of this report.

We assessed key operations including York's financial position, the sustainability of academic offerings across York's faculties, major capital projects and deferred maintenance, performance measurement, as well as other areas impacting students' daily lives, including campus safety and mechanisms for complaints. We also examined governance structures at York University, including processes for Board decision-making, and Board and committee competencies, to determine whether the university facilitated the delivery of academic programming in a financially sustainable manner. We also assessed whether the university performed comprehensive capital planning and adhered to broader-public-sector procurement policies.

We examined the role and effectiveness of the York University Development Corporation in the capital planning process of York, as well as its governance structure and independence.

The audit did not focus on academic-related matters, such as the quality of education provided by the university. We also did not review the oversight activities of the university's Senate. The audit also did not include the Ministry's oversight of universities other than in instances where the Ministry had the opportunity to provide support for any significant failings of York that we identified. Audit work on the Ministry's oversight of universities was part of the scope of our special audit of Laurentian University (2022) and our 2022 value-for-money audit, *Financial Management in Ontario Universities*.

We conducted our work primarily at York University in Toronto. We met with members of the university's senior management team and Board of Governors.

We met with other stakeholders to gain an understanding and perspective on the university's operations, including representatives of the Ontario Association of Physical Plant Administrators, to discuss deferred maintenance in the university sector and at York University, and the Ontario Financing Authority, to discuss potential savings on debt servicing costs that universities could take advantage of, as well as a representative of the York University Faculty Association (YUFA).

We held discussions with the Ministry of Colleges and Universities to obtain clarity on data and information reported to it by York, plans for a long-term tuition fee policy and its financial risk rating of York.

We conducted research of other Canadian universities to determine how York compared in areas including performance measures, credit ratings, debt per student, and governance policies such as whistleblowing.

We engaged an expert to assess York's governance structures and practices.

We conducted our work and reported on the results of our examination in accordance with the applicable Canadian Standards on Assurance Engagements—Direct Engagements issued by the Auditing and Assurance Standards Board of the Chartered

Professional Accountants of Canada. This included obtaining a reasonable level of assurance.

The Office of the Auditor General of Ontario applies Canadian Standards on Quality Management and, as a result, maintains a comprehensive system of quality management that includes documented policies and procedures with respect to compliance with rules of professional conduct, professional standards, and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Professional Conduct of the Chartered Professional Accountants of Ontario, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

4.0 Detailed Audit Observations

4.1 Financial Sustainability and Debt Levels

4.1.1 With Financial Performance Declining, York Has Reached Its Debt Capacity

York University generated a net income consistently over the past five fiscal years, 2018/19–2022/23. However, during this time, its annual net income continuously decreased by a total of 87% (\$143.5 million), from \$164.2 million in 2018/19 to \$20.8 million in 2022/23 (**Appendix 5**).

York's declining financial performance was primarily the result of increased salary and benefit expenses while revenue stagnated. Revenue stagnated due to relatively consistent enrolment levels (see **Figure 2** in **Section 2.1.2**) and mix of domestic and international students, combined with the domestic tuition freeze imposed by the Ministry of Colleges and Universities since the 2019/20 school year.

York's decline in net income was also reflected in its net income/loss ratio and net operating revenue ratio, which have been steadily decreasing for the past five years (see **Figure 7**).

Declines in these metrics suggest that York should more closely manage its expenses, relative to its revenue base, to ensure that it will continue to generate positive cash flows in the long run and be financially sustainable.

When compared to the average for large universities (those with enrolment greater than 30,000), we found that York underperformed on all Financial Health Indicators (FHIs) in 2021/22 (the most recently available provincial comparison of FHIs of universities). Compared to the average for all universities in Ontario, York underperformed in five of the eight indicators. The university exceeded the provincial average with regard to its primary reserve, its debt ratio and its working capital ratio.

While its financial performance was declining, York accumulated a significant amount of debt through the issuance of unsecured long-term debt (debentures) for capital purposes. Over the five-year period 2018/19–2022/23, York took on \$100 million in debt, in addition to the \$500 million it had borrowed prior to this period. During the five-year period, York consistently did not meet the Ministry's low-risk thresholds on two indicators related to debt: the debt-to-revenue ratio and interest burden ratio. York met the Ministry's low-risk threshold for the debt ratio until 2020/21, but exceeded it in both 2021/22 and 2022/23 (see **Figure 7**).

Being highly leveraged poses risks for the university, including creating budget constraints and limiting York's ability to invest in or use debt to address necessary areas, such as reducing its increasing deferred maintenance balance on buildings and infrastructure. It also limits the ability of the university to finance future capital projects with the use of debt, such as in the case of a potential medical school being considered in the City of Vaughan, for which York recently put a proposal forward to the provincial government.

At April 30, 2023, York's debt totalled \$600 million, which consisted of five unsecured debentures maturing between 2042 and 2060. These debentures are to be paid in full at the time of maturity, rather than gradual payments over the life of the loan. The debt was obtained to complete several renewal and expansion (new build)

projects. See **Figure 8** for information about York's outstanding debentures and other long-term debt.

In its annual review of financial metrics in February 2023, the Finance and Audit Committee of the Board noted that, to be in the Ministry's low-risk (< 35%) threshold for the debt-to-revenue metric, York's revenue would need to increase by approximately \$500 million (about 40% more than the revenue generated in 2021/22), or, alternatively, the debt would need to be reduced.

Beginning January 1, 2022, York implemented a long-term debt policy that requires adherence to financial ratios that are reviewed annually by the Finance and Audit Committee of the Board. According to the policy, in order for York to preserve its financial health and creditworthiness, it must maintain certain key financial ratios. As seen in **Figure 9**, in 2022/23 York breached the thresholds of its own policy for both debt per FTE and the debt ratio.

4.1.2 York Had Only a Partial Plan in Place for Repayment of Debt

York established an internally restricted sinking fund in 2004 to repay 50% of the total balance of long-term debt, which is enough to pay down its first two

debentures when they become due (\$200 million due in 2042 and \$100 million due in 2044). As at April 30, 2023, the sinking fund was valued at \$93.4 million.

York leadership estimates that if its annual contributions to the sinking fund continue until 2041/42 (\$74.8 million in total) and earn the same rate of return as its Endowment Fund has over the last 21 years, it has a 90% probability to meet the obligation to repay the first two debentures totalling \$300 million when they come due. To determine if York's debt level would be considered low risk by the Ministry of Colleges and Universities, we calculated that when the current value of the sinking fund is deducted from the value of the debt, the debt ratio would drop slightly to 34.6% compared to 37.2%, as shown in **Figure 7**; however, this would still leave the university at the Ministry's low-risk threshold of 35%.

The Finance and Audit Committee of the Board is to review the value of the sinking fund every two years relative to the projected target and to consider recommendations to increase the sinking fund to ensure funds are sufficient to repay the principal. York is maintaining a sinking fund that currently could repay 16% of the total balance of long-term debt as of April 30, 2023, but, as mentioned above, the sinking fund is projected by York (90% chance) to be 50% of the value of all

Figure 8: York University Debt, as at April 30, 2023

Source of data: York University

	Term (years)	Date of Maturity	Interest Rate (%)	Principal (\$ 000)	Interest Expense in 2022/23 (\$ 000)
Debentures					
2042	40	March 7, 2042	6.48	200,000	12,960
2044	40	May 4, 2044	5.84	100,000	5,841
2054	40	February 26, 2054	4.46	100,000	4,458
2056	40	May 26, 2056	3.58	100,000	3,579
2060	40	April 1, 2060	3.39	100,000	3,394
Mortgages					
Bethune	50	May 1, 2023	7.25	64	7
Atkinson	50	November 1, 2023	7.63	138	13
Term Loan					
Deposit Note	20	October 31, 2023	4.50	124	11
Total				600,326	30,263

Figure 9: Ratios Contained in York University's Long-Term Debt Policy

Source of data: York University

Key Financial Ratio	Description	Threshold	April 2022 Results	April 2023 Results
Debt per student FTE (\$)	Divides debt by the total number of full-time-equivalent (FTE) students registered at the university and reflects debt capacity relative to university size.	< 12,250	12,149	12,764
Viability ratio (%)	Measures the proportion of long-term debt that could be settled using unrestricted assets.	> 80	112.7	114.0
Interest coverage (years)	Measures the number of years that interest payments can be made with currently available earnings.	> 2.5	3.0	3.0
Surplus to revenue (five-year rolling average) (%)	An indicator of the extent to which an entity's revenues contribute to its net assets.	> 2	6.6	6.5
Debt ratio (%)¹	Measures the extent of an entity's leverage and shows the proportion of an entity's assets financed by debt.	< 35	48.7	49.2
Debt-to-revenue ratio (%)¹	Measures an entity's ability to repay debt.	< 50 ²	47.6	45.3
Interest burden ratio (%)¹	Measures the proportion of total expenses supporting the annual cost of servicing debt.	< 4 ²	2.5	2.3

Note: **Bolded** data indicates York did not meet its threshold.

1. Financial ratio established by York is similar to the Financial Health Indicator established by the Ministry of Colleges and Universities.
2. Threshold established by York is more lenient than the threshold established by the Ministry for its similar Financial Health Indicator.

debentures, or \$300 million, by maturity of the first debenture in 2042 (**Figure 8**). No plan has been made about whether the university will maintain the sinking fund following the repayment of the first \$300 million in debentures, to cover the value of the additional three debentures due between 2054 and 2060, which also total \$300 million. Although we noted at the time of our audit that York had internally restricted reserves totalling \$1.4 billion as of April 30, 2023, there was no certainty that these reserves would be available to repay the debentures when they come due. We assessed that about \$450 million was uncommitted and could be available for use. The remainder of the internally restricted reserves were attributed to items such as contractual commitments to employee groups, employee pension benefits, land-appraisal valuations and funding for committed capital projects.

RECOMMENDATION 1

To reduce the university's financial risk and to ensure the university's ability to repay its debt at time of maturity, we recommend that York University:

- develop and implement a strategy to be compliant with the Ministry of Colleges and Universities' Financial Health Indicator low-risk thresholds, including for the debt ratio, debt-to-revenue ratio and interest burden ratio; and
- develop a plan to ensure it is able to meet the obligations of all debentures when they come due.

YORK UNIVERSITY RESPONSE

York accepts the recommendation that it develop and implement a strategy to ensure that we are

compliant with the Ministry's Financial Health Indicator low-risk thresholds for individual metrics in addition to the sustainability category overall. York will develop a plan to move all Financial Health Indicator to below low-risk thresholds over time. Through revenue increases, the debt/revenue ratio will move below the 35% low-risk threshold, and through expenditure reductions, the interest burden ratio will move to below the 2% low-risk threshold. The university is actively planning for both revenue growth and expenditure reduction and anticipating that a new tuition framework that unlocks frozen domestic tuition will aid in the former.

York will also develop a plan to ensure it is able to meet the obligations of all debentures when they come due.

4.2 Many of York's Faculties Operate at a Deficit

Like many other universities, York offers a diverse learning environment, and it is understood that not all academic programs will necessarily be financially self-sustaining. There are reasons beyond financial to offer academic courses. However, for a university to maintain operations and continue providing academic services, its academic programs as a whole must be financially sustainable after accounting for Ministry operating grant funding. In the absence of additional external support, such as from investments or private benefactors, the profits from courses that generate higher revenue must compensate for those that run losses. York told us it needed to subsidize some programs and faculties to sustain a range of activities that contributed to fulfilling the university's academic mission, overall reputation, and impact on society and the economy, as well as to meet emerging needs of industries and employers.

Of York's 10 faculties, four sustained themselves financially during the five-year period 2018/19–2022/23. These were the Schulich School of Business,

Osgoode Hall Law School, the Faculty of Health, and the Faculty of Liberal Arts and Professional Studies. Four other faculties (Arts, Media, Performance and Design; Glendon College; Environmental and Urban Change; and Education) ran continuous in-year deficits during this period. The Faculty of Science had in-year deficits in four of the five years, and the Lassonde School of Engineering had one in-year deficit during the five years.

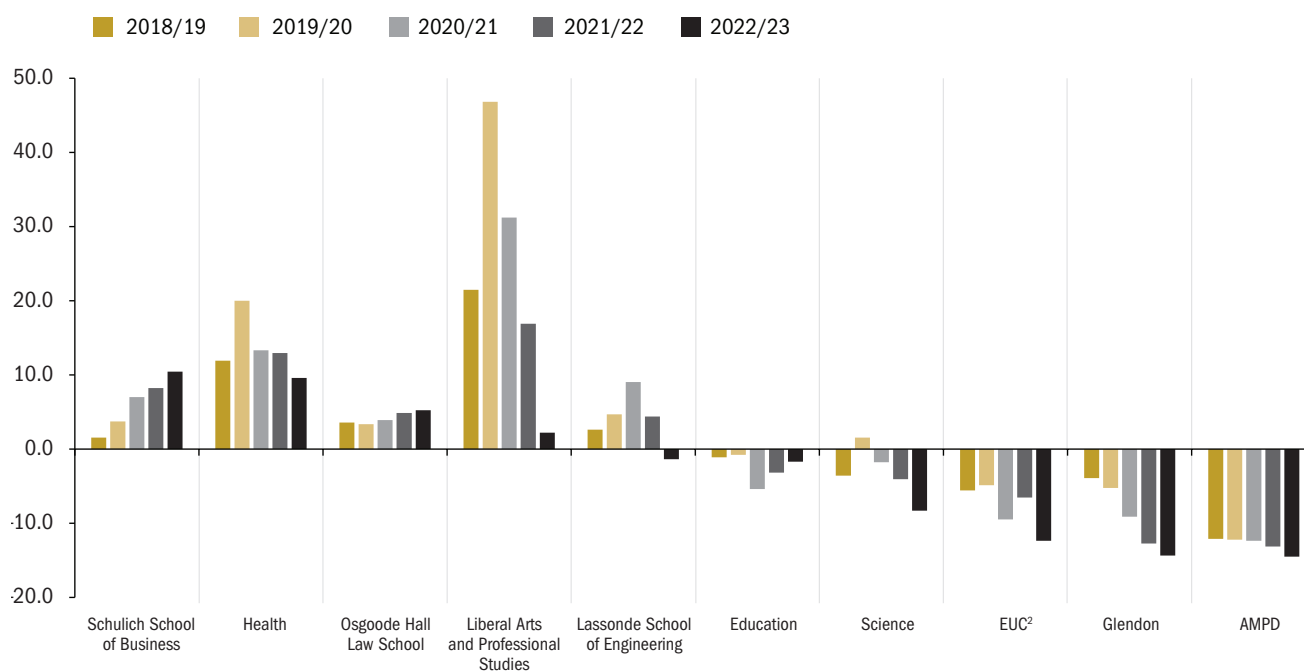
In 2022/23, six of York's 10 faculties had an in-year deficit ranging from a low of \$1.4 million at the Lassonde School of Engineering to a high of \$14.5 million at the Faculty of Arts, Media, Performance and Design. **Figure 10** shows the five-year trend in financial sustainability for each of York's faculties.

