

## [ IN COUNCIL ]

# COUNCIL APPROVES 2013 BUDGETS

482nd MEETING, NOVEMBER 15  
AND 16, 2012

*By Jennifer Coombes*

COUNCIL HAS APPROVED the 2013 operating and capital budgets, as recommended by the Finance Committee.

In the approved operating budget, total revenues are budgeted at \$23.5 million and total expenses at \$22.9 million. Both revenue and expense figures show a decrease as compared to 2012 budget figures (\$0.2 million and \$0.3 million, respectively). For 2013, this leaves a surplus of \$536,000, representing an increase of approximately \$35,000 as compared to 2012.

The forecasted revenue decrease for 2013 as compared to the 2012 budget is due mainly to:

- a \$193,000 decrease in the volume of application, registration, exam and other licence fees;
- a \$183,000 loss of rental income from 40 Sheppard Avenue West tenant ADT, which is expected to vacate its space at PEO's head office on July 31; and
- a \$50,000 decrease in advertising revenue.

Budgeted expenses are expected to decrease in 2013 as compared to the 2012 budget due to:

- a \$400,000 decrease in employee and retiree future benefits based on actuarial estimates;
- a \$51,000 decrease in legal costs;
- a \$193,000 decrease in postage and courier costs; and
- a \$57,000 decrease in insurance costs as a result of lower premiums for directors and officers liability insurance and errors and omissions insurance.

These decreases are offset by:

- an \$184,000 increase compared to the 2012 budget in head office expenses, due mainly to an increase in recoverables expenses related to capital improvements to the building;
- an \$82,000 increase in volunteer expenses; and
- a \$63,000 increase in transaction fees due to higher credit card commissions and transaction fees.

In all other expense categories, PEO expects to hold expenses at current or reduced levels or contain increases to less than 5 per cent.

A capital budget of \$1,843,375 was also approved for 2013, which comprises \$1,378,000 for IT and facilities, \$279,000 for PEO leasehold improvements and \$183,375 for capital improvements to head office.

### MINIMUM CASH BALANCE & BORROWING RESOLUTION

PEO's Finance Committee proposed a new Minimum Cash Balance Policy to council, which is intended to be distinct from the current operating reserve that is now fully tied into the value of the building. The policy will ensure there is available cash to finance unexpected shortfalls in planned revenue, capital expenditures, unplanned expenses not included in the annual budget, and other unusual spending requirements, without needing to borrow or finance from outside sources. Council approved a minimum target cash balance of \$4.5 million, which represents approximately two and a half months' worth of PEO's operating expenses. The cash balance will be monitored regularly by the Finance Committee, and will be reviewed and approved annually by the Finance Committee and council.

Council also carried a motion to renew PEO's borrowing policy, which includes an operating line of credit and corporate credit cards with Scotiabank, until January 31, 2014. Council approved an operating overdraft for an amount not to exceed \$250,000 and use of corporate credit cards with an aggregate limit not to exceed \$120,000.

### FAIRNESS IN REGISTRATION PRACTICE

As recommended by PEO's National Framework Task Force, council passed a motion to continue developing the policy direction and key considerations of the fairness in registration practices component of the Canadian Framework for Licensure (CFL). The CFL is a model being promoted by Engineers Canada to help Canadian engineering regulators improve their legislative framework to enhance equity, fairness, consistency and timeliness of services. These improvements, in turn, are intended to enhance national and international mobility through uniform qualifications recognition, admissions, and discipline and enforcement procedures. PEO has supported and been an active participant in the CFL since the model's inception.

For the CFL's fairness in registration practices element, "Canadian engineering regulators must promote and maintain registration practices that provide applicants with an equal opportunity to meet the requirements for licensure."

In particular, regulators must:

1. provide fair registration practices that are accessible, timely, monitored, transparent, objective, partial and just;
2. provide an appeal or fairness review process for applicants;
3. demonstrate accountability through the presentation and dissemination of public reporting on registration practices;
4. review and improve registration practices on an ongoing basis; and
5. provide registration practices that are capable of accommodating new and emerging disciplines in engineering."

PEO has now been added to the list of constituent associations that plan to concur with the CFL's fairness in registration practices. Σ