



Minutes

Finance Committee Meeting on August 28, 2018

Meeting Minutes issued:

Minutes of a meeting of the Finance Committee (FIC) held in the PEO offices at 40 Sheppard Avenue West, North York, Ontario, on August 28, 2018 commencing and 4:00 p.m.

In attendance:

Chair: Michael Chan, P.Eng.

Vice-Chair: Kelly Reid, P.Eng., IACCM CCMP

Tim Kirkby, B.Eng., P.Eng., FEC
Lorne Cutler, P.Eng., MBA
Colin Chan, P.Eng.
Linda Drisdelle, P.Eng.
Roberto Martini, P.Eng.

Staff: Johnny Zuccon, P.Eng., Interim Registrar
Linda Latham, Deputy Registrar, Regulatory Compliance
Moody Farag, Acting Deputy Registrar, Licensing
David Smith, Director, Communications
Michelle Wehrle, Director, Information Technology
Jeannette Chau, Manager, Student and Summer Liaison
Chetan Mehta, MS, MBA, Director, Finance
Peter Cowherd, CPA, CMA, Manager, Financial Services & Procurement
Lucy Capriotti, Administrative Assistant

Guests: None

Regrets: Scott Clark, Chief Administrative Officer
Fern Goncalves, CHRL, Director - People Development
Michael Price, MBA, P.Eng., FEC, Deputy Registrar, Licensing



1.0 Call to order and welcome

The meeting was called to order at 4:04 p.m. by the Chair of the FIC Michael Chan and the draft agenda was presented to the committee members for their review and approval.

2.0 Approval of the meeting Agenda

The committee members agreed to proceed with the agenda and moved item number 4 (Review of 2018 Draft Operating and Capital Budgets) forward to be discussed before all other items due to the expected amount of time it would take for discussion.

MOTION

That the FIC agenda be changed by moving item number 4 (Review of 2018 Draft Operating and Capital Budgets) forward.

Moved by T. Kirkby and seconded by K. Reid

CARRIED

3.0 Approval of Minutes from July 24, 2018

It was agreed that the Minutes from July 24, 2018 would be discussed at the next FIC meeting.

4.0 Matters arising from the Minutes

Deferred to next FIC meeting.

5.0 Review of 2019 Draft Operating and Capital Budgets

C. Mehta proceeded to provide the committee members with an overview of presentation format for the 2019 budgets and 2018 forecast. He indicated that he would present the consolidated income statement and five-year projections for the 2019 operating budget along with an overview of the key variances versus the 2018 forecast. An overview of the 2018 forecast versus the 2018 budget was to be presented as well.

After the review of the 2019 consolidated operating budget, the concerned department heads would walk the committee members through the program expenses for their



respective departments and answer questions by the committee members. After a review of the operating budget is complete, the capital budget would be presented.

M. Chan requested that explanations of the variances for the 2018 forecast versus the 2018 budget be provided to the committee members first after which variances in the 2019 budget versus the 2018 forecast could be addressed.

Accordingly, C. Mehta proceeded to walk the committee members through the key variances in the 2018 forecast versus the 2018 budget first followed by key variances in 2019 budget versus the 2018 forecast.

There was further discussion amongst the members where several questions on the 2019 budget and the 2018 forecast which C. Mehta and other staff answered. L. Drisdelle suggested that the Finance Committee should also provide some financial strategy for Council to consider the budgets in light of the deficit.

After the presentation on the consolidated 2019 budget and the 2018 forecast was complete, C. Mehta requested each department head to walk the committee members through their respective departmental budgets.

Communications: D. Smith stated the Communications Department will have a twenty-three percent decrease in the 2019 budget from the 2018 forecast mainly due to reduced printing and postage expenses associated with Council's 2018 decision to have the digital edition of Engineering Dimensions serve as the default option. He then went on to answer additional questions by the various committee members.

Corporate Services: J. Chau speaking on behalf of S. Clark walked the committee members through the key highlights of the 2019 program budget for the Corporate Services Department. She pointed out that the 2019 budget is in line with 2018 forecast with an overall unfavorable variance of 4 percent. The variance is primarily due to four categories which total \$294k and account for the majority of the Corporate Services net unfavorable variance of \$275k. These key categories are:



1) Facility costs which have a combination of higher security costs in 2019 and lower depreciation costs in 2018; 2) Chapters – higher 2019 budget increased for inflation and increased members, plus lower 2018 expenditures in chapter allotments and licensing ceremonies; 3) Lower 2018 training costs due to cyber training being included with cyber security insurance hence no cost; 4) Succession Planning Task Force starting late in 2018 hence lower than expected 2018 expenditure.