A major contributing factor to the poor financial performance of some faculties was the large number of programs with low demand and low enrolment that continued to be offered. For all of York's faculties combined, in 2022/23, 50 (37%) of their 135 undergraduate programs had 50 or fewer students enrolled, and 31 (23%) programs had 20 or fewer students enrolled. This was not unusual; similar levels of low enrolment occurred in previous years. See **Figure 11** for the number of undergraduate programs offered with low enrolment at each faculty.

The activity-based budgeting/costing model (discussed in **Section 2.2.3**) that began to be implemented as of fiscal year 2017/18 provides York with information about the financial contribution of each of its faculties, as seen in **Figure 10**. It does not track the costing of individual departments or programs within the faculties. As a result, York does not know which departments or programs are running losses and which are profitable or breaking even. We recognize that costing by individual department or by program would pose some key challenges, such as determining how to allocate shared service costs accurately for individual departments and programs. Similarly, determining how to allocate faculty time and compensation to specific programs could be difficult because faculty members often contribute to multiple programs and engage in research and administrative duties in addition to teaching.

Figure 10: Trend in Financial Sustainability¹ by Faculty, 2018/19–2022/23

Source of data: York University



- Information excludes the contributions/payments faculties made to a common university fund and funding support faculties received. From 2017/18–2021/2022, seven of 10 faculties automatically received support from profits of other faculties to maintain their revenues at previous levels and help ease the transition to activity-based costing (from an incremental costing model). Starting in 2022/23, faculties had to submit proposals for approval by the Provost for operating support. Three faculties received operating support funds: EUC (\$6 million), Glendon (\$9.4 million) and AMPD (\$15 million).
- This faculty was created in fall 2020 through a merger of the former Faculty of Environmental Studies and the Department of Geography in the Faculty of Liberal Arts and Professional Studies. Revenues and expenses related to the Department of Geography are included in the Faculty of Liberal Arts and Professional Studies in 2018/19 and 2019/20 (i.e., prior to the merger) and in the Faculty of Environmental and Urban Change from 2020/21 to 2022/23 (i.e., after the merger).

Figure 11: Undergraduate Programs with Low Enrolment, by Faculty, 2022/23

Source of data: York University

Faculty	# of Programs in 2023	# of Programs in 2022/23		# of Programs for at Least 3 Years from 2018/19–2022/23	
		with ≤50 students	with ≤20 students	with ≤50 students	with ≤20 students
Liberal Arts and Professional Studies	52	18	14	14	12
Glendon	21	15	6	11	7
Science	18	8	6	8	4
Engineering (Lassonde)	13	1	1	1	1
Arts, Media, Performance and Design	10	2	1	1	1
Health	9	1	1	1	0
Environmental and Urban Change*	8	5	2	3	1
Education	2	0	0	0	0
Law (Osgoode)	1	0	0	0	0
Business (Schulich)	1	0	0	0	0
All Faculties	135	50	31	39	26

* This faculty was created in fall 2020 through a merger of the former Faculty of Environmental Studies and the Department of Geography in the Faculty of Liberal Arts and Professional Studies. Results for some programs within the new faculty are based on two years of data (2021/22–2022/23). For purposes of this analysis, enrolment in geography programs since 2018/19 has been included in the Faculty of Environmental and Urban Change.

To help inform decisions about program delivery, identify opportunities for increased efficiency and effectiveness in its departments, and improve the financial performance of faculties with continued in-year deficits, it would be prudent for York to know which departments or programs were running losses and which were profitable or breaking even. At the time of our audit, the Faculty of Liberal Arts and Professional Studies was developing a methodology to track the financial contribution of each of its departments.

Between 2016 and 2023, in response to declining enrolment and in an effort to offer programs that provided a better financial contribution, York discontinued 22 undergraduate programs. Despite these efforts, our review found that the university continued to deliver many programs with low enrolment.

As seen in **Figure 12**, enrolment decreased by at least 10% in 58 (43%) of York’s 135 undergraduate programs, from 2018/19 to 2022/23. The decreases did not have a negative impact on enrolment for the

university overall; in fact, overall there was a net increase of 349 students.

Below we examine in more detail the reasons behind the consistently poor financial performance by the faculties of Glendon College; Arts, Media, Performance and Design; and Environmental and Urban Change.

4.2.1 Declining Enrolment and Proportionately High Salary Expenses Were Creating Financial Pressure on Glendon College

Glendon College (Glendon) has its own campus, located about 20 kilometres from the university’s main Keele campus. This faculty’s focus is bilingual liberal arts education. Although Glendon’s financial challenges date back to at least 2012, beyond the scope of this audit, we found that Glendon’s key challenges for financial sustainability were declining enrolment, set against the high cost of staffing relative to the number of students. Glendon had the highest faculty and

Figure 12: Current Undergraduate Programs Where Enrolment Decreased from 2018/19 to 2022/23

Source of data: York University

Faculty	# of Programs		
	Total (2022/23)	With Decreased Enrolment	Enrolment Decreased ≥ 10% (FTE)
Liberal Arts and Professional Studies	52	34	24
Liberal Arts	44	32	23
Professional Studies	8	2	1
Glendon	21	18	17
Science	18	8	7
Engineering (Lassonde)	13	1	1
Arts, Media, Performance and Design	10	7	4
Health	9	6	3
Environmental and Urban Change*	8	2	2
Education	2	0	0
Business (Schulich)	1	0	0
Law (Osgoode)	1	0	0
Total	135	76	58

* This faculty was created in fall 2020 through a merger of the former Faculty of Environmental Studies and the Department of Geography in the Faculty of Liberal Arts and Professional Studies. For purposes of this analysis, enrolment in geography programs since 2018/19 has been included in the Faculty of Environmental and Urban Change.

support staff salaries and benefits as a proportion of total costs of all faculties in 2022/23 at 59%, which is 14% higher than for all faculties combined (45%).

From 2018/19 to 2022/23, full-time equivalent (FTE) enrolment at Glendon declined by 32% (650 students), from 2,046 students to 1,396. As seen in **Figure 12**, 17 (81%) of Glendon's 21 undergraduate programs had enrolments go down at least 10% in the last five years, and in seven (33%) programs, student enrolment decreased by at least 50 students over the same time period. The enrolment decline resulted in an \$8.9 million (23%) decrease in revenue from tuition and government grants. Yet salaries, the faculty's largest expense, increased 2% over those five years.

We found that in 2022/23, Glendon had the second-lowest student-to-faculty ratio in the university (16.1 students for each tenure-stream professor, compared to the university average of 31.6). In turn, Glendon had the second-highest salaries-cost-per-student, \$23,588, which was almost twice as much as the average cost for the university, \$11,818. While a lower student-to-faculty ratio enhances the student's experience, it has added to the financial pressure Glendon is experiencing.

York's leadership attributed Glendon's declining enrolment to factors such as external competition stemming from Ontario's four publicly funded French-language institutions (two universities and two colleges) and eight French-language and bilingual institutions offering university programs (including York), as well as internal competition from the Faculty of Liberal Arts and Professional Studies at York's Keele campus, which offers similar programs and courses as Glendon, though these programs are not bilingual.

In 2021, York hired a third-party consultant (Nous Group) to help find solutions to improve the faculty's financial position. In their report, Nous Group noted that humanities enrolments have been trending downwards for the past 10 years, and while social science enrolment remains strong, it has also slowed (and even slightly declined in Ontario). Students have moved away from liberal arts over time toward STEM (science, technology, engineering and mathematics) and business fields of study.

In March 2023, Glendon developed a proposal for internal consultation and discussion to restructure its academic departments from 14 to four. Also, as of May 2023, the faculty had started the process of harmonizing degrees and streamlining program course requirements, with eight programs suspending admissions starting in fall 2023 and fall 2024. Glendon has proposed to implement its restructuring plan starting in September 2024, subject to all applicable approvals from the Board and Senate, in addition to collective agreement provisions being satisfied. According to Glendon's most recent budget, the faculty is projecting in-year deficits for the next three years, 2023/24–2025/26, ranging from \$4.4 million (2025/26) to \$7.3 million (2024/25). These amounts did not fully include the impacts from restructuring.

See **Appendix 9** for trends in key financial, enrolment and faculty information at Glendon College from 2018/19 to 2022/23.

4.2.2 High Costs of Performance and Studio Space and Declining Enrolment Contributed to the Weak Financial Position of the Faculty of Arts, Media, Performance and Design

York University's School of the Arts, Media, Performance and Design (AMPD) offers undergraduate and graduate degree programs in media arts, visual arts, music, dance, theatre, design, film and video, among other programs. Since at least 2018/19, the faculty's financial performance has continuously declined as in-year deficits grew by 20% (\$2.4 million), from \$12.1 million in 2018/19 to \$14.5 million in 2022/23.

During this period, enrolment (FTE) at AMPD declined by 9% (261 students) from 2,798 students to 2,537. As seen in **Figure 12**, four (40%) of AMPD's 10 undergraduate programs experienced a decline in enrolment of at least 10% over the last five years. This contributed to tuition and grant revenue decreasing by 5% (\$2.2 million), without a corresponding decrease in expenses. In fact, salaries increased by 6% (\$2 million) over the five years ending 2022/23.

York's management attributed the faculty's deficits in part to the unique need for performance and studio space, specialized equipment, technicians and small class sizes required to learn the subject matter. We found that in 2022/23, the salaries cost per student at AMPD was 18% higher (\$2,069 per student higher) than the average cost for the university, and AMPD's student-to-tenure-stream-professor ratio (28.6 students per faculty) was slightly below the university's overall ratio of 31.6. More significantly, AMPD had the university's highest allocated space costs per student (\$3,682 per student), more than twice as high as the university average (\$1,760 per student).

A 2023 space utilization audit report prepared by an external consultant noted that the teaching of AMPD's curriculum requires intensive space for specialized instruction, which also houses industry-standard technologies (for example, film sound stages; performance theatres with digital theatrical lighting grids, digital audio systems and an orchestra pit; recording studios; dance, music, painting and drawing studios; a foundry, carpentry and wardrobe shops; photography and print media labs; in addition to research labs for sound immersion and mixed/hybrid reality technologies).

The faculty was using the findings from the 2023 space utilization audit to develop a plan for improved use of space, and it also hired a consultant to develop an international recruitment strategy. AMPD had yet to conduct a comprehensive review of its financial performance or develop a comprehensive strategy to improve it.

See **Appendix 9** for the trends in key financial, enrolment and faculty information at AMPD from 2018/19 to 2022/23.

4.2.3 Environmental and Urban Change's Declining Financial Performance Attributed to Low and Stagnant Enrolment, Coupled with High Program Costs

York University's Faculty of Environmental and Urban Change (EUC) offers undergraduate and graduate degree programs in environmental studies,

environmental science, sustainable environmental management and geography, among other programs. EUC was established in 2020 through a merger of the former Faculty of Environmental Studies and the Department of Geography in the Faculty of Liberal Arts and Professional Studies. This restructuring involved moving the Department of Geography out of the Faculty of Liberal Arts and Professional Studies, and the creation of new programs. The faculty's enrolment has decreased by 20% (164 FTE students) since it was established in fall 2020.

The Faculty of Environmental and Urban Change's in-year deficit grew by \$6.8 million, from \$5.6 million in 2018/19 to \$12.4 million in 2022/23. Low enrolment and the lack of enrolment growth, coupled with high costs to run programs (most notably salaries and allocated shared service costs), combined to cause EUC's negative and declining financial performance.

From 2018/19 to 2022/23, enrolment (FTE) at EUC and the former Faculty of Environmental Studies declined by 2% (12 students), resulting in a commensurate decrease in revenue from tuition and government grants of 1% (\$100,000). However, there was no corresponding decrease in expenses. In fact, salaries—the largest expense—increased by 52% (\$5.1 million) over those five years. This increase occurred in 2020/21, the year the merger between the former Faculty of Environmental Studies and the Department of Geography in the Faculty of Liberal Arts and Professional Studies took place, when the salaries from the Department of Geography shifted from the Faculty of Liberal Arts and Professional Studies to the new faculty. The proposal for the creation of the faculty through the merger noted that full-time faculty would remain constant and part-time faculty would increase slightly, by 2% annually.

We found that in 2022/23, EUC had the lowest student-to-faculty ratio of any York faculty (14.6 students for each tenure-stream professor, compared to the university-wide average of 31.6). Correspondingly, EUC had the third-highest salaries cost per student of \$22,951 per student, which was almost twice as much as the \$11,818 per student university average.

Furthermore, we found that in 2022/23, EUC had the second-highest allocated space costs per student (\$3,485), almost twice as high as the \$1,760 per student norm. See **Appendix 9** for the trends in key financial, enrolment and faculty information at EUC for 2018/19–2022/23.

The faculty has yet to conduct a full financial review and develop a comprehensive plan to improve its financial performance. York stated that a full review of the faculty would be undertaken if needed.

RECOMMENDATION 2

To strive for better financial sustainability across all faculties, combined as well as individually, we recommend that York University:

- complete an analysis of profitability at the academic program and department level;
- regularly analyze and monitor department and program enrolment and profitability trends within all faculties; and
- for programs that are not profitable, develop strategies for improvements in program design, course planning and resource allocation or assess whether to stop program intake and phase out the program.

YORK UNIVERSITY RESPONSE

York's management agrees that understanding the financial health and impact of individual programs and academic units is necessary to plan for the institution's overall financial sustainability, and will complete an analysis of financial sustainability at the academic program and department level. The funding available for individual programs does not always reflect their costs of delivery, or the scale of activity that is possible in specialized areas of knowledge and practice. As such, a degree of internal redistribution of revenues is necessary in order to provide sufficient breadth, diversity and quality of learning opportunities to serve the knowledge needs of students and of the province.

The university has undertaken deeper analyses of revenue and cost profiles in select faculties and units, generally in response to enrolment and/or budget challenges in specific areas. These initiatives will be expanded to apply more proactively across all faculties based on common indicators of program health and embedded in the university's Strategic Enrolment Management and York University Quality Assurance Procedures frameworks.

Where a program or unit cannot realistically cover all of its operating costs independently, the university will determine whether and how the program should be maintained for academic quality and reputation reasons, with a plan to cross-subsidize it from other revenue sources.

