



Minutes

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Finance Committee Meeting on September 6, 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 September 6, 2018 commencing and 5:00 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 (via conference)
Linda Drisdelle, P.Eng.
Roberto Martini, P.Eng.

Staff: Linda Latham, P.Eng., Deputy Registrar, Regulatory Compliance
Scott Clark, LL. B, FEC, Chief Administrative Officer
Moody Farag, P.Eng., Acting Deputy Registrar, Licensing
David Smith, Director, Communications
Michelle Wehrle, Director, Information Technology
Chetan Mehta, MS, MBA, Director, Finance
Peter Cowherd, CPA, CMA, Manager, Financial Services & Procurement
Lucy Capriotti, Administrative Assistant

Guests: None

Regrets: Colin Chan, P.Eng.
Johnny Zuccon, P.Eng., Interim Registrar



1.0 Call to order and welcome

The meeting was called to order at 5:25 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 as presented.

MOTION

That the FIC agenda be approved.

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 be approved as presented.

MOTION

That the Minutes from the FIC July 24, 2018 meeting be approved as presented.

Moved by T. Kirkby and seconded by K. Reid

CARRIED

4.0 Matters arising from the Minutes

In agenda item #10, **Action Item no. 2 – T. Kirkby to get information from the Professional Institute of Public Servants of Canada on how they went about centralizing bank Chapter accounts** will be discussed at next meeting.

5.0 Review of 2019 Draft Operating and Capital Budgets

Based on prior input provided by staff, M. Chan began the meeting by providing the committee members with a high-level overview of the following top spend items in the 2019 draft budget with highest unfavorable variances:

- 1) **Full time staff salaries and benefits** – this has the highest unfavorable variance vs the 2018 forecast largely due to the fact the 2018 forecast is significantly lower than the



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2018 budget due to several vacancies arising from staff on medical leave and from some unfilled positions. In addition, the 2019 budget figures are higher as these figures are populated based on the assumption that all of the staff who are currently on medical leave could return to work as on January 1, 2019. On being asked by the committee members on how likely it was for all of these staff to return to work on January 1, 2019, S. Clark responded by clarifying that it was a legal requirement to budget for such absences.

In addition, it was pointed out that the 2019 budget included and asked for two new positions and one position for a Research Analyst in the Tribunals department. which was already approved in the prior years but was not funded in the 2018 budget due to the deficit. The new positions are for an Admissions Representative in the Licensing department and for an IT help desk support staff in the Information Technology department.

K. Reid recommended that it would be useful for Council members to compare data on the staffing in the Licensing and IT departments in other organizations similar in size and operations to PEO. K. Reid also suggested that it may be worthwhile to look into the rationale for retaining the position of Research Analyst and whether this was required.

- 2) **Contract staff** – It was pointed out to the committee members that the although the number of contract staff in 2019 was unchanged in comparison to the 2018 forecast, the figure was higher due to timing (i.e. more man-months in 2019) as the 2019 figure was based on the assumption that all of the contract staff would be hired as of January 1, 2019 whereas the 2018 forecasted spend on contractors was for a much lower number of contractor man-months as bulk of the hiring for the contractors in 2018 was expected to be done in late Q3 and Q4. The committee members directed staff to adjust the contractor spend to avoid double-counting in light of the fact that the full-time salaries and staff spend was based on the assumption that staff on medical leave were returning at the beginning of 2019.
- 3) **Legal** – M. Chan requested L. Latham to provide an overview of the spend on Legal. L. Latham pointed out that there was an increase in legal spend due to a complex legal



case that wasn't budgeted for and that the spend for this case was included in the 2019 budget as it was likely to continue.

- 4) **IT spend on Aptify upgrade** – M. Wehrle indicated that she was requesting an additional spend of \$100k USD for the upgrade as due to technical and staffing issues encountered during the implementation. As of this date, Aptify has completed 75 percent of the upgrade of the database and desktop client to 6.0. However, there are still a few outstanding configuration issues that need to be addressed and three more planned data conversions before PEO can go live. Due to unanticipated increases to PEO IT workload and reduction of staffing in 2018, configurations PEO expected to do in-house were tasked to Aptify to complete. This resulted in additional costs to the project. Furthermore, removal of the unused APEGA customized code and moving from custom code to stock functionality, that is now built into version 6.0, was more challenging than Aptify anticipated. M. Wehrle pointed out that the upgrade was expected to be complete by Q1 2019.

The committee members then proceeded to discuss the suggested items for cost savings that were presented by staff. After discussion, the final list that the committee members agreed be presented to Council for direction is shown in **Appendix A**.