Executive: J. Zuccon indicated that the 2019 spend in the Executive Department is expected to increase by 1.9 percent versus 2018 forecast mostly due to higher contributions due to Engineers Canada and higher travel costs in the Executive office for representing PEO at various external meetings and events.

Finance: C. Mehta indicated that the Finance Department costs in 2019 are expected to increase by \$33k or 5 percent in comparison the 2018 forecast largely due to increases in credit card transaction costs and insurance premiums for the cyber insurance coverage.

ITS: M. Wehrle stated that the increase of \$341k or 23 percent in the 2019 budget versus the 2018 forecast for the ITS Department is largely due to various upgrade projects to address operational risks from for various software and hardware which will reach end of life use in 2019 and early 2020. The upgrade projects are for database software, email system, SharePoint, server software, document management software, financial system software and staff computer equipment. These projects will increase monthly infrastructure costs, monthly hardware leasing costs, yearly licensing and one-time professional services costs. There are additional costs for one consultant for assistance with all these upgrades.

Licensing: M. Farag, the acting Deputy Registrar for Licensing walked the committee members through the key highlights of his departmental budget. He explained that there is an overall negative variance of 7.9 percent in 2019 versus the 2018 forecast largely due to higher costs in 2019 for the setting and marking of Technical Exams; Professional Practice Exams (PPE), ARC business meetings, Academic Assessment and ERC Business meetings interviews. This increase was due to an expected increase in the number of applications. He pointed out that for the last 10 years, the licensing team was dealing with an average of an 8 percent increase year over year.



Regulatory Compliance: L. Latham provided an overview of the Regulatory Compliance departmental budget and pointed out that the 2019 budget is expected to increase by 5.8 percent or \$41.7k and is aligned with the 2018 forecast. The increases in 2019 are largely due to the costs for a public survey which is to be undertaken in 2019 and higher costs for media monitoring. She also stated that there will be higher costs expected for a complex file/case currently before the Discipline Committee.

Tribunals: J. Zuccon walked the committee through the program expenses for his department. He pointed out that there is a decrease in the 2019 budget of \$43k of 6 percent versus the 2018 forecast largely due to the completion of the “Practitioner Centered Research” project in 2018 which was part of the 2015-2017 strategic plan initiative.

After a review of the 2019 operating budget, C. Mehta went on the walk the committee members through the key high-lights of the 2019 capital budget and answered questions the committee members had.

After further extensive discussions, the committee members asked for another meeting of the FIC on Sept 6, 2018 for another review of the 2019 budgets and 2018 forecast and asked staff to come up with potential cost saving ideas to deal with the deficits along with a list of programs that could be revisited and presented to Council for its consideration.

M. Chan also requested all the FIC members to email C. Mehta with any suggestions or cost saving ideas they may have before August 31, 2018 so that these can be discussed in detail at the FIC September 6th, 2018 meeting.

6.0 Other Business

The FIC members agreed that there was not enough time to cover this agenda item at this meeting. It was agreed that the suggestion by T. Kirkby to include per diem rate (instead of the requirement for itemized receipts) in the draft expense reimbursement policy be discussed at a later FIC meeting.

7.0 Date of Next Meeting



The next FIC meeting was scheduled for September 6, 2018.

8.0 Adjournment

The committee agreed to adjourn the meeting at 10:04 p.m. and a motion was passed to that effect.

MOTION

That the FIC meeting be adjourned.

Moved by K. Reid and seconded by L. Cutler

CARRIED



LIST OF ACTION ITEMS and status as of August 28, 2018

S. No	Action items identified at FIC meeting on June 5, 2018	Responsible Staff	Status update
Action Items identified at FIC meeting on June 5, 2018			
1	Cost saving initiatives / info on Eng. Canada Affinity program	C. Mehta	Work-in-progress
2	Past 5 year spend data on all committees and task forces	C. Mehta	Work-in-progress
3	Study / analysis on the pros and cons of centralizing Chapter bank accounts	C. Mehta	Work-in-progress
Action items identified at FIC on July 24, 2018			
4	FIC members to email a list of proposed changes to the Terms of Reference to staff.	FIC	Work-in-progress
5	T. Kirkby to get information from the Professional Institute of Public Servants of Canada on how they went about centralizing bank Chapter accounts.	T. Kirkby	Work-in-progress
6	The draft Expense Reimbursement Policy be amended as discussed at the FIC meeting.	C. Mehta	Completed