4.3 Enrolment Trends and Reliance on International Students

4.3.1 Increasing Reliance on Tuition Revenue from International Students Poses Significant Financial Risk to the University

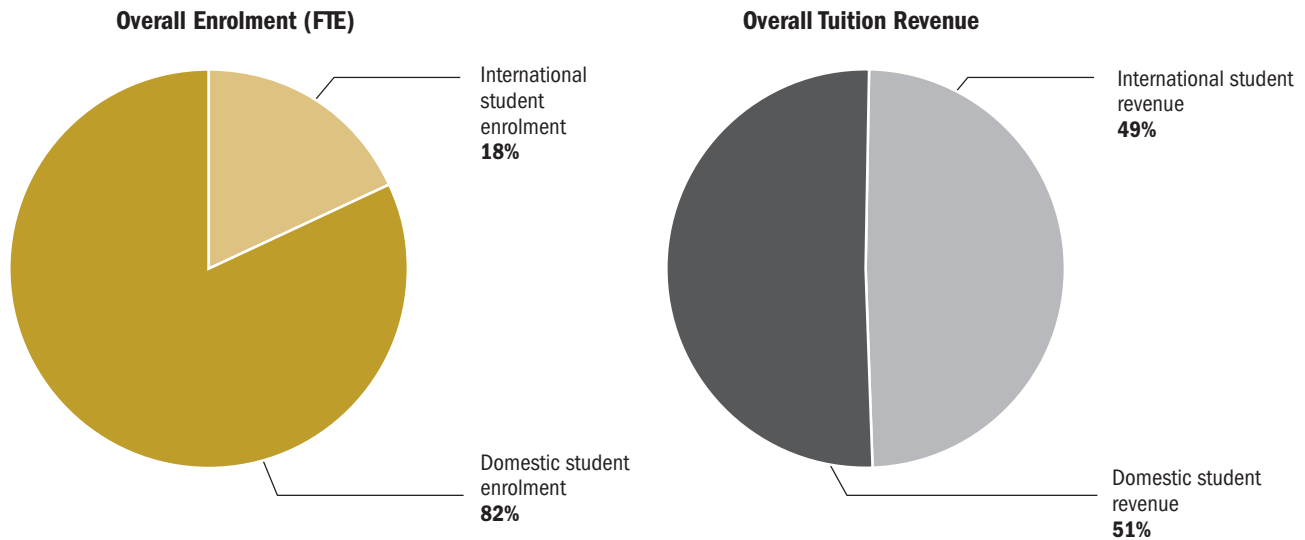
International students play an important role in Ontario universities. They increase the social and cultural diversity of campus life and programs, contribute to the local economy, and may potentially end up working in Ontario or obtaining permanent residency after graduation.

In 2022/23, international students represented 18% of the student population at York, which is comparable to Ontario's other large universities. According to data provided by the Ministry of Colleges and Universities, in 2021/22, the six Ontario universities with FTE student enrolment over 40,000 had the following percentages of international students:

1. University of Toronto (29%)
2. University of Waterloo (23%)
3. University of Ottawa (22%)
4. York University (20%)
5. Western University (15%)
6. Toronto Metropolitan University (10%)

Figure 13: Proportion of Domestic and International Student Enrolment and Tuition Revenues (FTE) in 2022/23

Source of data: Ministry of Colleges and Universities and York University



The recruitment of international students has helped York grow and offset the cost of operations. According to an analysis performed by York, the university missed out on \$333.6 million in potential tuition revenue because of the Ontario government's 2019 decision to reduce domestic tuition fees by 10% then freeze them at that rate until at least 2023/24. York's analysis of potential revenue built in a 3% annual tuition increase from 2019/20 to 2023/24.

Over the past five years, York's reliance on international student tuition revenue has increased, partly in response to the Ministry of Colleges and Universities' tuition reduction and freeze. As a portion of total FTE enrolment, international students went from 16% in 2018/19 to 18% in 2022/23; revenue from international tuition as a portion of total tuition revenue increased from 38% (\$209.3 million) in 2018/19 to 49% (\$293.4 million) in 2022/23. **Figure 13** shows the proportion of tuition revenues and enrolment (FTE) from international and domestic students.

To provide stability both for the Ministry of Colleges and Universities and for universities in terms of the amount of operating funding provided, Ministry funding is based on an agreed-upon enrolment target for domestic students. The target is specified in an enrolment contract between the Ministry and the university. York receives its agreed-upon funding so

long as the five-year rolling average of its domestic enrolment remains within 3% of the target. If York's average domestic enrolment is more than 3% over its enrolment target, no additional funding is given for those additional students. If the average enrolment is more than 3% below the target, the Ministry recovers grant funding by an amount equivalent to the average enrolment below the 3% threshold. For the sake of its financial sustainability, therefore, it is important for York to meet its targets for domestic and international student enrolment.

The university targets an international enrolment of 20%, and in 2022/23, it was just under this target at 18% (19% in 2021/22). At the faculty level, we found the proportion varied widely, with international students making up a low of 1% in the Faculty of Education to a high of 27% in the Faculty of Engineering for 2022/23.

In five faculties—Liberal Arts and Professional Studies; Science; Engineering (Lassonde); Business (Schulich); and Arts, Media, Performance and Design—over half of tuition revenue came from international students. The university's largest faculty, Liberal Arts and Professional Studies, relied most heavily on international student tuition revenue. In 2022/23, 61% of tuition revenue at that faculty came from international students.

Significant reliance on international students for revenue is a key risk to York if international student enrolment were to suddenly decline, especially where international enrolment is dependent on few regions (discussed in **Section 4.3.2**). For example, in the event that students from certain key regions are not permitted to study in Canada, there could be a significant negative impact on the financial situation of the university.

4.3.2 York University Was Overreliant on Few Geographic Regions for International Students

As seen in **Figure 14**, in 2022/23, students from China and India made up 57% of York's international student enrolment. In each of the five years from 2018/19 to 2022/23, China was the source country for the largest proportion of international students. Yet, enrolment by Chinese students has dropped 20% from 2018/19 levels. On the other hand, enrolment of students from India has doubled at York from 2018/19 levels. As noted in our 2021 audit, *Public Colleges Oversight*, the increase in the percentage of international students from India was due to several factors, including that:

- the English language is widely used in India, and many students have sufficient English fluency to be accepted into and complete an Ontario program;

- India has the world's second-largest population, with about 60% under the age of 30;
- India's middle class is among the fastest growing in the world; and
- entry into India's labour market is increasingly difficult for a growing number of graduates.

Overreliance on a few geographic regions increases the risk that external factors, such as a global economic downturn or foreign policy shift, could significantly impact a university's financial health. This was seen in 2018 at Ontario Tech University in Oshawa, Ontario, after relations between Canada and Saudi Arabia deteriorated, leading the Saudi government to recall its scholarship-funded students from Canada. That led to an estimated \$3 million loss in anticipated tuition fee revenue for Ontario Tech University.

More recently, at the time of our audit, relations with India were frayed due to political tensions and, as a result, Canadian diplomats were required to return to Canada from India and visa services had been suspended, meaning Canadian nationals could not apply for tourist, student or employment visas or get them processed for entry. Although Canada continued to process visas, including student visas for Indians coming to Canada, there was a risk reciprocal action could be taken. If international students were made to return to India or if visa services for international students from

Figure 14: Top Five Countries of Origin of International Students, 2018/19–2022/23

Source of data: York University

Country	2018/19		2019/20		2020/21		2021/22		2022/23		Change (%)
	#	%	#	%	#	%	#	%	#	%	
China	4,537	54.1	4,988	52.0	5,144	51.3	4,652	47.2	3,618	41.0	(20)
India	724	8.7	1,012	10.6	1,116	11.1	1,324	13.5	1,444	16.3	99
Iran	204	2.4	337	3.5	442	4.4	530	5.4	600	6.8	194
Nigeria	437	5.2	487	5.1	517	5.2	456	4.6	414	4.7	(5)
Bangladesh	220	2.6	283	2.9	310	3.1	347	3.5	349	3.9	59
Other ¹	2,264	27.0	2,486	25.9	2,498	24.9	2,541	25.8	2,407	27.3	6
Total	8,386	100.0	9,593	100.0	10,027	100.0	9,850	100.0	8,832	100.0	5

1. Includes students from 150–157 different countries each year.

India were to be suspended by Canada, it would have a significant impact on York University. We calculated that, based on the current number of international students from India enrolled at York and the average annual international tuition fee, York would forego approximately \$46.5 million, or almost 8% of total annual tuition revenue if all of the Indian students currently enrolled at York were made to return to India.

In York's enterprise risk management report to the Board in May 2022, university leadership acknowledged the risks related to significant reliance on a high concentration of international enrolment from few global markets, in a small group of programs. One of the immediate steps taken by the university was the approval of a revised international recruitment structure enabling new supports in countries such as Vietnam and several African countries to help offset the losses from the decline of students from China. To this end, another of the targets from York's enrolment management plan (2023–2028) was to reduce the share of international students from China from 50% to 33% by 2028. There has been a continuous decrease in the share of students from China over the last two years, but York has not yet reached the target it set. Although not aligned with the growth in enrolment or revenue, York also has a stated goal in its enrolment management plan to increase the proportion of international enrolment of any three countries outside India and China from between 7% to 10% of total international enrolment in each country. In an attempt to recruit from countries other than China, York has contracted with two agencies to provide recruiting:

- Effective March 1, 2022, York contracted with an agency to provide student recruitment services to attract students from any country outside Canada (excluding China), through its 120 student placement offices in over 30 locations around the world. The payment for services is commission based. Since the contract began, 20 students have been recruited and enrolled for an average cost of \$4,901 per student paid to the agency.

- In September 2022, York entered into a contract to provide services starting July 2023 with another agency to provide in-country representation in Vietnam, Nigeria and French Sub-Saharan Africa, as well as recruitment services in Latin America and the Middle East, and digital marketing services in southeast Asia. York pays monthly fees to the agency based on the type of service offered, ranging from \$2,500 US to \$7,336 US.

The government of Canada's International Education Strategy 2019–2024 aims to draw students from around the world to universities across Canada. The strategy, which aims to diversify the education sector, boost Canada's innovation capacity and promote global ties, prioritizes targeting students from countries including Brazil, Colombia, France, Indonesia, Mexico, Morocco, the Philippines, Thailand, Turkey, Ukraine and Vietnam, many of which align with where York is targeting its representation.

RECOMMENDATION 3

To reduce the risk to the financial sustainability of the university as a whole, in the event that international enrolment from one nation or region were to suddenly decline, we recommend that York University:

- develop faculty-level targets for an optimal level of international student enrolment;
- develop a contingency plan for faculties found to be overly dependent on international student tuition revenue; and
- regularly monitor whether recruitment strategies are resulting in the admission of international students from diverse countries.

YORK UNIVERSITY RESPONSE

The university agrees with the recommendation which is partially aligned with York's new Internationalization and Global Engagement Strategy 2022–2027. We will dedicate the necessary resources to fully implement our strategy to enhance

international student recruitment, experience, and success; to monitor the success of the strategy in attracting an increasingly diversified population of international students; and to adjust and refine the strategy based on results.

The university will also compile data on the proportion of international students in each faculty, relative to the university average, and the mix of source countries from which they draw international students, to assist in identifying risks and developing contingency plans in faculties that are more dependent on international students, or that have a high concentration of students from one country or region. The data will be incorporated in our enrolment updates for the university Senate and Board.

4.4 Major Capital Projects and Deferred Maintenance

4.4.1 York Did Not Prepare Full Business Cases for Major Capital Projects, Including Fully Assessing Their Financial Viability

When deciding to invest significant funds in major capital projects, a comprehensive business case should be developed, including an assessment of need, an analysis of options, risk assessments and a cost estimate. Financial profitability analyses should also be included, to estimate the expected profit to be generated from the investments over the long-term, whether they are reasonable in comparison with the cost of borrowing needed to pursue them, and the length of time required to recoup the funds expended in the investment. The purpose of doing so is to determine whether a project warrants the financial investment given its feasibility and potential benefits. While a formal business case may not be practical or needed for every capital project, we would expect such an analysis be completed for major projects with expected costs of tens of millions of dollars. See **Appendix 10** for a list of York's major capital projects between 2017/18 and 2022/23, including their sources of financing.

We examined seven major capital projects with costs ranging from \$11 million to \$261 million that York University undertook in the past six fiscal years, to determine whether the university had completed a comprehensive business case before moving forward with the projects. We found that, for all projects, York had developed a rationale of the need for the project and an estimate of project costs. However, other important considerations—such as an analysis of alternative building designs, risk assessment with associated mitigating strategies, or a financial viability assessment—were not completed. In three of seven projects we reviewed, some components of a financial analysis were conducted, but in the remaining four projects, with total costs of \$206.2 million, no financial analysis or evaluation was undertaken. Our summary of this assessment is seen in **Figure 15**.

For example, in one capital project (Sherman Health Science Research Centre Building Expansion, including construction of a neuroscience facility), originally expected to cost \$43.5 million, the rationale for the project was provided to the Board. Firstly, as a condition of federal operating grant funding (through the Canada First Excellence Research Fund) that the university received in 2016, York committed to building an extension to its existing Sherman Health Science Research Centre; and secondly, more office and clinical space was needed for a growing staff and faculty complement that was dispersed across multiple buildings, reducing their ability to function as an interdisciplinary team and work collaboratively. As of May 2023, the expected costs for this project increased 25% (\$11 million) to \$54.5 million. University management attributed the increase to commodity cost inflation and rising construction costs. Despite the project's magnitude, no financial profitability forecast was done to consider whether the investment was expected to generate sufficient revenues, such as research revenue or tuition revenue from increased student enrolment, to cover the expected additional costs. No other type of financial viability analysis was completed. The analysis also did not consider how the use of debt, which funded 51% of the project, would impact the university's financial position.

Figure 15: Sample of Major Capital Projects at York University

Prepared by the Office of the Auditor General of Ontario

Key Components of a Comprehensive Business Case	Schulich School of Business Building Expansion	Science Building Renewal	Lions Stadium Conversion	School of Continuing Studies Building	Sherman Health Science Research Centre Building Expansion	Markham Campus	Vari Hall Addition
Rationale/needs assessment	✓	✓	✓	✓	✓	✓	✓
Analysis of alternative building designs				✓			
Risk assessment and mitigating strategies						✓	
Cost estimate	✓	✓	✓	✓	✓	✓	✓
Project timeline and implementation plan					✓	✓	
Evaluation and monitoring plan							
Financial profitability forecast			✓	✓		✓	
Net present value analysis							
Internal rate of return							
Return on investment							
Payback period			✓	✓			
Total Costs (\$ million)	50.1	50.6	11.1	70.4	54.5¹	260.5¹	51.0
Year Project Completed	2018	2019	2022	2023	Q4 2024/ Q3 2025²	2024²	n/a³

1. Estimated total project costs.

2. Estimated completion date.

3. At the completion of audit fieldwork, university management notified us that it would not be proceeding with the project.

The new campus that was being constructed in the City of Markham during our audit also lacked a fulsome cost analysis. The university had conducted a financial profitability forecast for the project; however, the analysis did not consider how long it would take to recover the initial capital cost of \$260.5 million to construct the building. Instead, the university only factored in projected annual revenues and costs to operate the campus, such as faculty, administrative and interest costs, but not the initial capital cost.

Based on York’s financial profitability projections, we calculated York would recuperate the cost of its initial capital investment in 2038/39 (year 15), as opposed to York’s projection of recovering its costs in 2032/33 (year nine). When investing in expensive large-scale projects, alternative scenarios to assess the project’s financial performance over time should be considered. Additionally, key metrics, such as the time to recover the investment, should be calculated and compared to internal targets to better evaluate the project’s viability.

Tools that could be used by York to evaluate the financial viability of future projects include the following:

- Net present value—the present value of future cash flows compared with the initial investment.
- Internal rate of return—the expected compound annual rate of return that will be earned on a project or investment. Generally speaking, the higher an internal rate of return, the more desirable an investment is to undertake.
- Return on investment—the amount of return on a particular investment, relative to the investment’s cost, calculated as the ratio of the investment’s net profit (or loss) over its initial cost or outlay.
- Payback period—the amount of time it takes to recover the cost of an investment.

RECOMMENDATION 4

To guide decisions on whether or not to proceed with major capital projects, we recommend that, for all future projects, York University:

- prepare a comprehensive business case for each major capital project to help management and the Board of Governors make fully informed decisions on whether or not to proceed with major capital projects; and
- include all key information and indicators in the business case, including the internal rate of return, return on investment and payback period, to assess the financial viability of major capital projects.

YORK UNIVERSITY RESPONSE

The university agrees with the recommendation. York has been moving to the development of more comprehensive business cases for all capital projects as part of the Capital Plan process, as is evident in the decision to pause the Vari Hall project, which is included in the auditor’s capital projects review. We will assess our processes in light of the specific actions included in **Recommendation 4**.

4.4.2 Capital Projects We Reviewed Exceeded Their Originally Approved Budget Amounts

We examined the budgets of seven major capital projects (noted in **Section 4.4.1**) and found that six of them had experienced significant budget increases beyond their originally approved amounts. As seen in **Figure 16**, the increases ranged from a low of 10% (\$4.9 million) to a high of 63% (\$19.7 million). For the six projects combined, there had been a \$95.8 million increase over the original budget at the time of our audit.

We reviewed project memos provided to the Board or Land and Property Committee to determine management’s reasons for increasing project budgets. We found that 44% (\$41.7 million) of the budget increases were attributed to inflationary escalation in construction costs (materials and labour) that occurred across the construction sector during the COVID-19 pandemic, and that have continued since then. The other 56% (\$54.1 million) of budget increases were for various reasons, including adjustments to the original scope of the project and increased duration and complexity of projects. For example, the School of Continuing Studies project scope increased by 21%, from \$50.5 million to \$61.2 million, with the addition of a new floor on the building that included additional classrooms in response to a projected increase in the number of international students. In the case of the Science Building Renewal project, increases were mainly caused by the budget initially being based on high-level cost estimates that were not entirely accurate, temporary labs and new permanent facilities that were required but not budgeted for, and because the complexity of the required demolition was underestimated in the initial budget.

We also found that, although contingencies were included in approved budgets for projects identified in **Figure 16** to allow for costs associated with unforeseen events (such as design unknowns), risks (such as changes in construction costs due to market fluctuations from the time the cost estimate was prepared to when the project was tendered, or additional costs incurred during the construction phase) and changes in project scope, the contingency funds were not enough to absorb the additional project costs.

Figure 16: Comparison of Budgeted to Actual Costs for Major Capital Projects with Budget Increases (\$ million)

Source of data: York University

Project	Date Project Initially Approved	Original Approved Budget	Approved Budget Increase	Most Recent Approved Budget	% Increase	Actual Project Costs
Science Building Renewal	Jun 2016	48.0	4.9	52.9	10	50.6
School of Continuing Studies Building	Feb 2018	50.5	22.2	72.7	44	70.4
Lions Stadium Conversion	Feb 2018	8.2	3.0	11.2	37	11.1
Sherman Health Science Research Centre Building Expansion	Feb 2019	43.5	11.0	54.5	25	n/a ¹
Markham Campus	Oct 2019	225.5	35.0	260.5	16	n/a ¹
Vari Hall Addition ²	May 2021	31.3	19.7	51.0	63	n/a
Total Approved Budget		407.0	95.8	502.8	24	

1. Project was not completed at the time of our audit.
2. At the completion of audit fieldwork, university management notified us that it would not be proceeding with the project. As a result, management did not seek Board approval for the budget increase.

RECOMMENDATION 5

To improve financial planning for major capital projects, enhance the accuracy of budgets and prevent future cost/budget escalations on major capital projects, we recommend that York University:

- conduct a thorough analysis, including a risk assessment, during the project planning phase, in establishing a comprehensive budget that considers all potential costs, including appropriate contingencies and scoping requirements;
- regularly compare budgeted amounts against actual costs/expenditures to identify variances/discrepancies early to enable necessary corrective action; and
- review previous projects to understand factors and root causes contributing to budget increases, and incorporate lessons learned on future projects.

YORK UNIVERSITY RESPONSE

York accepts the recommendation and its component parts. In planning for future capital projects, York intends to ensure that the analysis conducted has considered risks associated with the project and associated contingency amounts for inclusion in the budget.

York currently compares budgeted amounts for capital projects to actual costs and reports regularly to both the Land and Property Committee and the Finance and Audit Committee of the Board, seeking budget adjustment when and if needed. York will regularly review project contingency assumptions and include an analysis and assessment of the sufficiency of budgets and contingencies when seeking approval for a new project through these two Board committees.

A recent report (April 2023) to the committees describing the economic environment for capital projects is evidence that factors contributing to the budget increases are investigated, with the intent of incorporating lessons learned into the planning for future capital projects.

4.4.3 York's Deferred Maintenance Backlog Has Left Many Buildings and Systems in Poor Condition

Deferred maintenance refers to repairs to infrastructure and assets that are postponed and backlogged. The industry norm is for institutions to spend 1.5%–2.5% of the current replacement value of assets on deferred maintenance each year. To achieve this standard, York would need to spend \$56–\$93 million every year. We

found that York has spent substantially less: an average of only \$19 million on deferred maintenance each year for the period 2018/19–2022/23.

Between the 2019 and 2023 calendar years, York’s deferred maintenance backlog more than doubled, from \$459 million to \$1.04 billion. In comparison, its spending to reduce the backlog increased only 36%, from \$16 million in 2019 to \$22 million in 2023.

Despite the growing maintenance backlog, we found that York made the decision to direct substantially more resources to either pursue or construct new buildings and on expansion and renovation projects. Specifically, over the past five fiscal years (2018/19–2022/23), York committed \$745.3 million on new buildings and major capital expansion compared to \$94.7 million spent on deferred maintenance activities (of which 28% was from the Province’s Facilities Renewal Program).

In September 2022, the Land and Property Committee of the Board of Governors developed a five-year plan (2022/23–2026/27) to manage the backlog; however, it only made approximately \$22 million available per year for the forecasted plan. This plan was discussed with the Board of Governors in October 2022, and no further changes were made to the initial plan. In the same meeting, capital projects related to all three campuses were also discussed.

The Facilities Condition Index (FCI) is the industry-standard measurement for determining the condition of facilities. It is calculated by dividing the total cost of existing needed repairs and maintenance on assets by the current replacement value of those assets. FCI

is categorized on a standard scale for the university sector, ranging from good to critical:

- Good (0%–10%)—Facilities will look clean and functional. Limited and manageable component and equipment failure may occur.
- Fair (11%–20%)—Facilities are beginning to show signs of wear. More frequent component and equipment failure will occur.
- Poor (21%–30%)—Facilities will look worn with apparent and increasing deterioration. Frequent component and equipment failure may occur.
- Critical (above 30%)—Facilities will look worn with obvious deterioration and equipment failure occurring frequently. Health and safety issues could be present.

We reviewed facilities condition information collected by the university and found that, as of January 2023, the FCI rating for the university as a whole increased from 19% (fair) in 2019 to 36% (critical) in 2023. When reviewing the conditions by campus, we saw that both campuses had worsened over time but that the Glendon campus was in slightly poorer condition. The FCI for Keele campus has increased from 18% to 36% and the FCI for the Glendon campus has increased from 34% to 40%, over the last five years.

Some buildings are in much worse shape than others. As of May 2023, the FCI for individual buildings ranged from 0% to 125%, and seven academic buildings were in either a poor or critical state. See **Figure 17** for York’s deferred maintenance balance and FCI by campus as of January 1, 2023.

Figure 17: Deferred Maintenance Balance and Facility Condition Index (FCI) by Campus, January 1, 2023

Source of data: York University

	Keele Campus		Glendon Campus		Total (\$)
	Total Deferred Maintenance (\$)	FCI (%)*	Total Deferred Maintenance (\$)	FCI (%)*	
Total deferred maintenance	957,747,222	36	82,200,879	40	1,039,948,101
Student enrolment 2022/23 (FTE)	45,636		1,395		47,031
Deferred maintenance per student (\$)	20,987		58,925		22,112

* An FCI above 30% is considered to be in critical condition.

We found that York conducted little preventative/scheduled maintenance of its assets, but rather completed most repairs after an asset failed or malfunctioned (such as emergency repairs). Our review of work orders for maintenance expenditures found that, during the five-year period January 1, 2019 to January 1, 2023, 88% of work orders (\$59 million) were reactive in nature and only \$7 million in work orders were for preventative maintenance.

RECOMMENDATION 6

To maintain assets in good condition, reduce emergency repair costs, and avoid further deterioration of its buildings and the risk of serious health and safety issues, we recommend that York University:

- develop and implement a formal strategy to reduce its deferred maintenance backlog, including prioritizing capital resources toward deferred maintenance instead of new builds and expansion; and
- prioritize preventative maintenance.

YORK UNIVERSITY RESPONSE

York agrees with this recommendation and is planning to begin: i) reviewing our total deferred maintenance estimates; ii) developing a roster of priority deferred maintenance projects based on industry standards, including bathrooms, classrooms, housing (residences) and university buildings; and iii) including deferred maintenance among many competing priorities for an increase in spending from the university fund to strengthen our ability to address the backlog. We are aware that further funds are needed for deferred maintenance and will balance spending on deferred maintenance and capital projects to be able to effectively respond to new program needs that reflect shifts in the labour market as well as research and innovation. As part of our overall long-term asset management strategy, the administration's approach will be multi-faceted and balanced to include a long-term deferred maintenance plan with specific metrics,

including FCI and the target ratio between spending on preventative maintenance versus deferred maintenance; and our capital plan to support the future directions of the university, incorporating the elements in **Recommendations 4 and 5**. In addition, we will report annually to the Board on the long-term deferred maintenance plan including actual results against metrics.

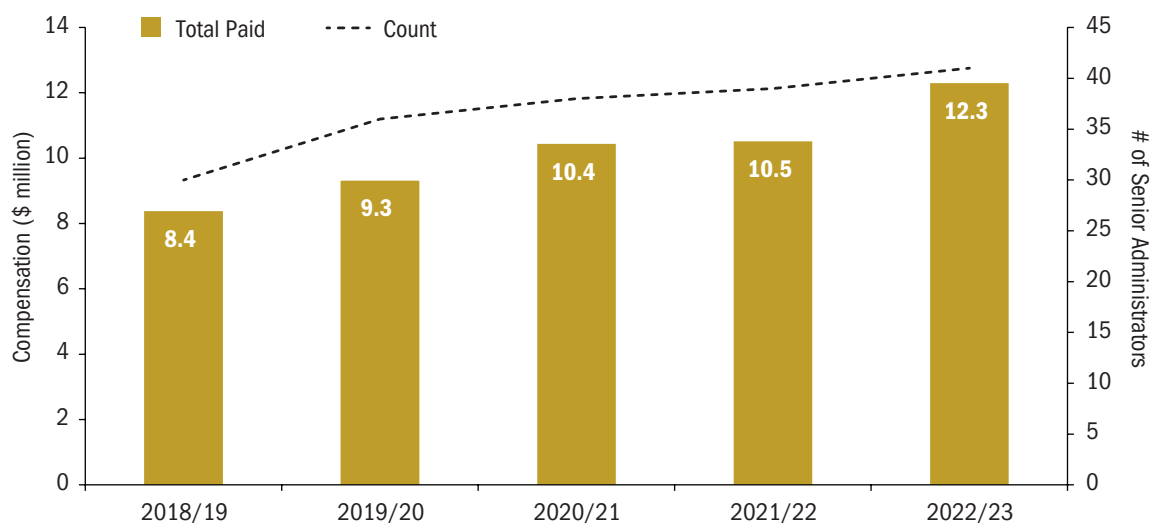
4.5 Increase in Size of Senior Administration Outpaced York's Enrolment and Tuition Revenue

York's senior administration includes the positions of President, Vice-Presidents (including the Provost), Vice/Deputy Provosts, Associate/Assistant Vice-Presidents, Chief of Staff, Registrar, University Secretary, General Counsel and the University Librarian. While a university with sustained growth in revenue and/or enrolment may choose to increase its senior administration to better manage that growth, this was not the case at York. Between 2018/19 and 2022/23 the university experienced stable levels in enrolment (FTE) with only a 0.3% increase, yielding a 1.2% increase in tuition revenue (including government grants) and a 3% increase in total revenue. However, as shown in **Figure 18**, over the same time period, the size of the senior administration team and its compensation (salary, benefits, bonuses and stipends) increased by 37% and 47%, respectively.

Over the five-year period, primarily due to the additional positions, there was a 73% increase in the salaries paid to Associate/Assistant Vice-Presidents (AVPs). In addition, over the same five-year period, there was a 48% increase in total salaries paid to Vice-Presidents, primarily due to the creation of a new Vice-President position to lead the Division of Equity, People and Culture. The largest increase in salaries was also at the Assistant/Associate Vice-President level, where the average salary increased by 20% from 2018/19 to 2022/23. AVP positions increased from 14 to 25. Twelve positions have been created or

Figure 18: Size of Senior Administration* and Related Compensation Expenses, 2018/19–2022/23

Source of data: York University



* Senior Administration encompasses employees in the following roles: President, Vice-President (including the Provost), Vice/Deputy Provost, Associate/Assistant Vice-President, Chief of Staff, Registrar, University Secretary, General Counsel and University Librarian.

reclassified to an AVP role, and one AVP role (AVP Faculty of Liberal Arts and Professional Studies) was removed in 2019/20:

- Three of the AVP positions were created under York's new Equity, People and Culture Division (AVP Labour Relations, AVP Indigenous Initiatives, AVP Faculty Affairs).
- An additional two AVP positions were created to assume new roles, including the AVP University Service Centre and AVP Ancillary Services.
- Seven of the new AVP roles were created or reclassified to take on expanded responsibilities in their current role, based on recommendations from the Vice-Presidents at the university.

With the exception of approval granted by the Board for the VP and three AVP positions under the establishment of the Equity, People and Culture Division, the Board was not required to be involved during the creation or reclassification of the other nine new AVP positions, and hence was not provided information on their impact and changes to the senior administration structure. However, given the collective change in the number and added costs related to the new AVP positions, it would have been prudent to inform the Board and get its input. The reasons for the new AVP positions

included for retention purposes, and restructuring and expanding university departments and functions.

RECOMMENDATION 7

To maintain a level of senior administrator compensation reflective of enrolment and revenue growth, and to ensure the Board of Governors has oversight of changes and impacts at senior levels that have an ongoing financial impact on the university, we recommend that York University provide to the Board of Governors information supporting the need for Associate/Assistant Vice President positions for re-assessment, including the nine most recently created and re-classified positions.

YORK UNIVERSITY RESPONSE

Although the *York University Act* does not stipulate that Associate/Assistant Vice-President positions be approved by the Board of Governors, York will provide the Board with information necessary to understanding the structure and scale of university leadership positions, including recently established positions.

4.6 York Did Not Have a Comprehensive Whistle-Blower Policy for Disclosure of All Types of Wrongdoing

In 2010, York University instituted a policy referred to as the Fraud, Theft, or Misappropriation of University Assets Policy (policy). It was originally developed to address acts of non-academic fraud by employees, agents, contract staff and volunteers. According to the policy, employees who disclose concerns about unethical conduct and fraudulent behaviour that they observe or encounter in the context of university activities must be able to do so without fear of reprisal.

The policy is not a comprehensive whistle-blower policy, as it is limited to theft, fraud and misappropriation of university assets. Other forms of harmful wrongdoing and unethical behaviour—such as sexual harassment, abuse of power, abuse of drugs and/or alcohol use—are not included in the policy.

We reviewed other policies at the university relating to the student code of conduct, workplace harassment and violence, as well as sexual violence. The policies reviewed did not offer protection against reprisal for the complainant, except for the sexual violence policy, which recognized the importance of confidentiality in order to provide an environment in which victims can disclose sexual violence and obtain support. On the other hand, the Code of Student Rights and Responsibilities states that anonymous complaints will not be taken forward and the identity of the harmed party or complainant will not be kept confidential unless personal safety is at risk.

We reviewed the websites of 10 large Canadian universities and noted that four of them had publicly posted whistle-blower protection policies. These four universities (University of Alberta, Western University, McGill University and Laval University) had comprehensive policies that covered safe disclosure of both improper use of university assets or financial activity as well as other unethical behaviour. For example, the policy at Laval University described how the whistle-blower is protected against retaliation and explained the process (including details of what should be

included in the submission form, a sample form, how and where to report, as well as the expected timeline for a response).

RECOMMENDATION 8

To promote integrity and detect misconduct, we recommend that York University:

- create and implement a whistle-blower policy that covers both the improper use and/or misuse of university assets, as well as other unethical behaviour, and includes a definition of what types of activities can be reported and how and to whom they can be reported; and
- create awareness of the policy amongst all students, staff and faculty.

YORK UNIVERSITY RESPONSE

The university accepts the recommendation. While York's Policy on Fraud, Theft and Misappropriation of University Assets covers the improper and/or misuse of university assets, as well as some other kinds of unethical behaviour, York commits to bring before its Board of Governors for approval a new Whistleblower Policy, along with a related procedure and to inform and educate members of the University Community to foster awareness of the policy among students, staff and faculty.

4.7 York Has Achieved Lower Results than Other Ontario Universities in Graduation Rate, Employment and Earnings, and in Attracting Research Revenue

As described in **Section 2.4**, there are three sets of performance indicators tracked by the Ministry of Colleges and Universities:

- performance indicators within the Strategic Mandate Agreement (SMA);
- the Ministry's internally tracked key performance indicators; and

- Financial Health Indicators (as discussed in **Section 4.1.1**).

As seen in **Appendix 6**, in relation to its SMA, York achieved all but one of the Ministry-established targets in 2022/23. The target missed was its ability to attract research revenue from private-sector sources.

Although York met its established targets, it performed below the provincial average in most of the metrics, including graduate employment rate in a related field; graduation rate; community local impact on student enrolment; research funding and capacity (federal tri-agency funding secured); experiential learning; and graduate employment earnings.

Similarly, in the Ministry-tracked key performance indicators (see **Figure 6** in **Section 2.4.2**), York was below the provincial average in all metrics tracked for the 2021/22 school year (except graduates' occupations), the most recent set of results provided by the Ministry.

York told us that because each university has unique circumstances and priorities, it evaluates its performance and contribution to the sector based on

year-over-year improvements and comparisons to the other universities that are categorized as comprehensive institutions within the province (University of Windsor, Toronto Metropolitan University, University of Guelph, University of Waterloo and Carleton University). We compared the 2022/23 SMA results by comprehensive universities in Ontario and noted that York was below the average in all metrics with the exception of Institutional Strength/Focus, defined as the proportion of enrolment in an institution's defined program area(s) of strength (see **Figure 19**).

Moreover, when we compared the graduation rates of individual York programs to programs at other comprehensive universities, we found York performed below the average in most programs. In half of the programs, York's graduation rates were below the average by at least 10%, as seen in **Figure 20**.

According to York, its performance metric results are impacted by its accessible admission policies, which aim to provide opportunities to a broader range of students, as well as its focus as a university on liberal arts and professional programs (business, law, education).

Figure 19: York University Strategic Mandate Agreement Metrics and Results, Compared to Average of Comprehensive¹ Universities, 2022/23

Source of data: Ministry of Colleges and Universities

Metric	York	Comprehensive University Average
Graduate employment rate in a related field (%)	84.8	89.3
Institutional strength/focus (%)	53.0	45.5
Graduation rate (%)	70.7	76.7
Community/local impact of student enrolment ² (%)	2.9	16.5
Economic impact ³ (institution-specific)	43	n/a
Research funding and capacity: federal tri-agency funding secured (%)	3.4	3.5
Experiential learning (%)	49.5	72.6
Research revenue attracted from private-sector sources (\$ million)	16.5	24.4
Graduate employment earnings (\$)	51,548	53,755

 - Indicates York's performance below the average of other comprehensive universities.

1. Universities categorized as comprehensive according to Research Infosource Inc., which completes a ranking of Canada's top research universities. Comprehensive universities are those considered to offer a wide range of undergraduate and graduate programs. Universities in Ontario included as comprehensive include York University, University of Windsor, Toronto Metropolitan University, University of Guelph, University of Waterloo and Carleton University.
2. The university's enrolment as a proportion of the population of the community where the university is located.
3. York's metric is the number of start-up ventures supported by the university. The metric used and unit of measurement vary by institution.

Figure 20: York University Graduation Rates by Program, 2021¹ (%)

Source of data: Ministry of Colleges and Universities

Program	York	Comprehensive University Average ²
Agriculture and Biological Sciences	72.2	77.8
Business and Commerce	79.3	78.5
Computer Science	56.3	67.5
Engineering	67.9	78.2
Fine and Applied Arts	67.7	68.1
Humanities	66.5	69.0
Kinesiology, Recreation and Physical Education	65.6	81.9
Mathematics	51.1	70.0
Other Arts and Science	45.4	65.2
Other Health Professions	62.5	72.1
Physical Sciences	61.6	71.5
Social Sciences	65.7	71.9
Education (Teacher Training)	98.9	98.8 ³
Law	98.6	93.2 ³
Overall Graduation Rate	70.7	76.7

 - York performed below the average of other comprehensive universities.

1. Graduation rates are 2021 (2014 cohort) rates: individuals who started university in 2014 and graduated within seven years.
2. Universities categorized as comprehensive according to Research Infosource Inc., which completes a ranking of Canada's top research universities. Comprehensive universities are those considered to offer a wide range of undergraduate and graduate programs. Universities in Ontario included as comprehensive include York University, University of Windsor, Toronto Metropolitan University, University of Guelph, University of Waterloo and Carleton University.
3. Only York University and University of Windsor included in average as no data is available from other universities.

For example, in regard to obtaining research funding through the federal government's tri-agency, York has had to rely more heavily on proposals to the Social Sciences and Humanities Research Council, even though more funding is available through the Natural Science and Engineering Research Council and the Canadian Institutes for Health Research. As for its lower graduation rate, York noted that over 67% of its students work part-time to financially support their studies and therefore may take longer to graduate.

There are some initiatives underway aimed at increasing the graduation rate. For example, in the Kinesiology program in 2023, the faculty's student advising unit implemented a new initiative to connect with at-risk students and provide counselling support

as a proactive approach to address retention. The Faculty of Science has launched three new undergraduate programs in recent years (Mathematical Finance, Mathematical Biology and Data Science) to differentiate its offerings from other Greater Toronto Area universities and attract high-achieving students. Also, to ensure teaching quality is high and students are motivated to continue studies through to graduation, the faculty implemented a panel consisting of tenured teaching stream members who conduct teaching reviews of any PhD students or postdoctoral associates applying for teaching positions in the department. Applicants are required to achieve a threshold score to be assigned courses by the Chair.

RECOMMENDATION 9

To promote continuous improvement in the metrics contained in the university's Strategic Mandate Agreement and other performance measures tracked by the Ministry of Colleges and Universities, we recommend that York University:

- put in place strategies and timelines to improve performance in areas where it has underperformed; and
- regularly evaluate the effectiveness of the strategies in improving performance in the metrics and adjust the strategies accordingly.

YORK UNIVERSITY RESPONSE

York agrees with the recommendation for improving processes and timelines in place for evaluating performance, identifying strategies for improvement and evaluating the effectiveness of those strategies on an annual basis to support continuous improvement. York's position is that historical factors unique to each institution impact metric baselines, and therefore its focus is on continual improvement measured against those baselines rather than comparisons to other universities.

To address this recommendation, York plans to articulate strategies and timelines to strengthen outcomes, focusing on those Strategic Mandate Agreement metrics where York has not consistently met the targets established by the Ministry, or has met them with smaller margins. With regard to all performance metrics, the university will regularly evaluate the effectiveness of its strategies and adjust accordingly to enhance desired improvements and adjust as needed.

4.8 York Has Been Proactive in Preventing Cyberattacks, but Further Employee Awareness Is Needed

Since 2018, York has been the victim of three cyberattacks, which resulted in unauthorized access and/or modification to information contained in York's systems. The cyberattacks demonstrated the

importance of having a high level of cybersecurity controls in place. Most notably, in May 2020 there was a ransomware attack affecting many of the university's servers and endpoints (workstations/laptops), which caused the university to shut down many of its computer systems and services to reduce potential damage. The shutdown meant many student services, including portals where students could access Ontario Student Assistance Program applications, tuition fees and grades, were not accessible for days.

There has been a decrease in all categories of cybersecurity incidents from 2021 to 2022. According to the university, this was due to the implementation in 2021 of two-factor authentication controls (a password plus emailed/texted code needed to log in) for all staff, faculty and student users (currently over 90,000 people).

From our audit we found that York had a third-party firm undertake penetration testing of its systems, to test and secure its data systems from potential exposure and/or misuse. At the time of our audit, York had a plan in place to address the weaknesses noted by the third-party cybersecurity firm.

Cybersecurity training was available to all York employees through its employee learning portal. However, the training was not mandatory. We calculated that over the five calendar years, 2019–2023, an average of only 3% of full-time salaried employees took the cybersecurity training.

RECOMMENDATION 10

To reduce the risk of exposure of its systems and to protect student and faculty data from external attackers, we recommend that York University make cybersecurity awareness training mandatory for all employees with York University accounts.

YORK UNIVERSITY RESPONSE

York accepts this recommendation and will work within the labour context to implement mandatory training on cybersecurity awareness. In the meantime, York will continue with its programs of providing awareness content, simulations, and training to all employees and will track compliance.

4.9 Measures for Campus Safety Have Reduced High-Risk Incidents

Campus safety is fundamental for learning, working and the well-being of students, faculty and staff. The safety of a campus may also factor into a prospective student's decision about which university to attend.

Overall, from 2018 to 2022 there was a 9% increase in the number of incidents reported to York's security services. However, the increase is attributable to low-risk incidents, such as general complaints/concerns (98% increase), noise complaints (191% increase), causing disturbance (93% increase), and trespassing to property (74% increase).

High-risk incidents decreased over the same period. For example, incidents affecting quality of life (such as hate crimes, bomb threats and disorderly behaviour) decreased 36% between 2018 and 2022. Crimes against persons (a category that includes assault, robbery, harassment and threats) decreased 43%.

Reported incidents can fluctuate from year to year for a variety of reasons and can be impacted by major events such as labour disruptions, the COVID-19 pandemic and large-scale events on campus. However, we noted that, since the 1990s, the university has taken several measures to address such incidents, including controlling access to buildings, enhancing lighting, installing safety equipment like emergency phones, and providing safe evening and night-time escort services, among other measures.

From 2018 to 2022 there was also a 90% (340 to 647) increase in reported instances of persons experiencing homelessness in unauthorized areas seeking shelter on campus, and in some cases causing disturbances. The university has established partnerships with the City of Toronto Streets to Homes program, Agincourt Community Services Association and Focus Toronto to provide support to these individuals. As part of these efforts, city outreach teams made scheduled and unscheduled visits to the campus to intervene, providing social services and necessary resources. In addition, the university collaborated with Toronto Police Service neighbourhood officers to assist individuals who were homeless and required support.

4.10 Overall Governance Could Be Enhanced by Improved Policies and Procedures

Our review and assessment of the effectiveness of York University's Board of Governors (Board), including a review of Board policies, minutes, meeting materials, as well as interviews and surveys of Board members, confirmed strengths in the university's governance practices. Some of the positive aspects noted were that the Board-approved Strategic Plan, the Enterprise Risk Management system, the use of Board Committees for specified purposes, the leadership of the Chair, and the experience of Board members were all identified as contributing to effective governance, functioning and leadership. Areas for improvement are described in the sections below.

4.10.1 Executive Committee of the Board Allowed Too Much Leeway to Make Decisions on Behalf of the Full Board

We found that the Executive Committee's responsibilities, as outlined in its Terms of Reference, are broad and vague, giving it the ability to make decisions on behalf of the full Board without consulting with, or providing pertinent information to, the other governors prior to decisions being made. This means that a small group of eight Board members were able to make significant decisions without input from the remaining 17 Board members. The Terms of Reference state that: "The Executive Committee may review any matters relating to the property, revenue, business and affairs of the University prior to the submission of such matters to the Board...and the Executive Committee may make such recommendations to the Board with respect to such matters as it may deem appropriate."

In addition, we found that, under the Board bylaws, the Board had the power to delegate any of its powers to the Executive Committee. These were broad powers, which had the potential to undermine the authority of the Board. The Executive Committee should have the ability to make decisions on behalf of the full Board, but only in emergency scenarios that are so

time-sensitive that it is not feasible to convene a special Board meeting, either virtually or in person.

Even though we found in practice that the Executive Committee exercised this power selectively, we did note that it was used in Executive Committee meetings held in 2022. In the 18 references to “approved decision” in Board meeting minutes, only 13 were approved by the full Board and the remaining five were approved solely by the Executive Committee. The rationale in those five instances was not documented, as York noted that Board policy does not require the Executive Committee to minute the reasons for holding a special meeting or exercising special authority on behalf of the Board. However, the university told us the rationale for such decisions is explained orally by the Chair of the Board at the next open session.

For example, in March 2022, the Executive Committee approved that senior administration would have the power to negotiate increases in funding for faculty members to support their activities in fulfillment of their professional responsibilities to the university. In November 2022, the Executive Committee gave authority to senior administration to negotiate a mediated settlement in favour of the university, for a litigation relating to Keele Campus’s heating and cooling steam system, without Board involvement.

The vagueness in the terms of reference of the Executive Committee allows for discretion to be given to the Chair and the rest of the Executive Committee to identify urgent matters and make decisions unilaterally without approval of the full Board. This is not necessary in today’s era, where Board meetings can be convened quickly and virtually.

RECOMMENDATION 11

To allow for decision-making and accountability to reside with the full Board, as opposed to only the Executive Committee, in all instances other than emergencies, we recommend that York University:

- revise the Terms of Reference of the Board of Governors’ Executive Committee to have the ability to make decisions on behalf of the full Board only when matters are so time-sensitive

that it is not feasible to convene a special Board meeting; and

- in these instances, fully document the rationale for making such an exception.

YORK UNIVERSITY RESPONSE

York agrees with this recommendation. The Governance Committee of the Board initiated a discussion with an aim to review the terms of all Board committees, including the Executive Committee. The current provisions of the bylaws of the Board, which state that “the Executive Committee shall have the power and authority to act for the Board in relation to any urgent matter which, in the opinion of the Chair or Vice-Chair, time does not permit the calling of a regular or special meeting of the Board,” will be brought for discussion before the Governance Committee with an aim to clarify and reinforce the provisions.

York commits to fully documenting the rationale that underpins any decision taken on behalf of the Board in the minutes of the Executive Committee and of the Board. York will continue the practice of having the Chair of the Board report to the open session of the Board on all matters resolved by the Executive Committee in the Board’s stead.

4.10.2 York Does Not Annually Assess for Gaps in the Competencies of Board Members

A competency matrix is a tool used to map the required skills and abilities of a board. It helps a board understand the required skills, what skills its members possess, and where it could use more skills training, education and/or expertise.

York has developed a skills matrix showing each Board member’s competencies and experience in the skills required for the Board to govern effectively. An analysis of the most recent skills matrix at the time of our audit (June 2022) showed that the Board self-assessed as having a significant level or moderate level of competency in the key areas required of a board, as identified in our 2022 *Financial Management in Ontario Universities* report and as shown in **Figure 21**.

Figure 21: York University Board of Governors' Self-Assessment on Key Competency Matrix Skills, 2021/22

Prepared by the Office of the Auditor General of Ontario

Competency as Described in Financial Management in Ontario Universities Audit (2022)	York University Equivalent	Competency Level		
		Significant (%)	Moderate (%)	Low (%)
Finance and Accounting	Finance and Investment	56	28	16
Executive Management	Business	64	20	16
Risk Management	Risk Management	48	28	24
Cybersecurity/Information Technology	Technology	16	52	32

Although the Board has a good level of competency across key areas, a gap analysis has not been regularly completed, such as annually, to ensure that people with current and anticipated future skills requirements are present on the Board. A gap analysis would identify existing competencies as compared to the desired level of competency in each area.

We analyzed York's annual Board skills matrices from 2017/18 to 2021/22, and noted that at least one-third of governors had assessed themselves as low competency in areas such as marketing and communication, law, real estate, science, health, research and innovation, and technology. For these skills, the proportion of members with low competency worsened or did not significantly change over the five-year period.

We also found that internal (staff and faculty) Board members may not serve on three particular Board committees: Executive Committee, Finance and Audit Committee, and Governance and Human Resources Committee. York's rationale for this is to avoid potential conflicts of interest; however, this may prevent the inclusion of added value and expertise that is available to the Board but is not being utilized. In the case of a potential conflict of interest, the Board member could recuse themselves, as is done by external members of York's Board.

RECOMMENDATION 12

To track and identify gaps in the necessary competencies of the Board of Governors (Board), and to have a more explicit, transparent and robust competencies-based selection process for Board members

(both new and the renewal of incumbents), we recommend that York University's Board of Governors:

- annually identify the desired level of competency in each governance area, and complete a gap analysis of skills and competencies of the Board and all Board committees;
- develop a strategy to address identified gaps in the skills matrix of the Board; and
- allow internal Board members with the requisite expertise and demonstrated character to serve on any committee where they would add the most value. Where a conflict of interest arises, they may recuse themselves from the agenda item.

YORK UNIVERSITY RESPONSE

York agrees with this recommendation. York has established a Board Skills Matrix that is normally renewed, and a new Skills Gap Analysis conducted, when a sufficient number of members have joined or left the Board. This may not occur every year. As Board members' skills may evolve from year-to-year through their professional experiences or ongoing professional education provided by York, an annual review of the skills matrix and a skills gap analysis will be of value. York commits to conduct a review of its Board Skills Matrix and conduct a Skills Gap Analysis annually.

York also commits to reviewing the impact of allowing internal members (students, senators and non-faculty staff) to be made members of all Board committees, taking into consideration the potential for a high number of conflicts of interest

on some committees, namely the Finance and Audit Committee, the Governance and Human Resources Committee and the Executive Committee.

4.10.3 Improvement Needed in Establishing Policies to Define and Monitor Accountability and Compliance with Governance Standards

The Board is accountable for the university's operations and compliance with governance standards. To this end, it is important that it have clear policies and a method of monitoring compliance with those policies.

We found that York publicly shared many policies and documents, such as the Board bylaws, the President's Annual Report on the university's progress against its strategic objectives, as well as the university's audited financial statements. Board minutes of the portion of its meetings conducted in the public session were also made available to the public. However, we found there were improvements that could be made to enhance the Board's commitment to accountability and to monitoring compliance with policies.

- The Board did not have a charter/terms of reference. The Board relied exclusively on the *York University Act* and its bylaws to articulate the Board's duties and responsibilities, such as terms around various appointments, borrowing money, establishing faculties, protocol of meetings, and the structure of the Board and its committees. It did not have a written mandate explicitly acknowledging its responsibility for approving and adopting a university strategy. It would therefore be prudent to develop a charter/terms of reference going beyond the bylaws to outline its core roles and responsibilities and what is expected of members of the Board (such as mandate, composition, duties and responsibilities, and authority). We also found the terms of reference for Board committees to be very brief, including only their overall mandates and key duties. The committees should receive further direction on specific responsibilities, delegation of authority and relevant expertise to be maintained. For example,

the charter for the Governance and Human Resources Committee did not contain reference to a board skills matrix, oversight of the President or succession planning, as would be expected.

- Workplans for the Board and its committees consisted only of meeting dates and times. However, more useful would be workplans that incorporated the duties and responsibilities of the Board and committees, outlining when in the fiscal year they would be addressed (such as financial statement approvals and budget plan reviews). This would help to ensure that Board and committee meeting schedules allocated sufficient time for decisions to be considered, discussed and reviewed.
- York has some elements of a code of conduct for Board members, such as its policy on conflict of interest for members of the Board of Governors and a policy on the acceptance of gifts. In addition, each member signed an acknowledgment and undertaking of confidentiality that stated a Board member "must adhere to the highest level of conduct in carrying out their duties and responsibilities as a Governor, which include the obligation to act honestly, in good faith and in the best interests of the University and to avoid conflicts of interest." However, the university does not have a comprehensive code of conduct for Board members. Key elements that should be included in such a code of conduct for Board members would be Board member responsibilities, conflict of interest, confidentiality, compliance with laws and regulations, code of ethics, financial stewardship and oversight, meeting attendance, conduct and participation, review and enforcement, training and orientation, annual acknowledgement, public disclosure, and reporting and compliance mechanisms.
- Additionally, the Board members of York University's subsidiary, York University Development Corporation, were not required to sign or fill out any annual declarations of professionalism,

confidentiality or conflict of interest. We would expect that a more comprehensive and detailed code of conduct would be applied that included written standards designed to promote integrity, deter wrongdoing, and provide clarity and compliance of expectations of Board member conduct. Such a code could include duties of loyalty and care, confidentiality, and conflicts of interest beyond the legal minimum to incorporate perceived and potential conflicts of interest.

RECOMMENDATION 13

To strengthen its Board's policies and procedures, we recommend that, before the end of 2024, York University:

- adopt an explicit and comprehensive charter for the Board, going beyond the bylaws to outline its core roles and responsibilities and what is expected of members of the Board (mandate, duties and responsibilities, governance, functioning, culture);
- adopt a Board-specific code of conduct, including confidentiality, conflicts of interest and attendance expectations, along with a remedial process and compliance monitoring; and
- develop more extensive workplans incorporating all duties and responsibilities of the Board and committees and outlining when in the fiscal year they will be addressed.

YORK UNIVERSITY RESPONSE

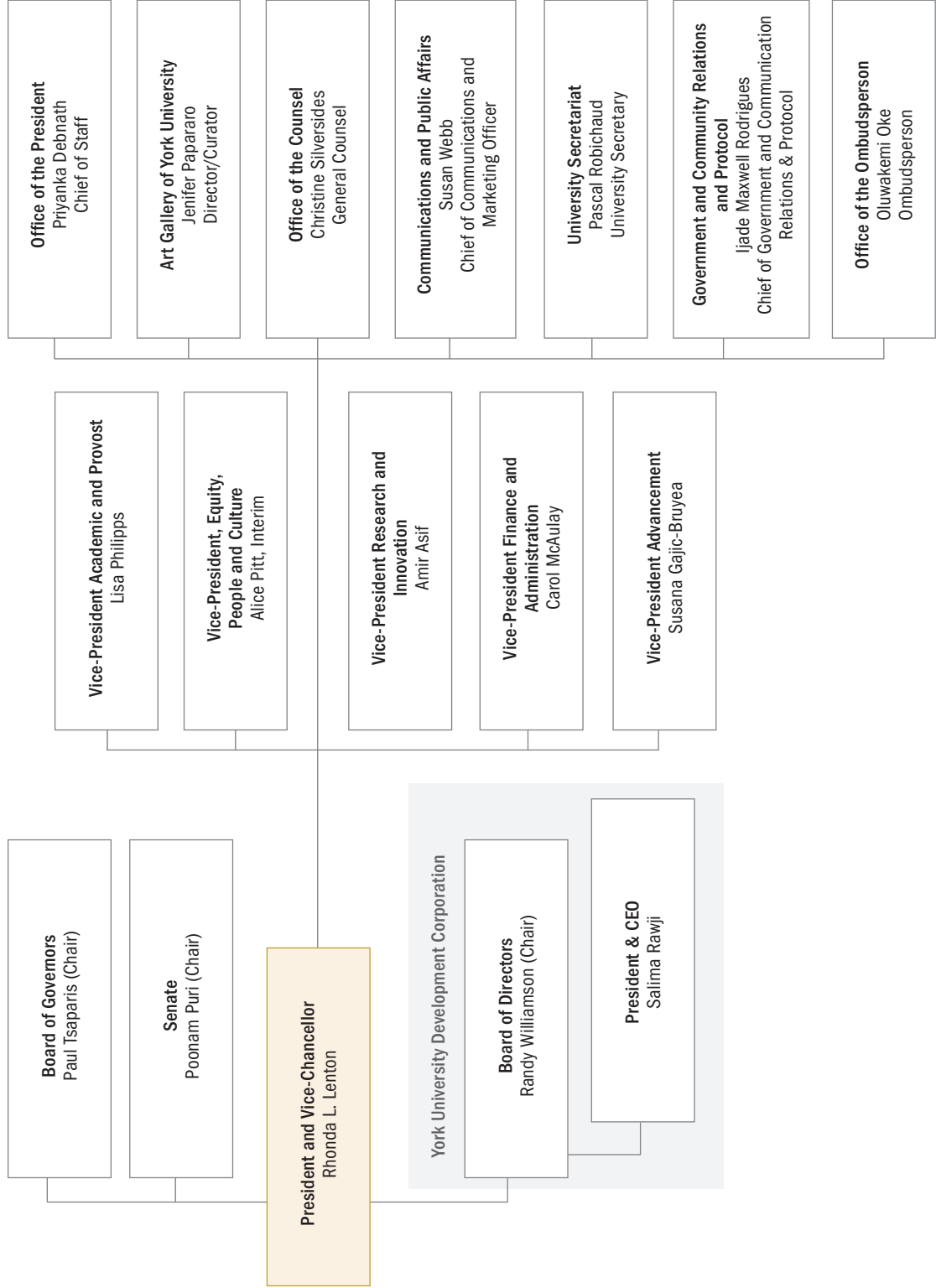
York agrees with this recommendation. Key elements of terms of reference for the Board exist under the *York University Act* and within the Board bylaws. As part of its review of Board Committee terms, York will recommend to the Board the establishment of terms of reference for itself that will include elements recommended by the Auditor General and align with Canadian university governance best practices.

Members of the Board are currently subject to several policies that, taken together, are equivalent to a Code of Conduct. In response to the Auditor General's recommendation, York will develop a Code of Conduct for members of the Board folding into a single document all provisions of policies that apply to members of the Board and conduct a review and augment this document to ensure that all key elements identified by Canadian best practices are included in the Code of Conduct.

York prepares an annual table of projected items of business for the Board and each of its committees. York commits to going one step further and establishing an annual workplan for the Board and each of its committees and to bring those plans forth for discussion and approval at the start of each governance year.

Appendix 1: York University Organizational Chart

Prepared by the Office of the Auditor General of Ontario



Appendix 2: York University Board of Governors and Committee Membership, March 2023

Prepared by the Office of the Auditor General of Ontario

Board Member	Board Member Type	Board Membership ¹ Occupation	Start Date	Board Committees						
				Executive	Academic Resources	External Relations	Finance and Audit	Governance and Human Resources	Investment ²	Land and Property ³
Officers										
1	Paul Tsaparis	External – Chair	Board member at Teranet, Metrolinx, Indspire, Ontario Health, Chair of the Council of Chairs of Ontario Universities	C	✓	✓	✓	✓	✓	✓
2	Kathleen Taylor	Chancellor (ex officio)	Chair of Altas Partners; Board Trustee Chair, Hospital for Sick Children; Member, C.D. Howe Institute's National Council	1/1/2023						
3	Rhonda Lenton	President and Vice-Chancellor (ex officio)	President and Vice-Chancellor, York University	7/1/2017	✓	✓	✓	✓	✓	✓
Other Members										
4	Antonio Di Domenico	External	Partner at Fasken LLP	1/1/2018	✓	C	✓			
5	Bobbi-Jean White	External	Partner at KPMG LLP	1/1/2017	✓	✓	C			
6	Francesca Accinelli	Alumni	Vice-President, Promotion, Communications and International Relations, Telefilm Canada	7/1/2018	✓	✓	C			
7	Jacques Demers	External	Managing Partner at AGAWA Partners and AGAWA Fund Management Inc; Chairman & Secretary at Demers Partners	9/1/2015	✓				C	
8	Konata Lake	External	Partner at Torys LLP	10/1/2016	✓			C		
9	Mary Traversy	External	Former COO of Canada Post	1/1/2020	✓		✓	✓	✓	C
10	Sham Madhok	Alumni	Independent consultant, former Associate Partner at PwC	7/1/2022			✓	✓		
11	Joanie Cameron Pritchett	Non-academic employee	York University staff	7/1/2019		✓				✓
12	Stefanie Lamonaca Caputo	Non-academic employee	York University staff	7/1/2021		✓	✓			
13	Carole Malo	External	Founder, Stratford Ventures Inc., consulting business in infrastructure, energy, health and public-private partnerships	2/27/2019			✓			✓

Board Membership ¹			Board Committees							
Board Member	Board Member Type	Occupation	Start Date	Executive	Academic Resources	External Relations	Finance and Audit	Governance and Human Resources	Investment ²	Land and Property ³
14 David Garg	External	Senior Vice-President, Corporate Development and Investor Relations, Sun Life	2/27/2019				✓		✓	
15 Dee Patterson	External	Co-founder, Lambay Group Inc.; Board member, Elexicon Energy Inc.; Board member, RFA Bank of Canada	2/1/2019					✓		
16 Eugene Roman	External	Principal at Design.ai. Ltd.	7/1/2017				✓	✓		
17 Helen Polatajko	External	Board Chair, Tafelmusik Baroque Orchestra; Board member, Canadian Dental Service Plans Inc. (CDSP); Former CIO, Canada Mortgage and Housing Corporation	10/2/2018				✓			
18 Ken Silver	External	Former President and CEO, CT Real Estate Investment Trust	10/2/2018						✓	✓
19 Loretta Lam	External	Founder and chief strategist of Focus Communications Inc.	3/10/2017			✓				
20 Nadine Spencer	External	CEO, BrandEQ Group Inc.	5/4/2021			✓		✓		
21 Narendra Singh	External	Former Chief of Staff and Chief of Pediatrics at Humber River Hospital; President and Founder of Guyana Help the Kids Charity	2/27/2019		✓	✓				
22 Jose Etcheverry	Member elected by Senate	Professor, Faculty of Environmental Studies	7/1/2019						✓	✓
23 Marie-Hélène Budworth	Member elected by Senate	Associate Professor, Faculty of Liberal Arts & Professional Studies	7/1/2022		✓	✓				
24 Ariana Mah	Student	Undergraduate student	7/1/2022		✓	✓				
25 David Semaan	Student	Graduate student	7/1/2021		✓					✓
Pascal Robichaud ⁴	University Secretary	Secretary, York University	1/1/2020							

C - Chair of committee ✓ - Committee member

1. All members of the Board of Governors presented in this table have voting rights, with the exception of the University Secretary. There are 33 honorary members who are not presented here and do not have voting rights.

2. Guy Burry, an honorary Board member, is also a member of the Board's Investment Committee, as a non-voting member.

3. Marshall Cohen, an honorary Board member, is also a member of the Board's Land and Property Committee, as a non-voting member.

4. Not a voting member of the Board.

Appendix 3: Committees of the Board of Governors and the Senate

Source of data: York University

Board Committees

1. **Academic Resources:** oversees and reports to the Board on all academic resource matters and such other academic matters as are within the authority of the Board.
2. **Executive:** has the power and authority to act for the Board in relation to the following matters:
 - Any appropriation outside the approved budget not in excess of 1% of the approved budget for any fiscal year.
 - Any urgent matter which, in the opinion of the Chair or Vice-Chair of the Board, time does not permit the calling of a regular or special meeting of the Board.
 - Represent the Board in meetings with the Senate, or its representatives.
 - Any matter arising during the summer months which, in the judgement of either the Chair of the Board, a Vice-Chair of the Board, or, in their absence, the President, does not warrant the calling of a special meeting of the Board.
 - May review any matters relating to the property, revenue, business and affairs of the university prior to the submission of such matters to the Board.
3. **External Relations:** provides advice and recommendations on matters related to institutional advancement (donations) and initiatives to enhance the university's overall reputation, mission and strategic objectives.
4. **Finance and Audit:** oversees the financial framework and management of the university, its structure of risk mitigation and its legal and regulatory compliance and accountability.
5. **Governance and Human Resources:** oversees the nomination of governors for the Board on behalf of the Executive Committee, monitors the Board's governance processes and recommends amendments, and oversees the University's human resources frameworks, strategies and policies.
6. **Investment:** provides advice and oversight to the Board and the university regarding investment responsibilities for all invested funds, including both endowed and non-endowed assets, with the exception of the Pension Fund and Student Investment Fund.
7. **Land and Property:** oversees the planning, development and management of the university's land and buildings.

Senate Committees

1. **Executive:** responsible for coordinating the work of Senate and its committees, monitoring the organization and structure of Senate and other bodies, ensuring that equity considerations are integrated into the Senate and its committees, serving as Senate's liaison with external bodies, and overseeing nominations and elections processes.
2. **Academic Policy, Planning and Research:** responsible for consultations and recommendations to the Senate on academic plans, policies, and initiatives.

3. **Academic Standards, Curriculum and Pedagogy:** responsible for facilitating the review and approval of program curriculum and academic standards, advancing teaching policies and initiatives.
4. **Appeals:** hears appeals of Faculty committee decisions on petitions concerning academic regulations, grade re-appraisals and charges of academic dishonesty.
5. **Awards:** administers awards, prizes and medals under the Senate's jurisdiction, to promote, recognize and celebrate achievements in teaching, learning, service and research.
6. **Tenure and Promotion:** serves as the President's Advisory Committee on promotions and tenure.
7. **Tenure and Promotion Appeals:** hears appeals from relevant committees to deny tenure, delay promotion to a professor, or deny advancement to candidacy.

Appendix 4: Audited Financial Position of York University Development Corporation, 2022/23

Source of data: York University Development Corporation

Balance Sheet

Assets			
Current Assets		\$	%
Cash		3,846,375	27
Accounts receivable		1,464,105	10
Current portion of loan receivable		61,118	1
Prepaid expenses		33,745	0
Total Current Assets		5,405,343	
Loan receivable		1,542,556	11
Tenant allowances		193,761	2
Free-rent receivable		328,095	2
Property, plant and equipment, net		5,533,725	40
Future income tax assets, net		995,097	7
Total Assets		13,998,577	100
Liabilities and Shareholder's Equity			
Current Liabilities		\$	%
Accounts payable and accrued liabilities		1,717,324	9
Current portion of loan payable		658,386	4
Total Current Liabilities		2,375,710	
Security deposits		120,964	1
Employee future benefits		248,800	1
Loan payable		15,906,215	85
Total Liabilities		18,651,689	100
Shareholder's Deficiency			
Share Capital (1 common share)		\$	%
Total Shareholder's Deficiency		(4,653,112)	-
Total Liabilities and Shareholder's Deficiency		13,998,577	

Income Statement

	York Lanes (\$)	Corporate (\$)	Total (\$)	%
Revenue				
Rental	3,823,190	-	3,823,190	73
Consulting fees	-	826,602	826,602	16
Active project fees	-	249,857	249,857	5
Transaction fees	-	184,871	184,871	3
Interest and other	-	140,623	140,623	3
Total Revenue	3,823,190	1,401,953	5,225,143	100

Income Statement

	York Lanes (\$)	Corporate (\$)	Total (\$)	%
Expenses				
Management consulting and administrative fees	-	2,013,330	2,013,330	39
Operating costs	1,324,592	-	1,324,592	26
Land rent	486,323	-	486,323	9
Amortization of property, plant and equipment	639,258	7,717	646,975	12
Amortization of tenant allowances	55,296	-	55,296	1
Interest on loan payable	677,584	-	677,584	13
Total Expenses	3,183,053	2,021,047	5,204,100	100
Income (Loss) Before Taxes	640,137	(619,094)	21,043	
Recovery of future income taxes			(2,891)	-
Net Income for the Year			18,152	-

Appendix 5: Audited Financial Position of York University, 2018/19–2022/23 (\$ 000)

Source of data: York University

Revenue Source	2018/19		2019/20		2020/21		2021/22		2022/23		Change	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Student fees	694,215	54.3	714,247	56.3	741,478	59.5	731,460	58.3	726,448	55.2	726,448	4.6
Grants and contracts	418,075	32.7	387,219	30.5	388,177	31.1	390,580	31.1	398,830	30.3	398,830	(4.6)
Investment revenue	33,141	2.6	37,265	2.9	36,202	2.9	26,889	2.1	56,117	4.2	56,117	69.3
Fees, recoveries and other income	38,615	3.0	37,257	2.9	27,612	2.2	28,752	2.3	36,687	2.8	36,687	(5.0)
Sales and services	69,118	5.4	64,692	5.1	26,872	2.1	43,207	3.5	67,219	5.1	67,219	(2.7)
Amortization of deferred capital contributions	17,467	1.4	18,163	1.5	18,250	1.5	18,522	1.5	19,548	1.5	19,548	11.9
Donations	8,496	0.6	9,836	0.8	8,221	0.7	15,303	1.2	12,186	0.9	12,186	43.4
Total Revenue	1,279,127	100	1,268,679	100	1,246,812	100	1,254,713	100	1,317,035	100	1,317,035	3.0
Expense Item	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Salaries and benefits	746,684	67.0	772,384	67.5	806,909	68.9	846,290	69.1	894,138	69.0	894,138	19.7
Operating costs	166,430	14.9	158,629	13.9	132,189	11.3	151,918	12.4	170,370	13.1	170,370	2.4
Scholarships and bursaries	91,854	8.2	98,195	8.6	123,530	10.5	116,119	9.5	116,530	9.0	116,530	26.9
Amortization of capital assets	46,133	4.1	48,484	4.2	48,360	4.1	49,142	4.0	51,847	4.0	51,847	12.4
Interest on long-term debt	26,110	2.4	27,222	2.4	30,269	2.6	29,511	2.4	28,240	2.2	28,240	8.2
Other*	37,584	3.4	38,431	3.4	30,411	2.6	32,469	2.6	35,070	2.7	35,070	(6.7)
Total Expenses	1,114,795	100	1,143,345	100	1,171,668	100	1,225,449	100	1,296,195	100	1,296,195	16.3
Surplus/(Deficit)	164,332		125,334		75,144		29,264		20,840		20,840	(87.3)
Net Assets – Opening Balance	1,448,903		1,590,128		1,663,197		1,889,104		1,816,312		1,816,312	25.4
Adjustments to opening balance for employee benefit remeasurements	-		-		-		-		(28,257)		(28,257)	-
Employment benefit remeasurement	(53,257)		(48,313)		54,693		(58,076)		18,196		18,196	-
Contributions related to land and artwork	47		-		-		-		-		-	-
Net investment gain/(loss)	24,344		(8,113)		92,465		(47,925)		25,102		25,102	3.1
Contributions to externally restricted endowments	5,759		4,161		3,605		3,945		7,342		7,342	27.5
Net Assets – Ending Balance	1,590,128		1,663,197		1,889,104		1,816,312		1,859,535		1,859,535	16.9

* Includes taxes and utilities and cost of sales.

Appendix 6: York University Performance Metrics Results for 2020/21–2022/23, in Accordance with the Strategic Mandate Agreement¹

Source of data: Ministry of Colleges and Universities²

Legend: *Italics* indicate York met its target but performed lower than the provincial average

– York met both its target and the provincial average

– York did not meet its target and performed worse than the provincial average

York University	2020/21		2021/22		2022/23				
	Prov. Avg.	Target	Actual	Prov. Avg.	Target	Actual	Prov. Avg.	Target	Actual
Graduate Employment Rate in a Related Field Proportion of graduates of undergraduate (bachelor or first professional degree) programs employed full-time who consider their jobs either “closely” or “somewhat” related to the skills they developed in their university program, two years after graduation. Source of data: Ministry of Colleges and Universities, Ontario Graduate Survey	90.1%	82.7%	84.9%	89.9%	83.1%	86.7%	89.5%	84.4%	84.8%
Institutional Strength/Focus Proportion of enrolment in an institution’s defined program area(s) of strength. Source of data: Ministry of Colleges and Universities, University Statistical Enrolment Report	40.8%	49.2%	50.8%	41.5%	49.5%	52.8%	41.8%	49.1%	53.0%
Graduation Rate Proportion of all new, full-time, year one university students of undergraduate (bachelor or first professional degree) programs who commenced their study in a given fall term and graduated from the same institution within seven years. Source of data: Ministry of Colleges and Universities	73.4%	68.5%	68.4%	73.8%	68.1%	67.2%	76.4%	67.5%	70.7%
Community/Local Impact of Student Enrolment Institutional enrolments share in the population of the city (cities) or town (towns) in which the institution is located. Source of data: Ministry of Colleges and Universities, University Statistical Enrolment Report	13.3%	2.8%	2.9%	13.6%	2.8%	2.9%	13.9%	2.9%	2.9%
Economic Impact (Institution-Specific)³ Number of start-up ventures supported by York University. The metric used and unit of measurement vary by institution. Source of data: Ministry of Colleges and Universities	N/A	14	41	N/A	36	39	N/A	40	43

Legend: *Italics* indicate York met its target but performed lower than the provincial average
 - York met both its target and the provincial average
 - York did not meet its target and performed worse than the provincial average

York University	2020/21			2021/22			2022/23		
	Prov. Avg.	Target	Actual	Prov. Avg.	Target	Actual	Prov. Avg.	Target	Actual
<p>Research Funding and Capacity: Federal Tri-Agency Funding Secured Amount and proportion of funding received by institution from federal research granting agencies (Social Sciences and Humanities Research Council (SSHRC), Natural Sciences and Engineering Research Council (NSERC), Canadian Institutes of Health Research (CIHR)) in total tri-agency funding received by Ontario universities. Source of data: Tri-Agency Institutional Programs Secretariat</p>	4.9%	3.3%	3.3%	5.0%	3.3%	3.4%	5.0%	3.3%	3.4%
<p>Experiential Learning⁴ Number and proportion of graduates in programs who participated in at least one course with required Experiential Learning (EL) component(s). Source of data: Ministry of Colleges and Universities</p>	-	-	-	67.9%	41.1%	50.9%	71.3%	46.6%	49.5%
<p>Research Revenue Attracted from Private-Sector Sources⁴ Research revenue attracted from private-sector sources. Source of data: Council of Ontario Finance Officers (COFO)</p>	-	-	-	\$58.3M	\$14.4M	\$20.8M	\$61.2M	\$17.7M	\$16.5M
<p>Graduate Employment Earnings⁴ Median employment earnings of university graduates, two years after graduation. Source of data: Educational and Labour Market Longitudinal Platform, Statistics Canada</p>	-	-	-	\$51,863	\$43,869	\$49,421	\$52,937	\$46,401	\$51,548
<p>Skills and Competencies⁵ National Survey of Student Engagement (NSSE) higher-order learning engagement indicators within the academic challenge theme; it is an aggregate of four NSSE questions. The metric result is the difference between first year and fourth year student results. Source of data: National Survey of Student Engagement (NSSE)</p>	-	-	-	-	-	-	-	-	-

1. The Ministry of Colleges and Universities collected data for six of the 10 metrics in 2020/21, and nine of the 10 metrics in 2021/22 and 2022/23.
 2. The provincial average does not include information for two universities (Northern Ontario School of Medicine and Université de l'Ontario Français).
 3. Metric is institution-specific, hence no provincial average can be determined.
 4. Reporting on these metrics began in 2021/22.
 5. Reporting on this metric began in 2023/24.

Appendix 7: Ministry Financial Health Indicators, 2022/23

Source of data: Ministry of Colleges and Universities

Financial Health Indicator	Calculation	Description	Low-Risk Threshold ¹
Performance Measures			
Net income/(loss) ratio	$\frac{\text{Total Revenues} - \text{Total Expenses}}{\text{Total Revenues}}$	Measures the percentage of an institution's revenues that contribute to net assets. A negative value indicates that revenues are not covering expenses.	1.5% or above
Net operating revenue ratio	$\frac{\text{Cash Flow from Operating Activities}}{\text{Total Revenues}}$	Measures cash flow from operating activities as a proportion of revenues.	7% or above
Liquidity Measures			
Primary reserve (# of days)	$\frac{\text{Expendable Net Assets} \times 365 \text{ days}}{\text{Total Expenses}}$	Measures the number of days an institution could function using its unrestricted assets (reserves), assuming there are no other sources of revenues.	90 days or above
Working capital ²	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	Measures an entity's ability to fulfill short-term obligations with current assets.	1.25 or above
Sustainability Measures			
Interest burden ratio	$\frac{\text{Interest Expense}}{\text{Total Expenses} - \text{Depreciation}}$	Measures the proportion of total expenses supporting the annual cost of servicing debt.	2% or below
Viability ratio	$\frac{\text{Expendable Net Assets}}{\text{Long-Term Debt}}$	Measures the proportion of long-term debt that could be settled using unrestricted assets.	60% or above
Debt ratio ²	$\frac{\text{Total Liabilities} - \text{Deferred Capital Contributions}}{\text{Total Assets}}$	Measures the extent of an entity's leverage and shows the proportion of assets financed by debt.	35% or below
Debt to revenue ratio ²	$\frac{\text{Long-Term Debt}}{\text{Total Revenue}}$	Measures an entity's ability to repay debt.	35% or below

1. Thresholds are based on the financial accountability oversight framework that began to be implemented in April 2023. Prior years' benchmarks differed.

2. A new measure for 2022/23.

Appendix 8: Audit Criteria

Prepared by the Office of the Auditor General of Ontario

1. There is regular internal reporting on financial operations including cash flow, and audited financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP).
2. Processes and procedures ensure restricted funds, including endowments and donations, are appropriately segregated, accounted for and used only for the purposes intended.
3. A robust capital planning process exists, and significant capital expenditures are approved following a thorough cost-benefit analysis that takes into consideration an estimate of all associated revenues and costs. Capital projects are procured in accordance with policies and best practices that ensure value-for-money and avoid conflicts of interest.
4. The Board collectively has the skills and knowledge, and is provided sufficient and timely information, to effectively oversee operations.
5. Compensation and expenses of senior administrative staff are in accordance with Government of Ontario directives and comparable to other institutions, and there exists the right balance between faculty and administration.
6. Faculty, staff and student grievances and complaints are managed in an effective and timely manner to support the University's operations and to minimize costs.
7. Processes and procedures are in place to effectively manage campus health and safety issues in a timely manner and to proactively prevent incidents from taking place.
8. Admission and enrolment processes are in place to ensure that entry requirements for domestic and international students are comparable; international students entering university have met standards for English proficiency; there exists an appropriate mix between domestic and international students; agreements with recruiters are designed to attract the best international student candidates; and the fee schedule is applied consistently to all international students in the same program.
9. The suite of graduate and undergraduate programs is established and maintained with due regard for the financial sustainability of the university and its mandate.
10. Meaningful performance measures and targets are established, monitored and compared against actual results and publicly reported to ensure that the intended outcomes are achieved, and corrective actions are taken on a timely basis when issues are identified.

Appendix 9: Trends in Key Financial, Enrolment and Faculty Information at Select Faculties, 2018/19–2022/23

Source of data: York University

Glendon College						
	2018/19	2019/20	2020/21	2021/22	2022/23	Change (%)
Enrolment						
Domestic students, FTE	1,836	1,738	1,600	1,387	1,261	(31)
International students, FTE	210	208	188	147	134	(36)
Total	2,046	1,946	1,788	1,534	1,395	(32)
Tuition (\$ million)						
Domestic tuition	12.9	11.1	10.0	8.8	7.9	(39)
International tuition	5.4	6.1	5.7	4.6	4.0	(26)
Government grants (\$ million)	20.1	19.7	19.1	18.5	17.6	(12)
Total	38.4	36.9	34.8	31.9	29.5	(23)
Salaries (\$ million)						
Faculty	20.7	20.4	20.0	20.8	19.1	(8)
Other	11.6	12.2	12.3	12.6	13.8	19
Total	32.3	32.6	32.3	33.4	32.9	2
As a % of total expenses	63	65	65	66	66	
In-year surplus/(deficit) (\$ million)*	(3.9)	(5.2)	(9.1)	(12.7)	(14.4)	269
Salaries per student, Glendon (\$)	15,765	16,745	18,084	21,785	23,588	50
Salaries per student, all faculties (\$)	10,123	10,276	10,166	11,015	11,818	17
Difference (\$)	5,642	6,469	7,918	10,770	11,770	
Student-to-Faculty Ratio						
Student-to-tenure-stream faculty ratio, Glendon	22.93	20.21	20.09	17.24	16.06	(30)
Student-to-tenure-stream faculty ratio, all faculties	35.08	35.15	35.46	33.69	31.64	(10)
Difference	(12.15)	(14.94)	(15.37)	(16.45)	(15.58)	

* Excludes operating funding support received and contributions Glendon made to a common university fund. From 2017/18 to 2021/2022 Glendon automatically received \$4.2 million each year to maintain its revenues at previous levels and help ease the transition to activity-based costing (from an incremental costing model). In 2022/23 Glendon received \$9.4 million in operating support based on a proposal it submitted for approval by the Provost. From 2018/19 to 2022/23 Glendon contributed \$4.8 million to the common university fund.

Arts, Media, Performance and Design (AMPD)

	2018/19	2019/20	2020/21	2021/22	2022/23	Change (%)
Enrolment						
Domestic students, FTE	2,477	2,441	2,374	2,200	2,090	(16)
International students, FTE	321	392	457	482	447	39
Total enrolment, FTE	2,798	2,833	2,831	2,682	2,537	(9)
Tuition (\$ million)						
Domestic	18.2	16.0	15.1	14.0	13.1	(28)
International	8.3	11.1	14.3	15.1	14.6	76
Government grants (\$ million)	18.6	18.5	17.7	16.9	15.2	(18)
Total	45.1	45.6	47.1	46.0	42.9	(5)
Salaries (\$ million)						
Faculty	22.7	21.9	21.8	22.1	22.2	(2)
Other	10.5	12.7	12.9	13.4	13.0	24
Total salaries	33.2	34.6	34.7	35.5	35.2	6
Total salaries, % of total expenses	50	52	52	53	54	
In-year surplus/(deficit) (\$ million)*	(12.1)	(12.2)	(12.4)	(13.1)	(14.5)	20
Salaries per student, AMPD (\$)	11,850	12,217	12,256	13,247	13,886	17
Salaries per student, all faculties (\$)	10,123	10,276	10,166	11,015	11,818	17
Difference (\$)	1,727	1,941	2,090	2,232	2,068	
Student-to-Faculty Ratio						
Student-to-tenure-stream faculty ratio, AMPD	30.35	28.15	25.96	26.72	28.60	(6)
Student-to-tenure-stream faculty ratio, all faculties	35.08	35.15	35.46	33.69	31.64	(10)
Difference	(4.73)	(7.00)	(9.50)	(6.97)	(3.04)	

* Excludes operating funding support received and contributions AMPD made to a common university fund. From 2017/18 to 2021/2022 AMPD automatically received \$14.2 million each year to maintain its revenues at previous levels and help ease the transition to activity-based costing (from an incremental costing model). In 2022/23 AMPD received \$15.0 million in operating support based on a proposal it submitted for approval by the Provost. From 2018/19 to 2022/23 AMPD contributed \$5.9 million to the common university fund.

Environmental and Urban Change (EUC)

	2018/19	2019/20	2020/21	2021/22	2022/23	Change (%)
Enrolment						
Domestic students, FTE	596	562	699	594	563	(6)
International students, FTE	66	75	117	107	88	33
Total enrolment, FTE	662	637	816	701	651	(2)
Tuition (\$ million)						
Domestic	3.6	3.2	3.9	3.3	3.1	(14)
International	1.6	2.1	3.5	3.1	2.5	56
Government grants (\$ million)	7.4	7.2	7.7	7.2	6.9	(7)
Total	12.6	12.5	15.1	13.6	12.5	(1)
Salaries (\$ million)						
Faculty	6.0	5.4	9.5	8.7	8.4	40
Other	3.9	4.7	6.3	6.1	6.6	69
Total	9.9	10.1	15.8	14.8	15.0	52
Total (% of total expenses)	52	54	58	57	56	
In-year surplus/(deficit) (\$)*	(5.6)	(4.9)	(9.5)	(6.5)	(12.4)	121
Salaries per student, EUC (\$)	14,992	15,886	19,331	21,154	22,951	53
Salaries per student, all faculties (\$)	10,123	10,276	10,166	11,015	11,818	17
Difference (\$)	4,869	5,610	9,165	10,139	11,133	
Student-to-Faculty Ratio						
Student-to-tenure-stream faculty ratio, EUC	18.73	18.87	17.72	15.80	14.58	(22)
Student to tenure-stream faculty ratio, all faculties	35.08	35.15	35.46	33.69	31.64	(10)
Difference	(16.35)	(16.28)	(17.74)	(17.89)	(17.06)	

* Excludes operating funding support received and contributions EUC made to a common university fund. From 2017/18 to 2021/2022 EUC automatically received \$4.2 million each year to maintain its revenues at previous levels and help ease the transition to activity-based costing (from an incremental costing model). In 2022/23 EUC received \$6.0 million in operating support based on a proposal it submitted for approval by the Provost. From 2018/19 to 2022/23 EUC contributed \$1.9 million to the common university fund.

Appendix 10: Major Capital Projects and Source of Funding, 2017/18-2022/23 (\$ million)

Source of data: York University

Completion Date	Capital Project	Project Type	Source of Funding					Total Project Costs
			External Funds		Student Levy	Internal Funds		
			Government	Donations			External Debt	
Sept 2017	Co-generation Plant Renewal	Infrastructure Renewal	11.4	-	5.3	-	0.8	17.5
Jan 2018	Schulich School of Business Building Expansion	New Build	15.0	21.9	10.2	-	3.0	50.1
Dec 2018	Student Centre II	New Build	-	-	-	70.8	-	70.8
Jun 2019	Science Building Renewal	Building Renewal	23.2	-	23.7	-	3.7	50.6
Dec 2021	Lassonde Capacity Expansion	Renovation	-	-	-	-	8.0	8.0
Jan 2022	Podium Waterproofing	Deferred Maintenance	3.3	-	-	-	4.3	7.6
Mar 2022	Atkinson Tower Renovation	Renovation	-	-	-	-	6.4	6.4
Dec 2022	10 Year Housing Renewal Upgrade Residences	Building Renewal	-	-	-	-	63.8	63.8
Dec 2022	Lions Stadium Conversion	New Build	-	0.2	-	-	10.9	11.1
Jan 2023	School of Continuing Studies Building	New Build	-	-	-	-	70.4	70.4
Dec 2023 ¹	Classroom Renewal	Deferred Maintenance	2.8	-	-	-	17.2	20.0 ²
Dec 2023 ¹	Washroom Renewal Upgrades	Deferred Maintenance	8.8	-	-	-	4.7	13.5 ²
Dec 2023 ¹	Farquharson Life Sciences, Lumbers & Petrie Science	Renovation	-	-	-	-	9.6	9.6 ²
Q4 2023 ¹	Winters & McLaughlin	Renovation	-	-	-	-	7.5	7.5 ²
Q4 2024/Q3 2025 ¹	Sherman Health Science Research Centre Building Expansion	New Build and Renovation	-	-	27.6	-	26.9	54.5 ²
Spring 2024 ¹	Markham Campus	New Build	25.0	15.4 ³	135.0	-	85.1	260.5 ²
Q1 2025 ¹	Goldfarb Gallery	New Build	-	5.9	-	-	7.6	13.5 ²
Q1 2026	Vari Hall Addition ⁴	Expansion and Renovation	-	-	-	-	51.0	51.0
Spring 2026 ¹	Student System Renewal Program	Information Technology	-	-	11.5	-	108.6	120.1 ²
Total			89.5	43.4	213.3	70.8	489.5	906.5

▭ - projects selected for our review.

1. Date project expected to be complete.

2. Total project costs expected upon completion.

3. York has a fundraising goal of \$50 million for this project. By 2022/23, \$15.4 million had been received or pledged. The amount of the donations raised will reduce the internal funds used for the project.

4. At the completion of audit fieldwork, university management notified us that it would not be proceeding with the project.



Office of the Auditor General of Ontario

20 Dundas Street West, Suite 1530
Toronto, Ontario
M5G 2C2
www.auditor.on.ca