In addition, the following action items were requested by the committee members:

ACTION ITEMS:

- 1) **Request Engineers Canada to explore the possibility for creating a business case for the alignment / standardization of licensing processes across all provinces to reduce IT costs.**
- 2) **Check to see if credit card fees can be passed on to those members who choose to pay their dues via credit card.**
- 3) **Check about potential liability issues for PEO arising from serving alcohol at various committee meetings/events.**



After extensive discussion, the committee members then proceeded to pass a motion that the 2019 draft operating budget be presented to Council for review.

MOTION

That the draft 2019 operating budget be presented to Council for review.

Moved by T. Kirkby and seconded by L. Cutler

MOTION CARRIED

The committee members had no additional inputs on the 2019 draft capital budget which had remained unchanged from the version presented at the FIC meeting on August 28, 2018. Subsequently, they agreed to pass the motion that the 2019 draft capital budget be presented to Council for review.

MOTION

That the draft 2019 capital budget be presented to Council for review.

Moved by T. Kirkby and seconded by L. Cutler

MOTION CARRIED

6.0 Other Business

After extensive discussion on various suggestions for cost savings, the Chair requested the FIC members to email C. Mehta should they come up with additional ideas.

7.0 Date of Next Meeting

The next FIC meeting has been scheduled for October 16, 2018.

8.0 The committee members decided to go to an **IN-CAMERA SESSION** while all other staff left the meeting room at 8:45 pm.



ACTION ITEMS:

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	Completed
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	Completed
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 to incorporate the grammatical changes proposed at the FIC meeting.	C. Mehta	Completed
Action items identified at FIC on Sept 6, 2018			
7	Request Engineers Canada to explore the possibility for creating a business case for the alignment / standardization of licensing processes across all provinces to reduce IT costs.	?	Work-in-progress
8	Check to see if credit card fees can be passed on to those members who choose to pay their dues via credit card.	C. Mehta	Completed
9	Check about potential liability issues for PEO arising from serving alcohol at various committee meetings/events.	?	Work-in-progress



APPENDIX A

Cost saving suggestions to address Projected 2019 Budget Deficit

Reviewed by FIC on Sept 6, 2018

Since 2008 when PEO's fees were last increased, the cost of living (compounded) has increased some 19%.

In that time PEO's reserve has risen to nominally \$9 million, \$4.5 million over the mandated reserve required.

The deficit in 2019 is projected to be \$2.5 million before discretionary expenses. The deficit could be funded from the reserve.

After a review by the FIC during its meeting on Sept 6, 2018, the following is a list of potential options for Council's consideration to increase revenues and reduce expenses:

Item	Options to Increase Revenues	Subtotal	Total
1	Increase Application, EIT and Exam fees by 20% and start charging fees for interviews.		692,000
2	Modify Financial Credit Program (FIC) to provide credit only after an application is complete and a licence is obtained.		-
Total		\$	692,000
Item	Options to Decrease Expenses	Subtotal	Total
1	Simplify catering options: serve sandwiches instead of catered meals, eliminate alcohol, etc. \$40,000 - \$150,000		95,000
2	Eliminate regional viewing meetings for Council election debates		25,000
3	Suspend Specific Conferences		
3.1	Chapter Leaders Conference	95,000	
3.2	Volunteer Leaders Conference	62,000	
3.3	Queen's Park Day	35,000	
3.4	Committee Chairs Conference	29,000	
3.5	Education Conference (cost captured in 7.1)	-	
3.6	PEO Student Conference (cost captured in 9.3)	-	
	Total for Suspend Specific Conferences		221,000
4	Restructure Council Workshop		50,000



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5	Restructure Annual General MeetingHold AGM onsite at PEODo not cover expenses for attendees		143,400
6	Revisit Chapters costs		
6.1	Hold RCC meetings on Thursday afternoons before Council meeting	32,000	
6.2	Northern Regional Office	18,000	
6.3	Western Regional Office	25,000	
6.4	Maintain 2019 Chapter funding at 2018 levels	147,000	
	Total for Chapters		222,000
7	Reduce the number of non-regulatory committees. A sample breakdown of costs for one such committee:		-
7.1	Education Committee		
	o Education Conference	30,150	
	o Chapter Allotments (for Special Project Funding)	15,000	
	o EDU meetings	12,350	
	o Engineering Innovation Forum (EIF)	6,000	
	Total for Education Committee		63,500
8	Suspend Task Forces for one year - for e.g.:		
8.1	Succession Planning Task Force	29,000	
8.2	30 by 30 Task Force	20,000	
8.3	Governance Working Group Phase 1 (GWGP1)	20,000	
8.4	Emerging Discipline Task Force (EDTF)	1,000	
	Total		70,000
9	Revisit programs		
9.1a	OPEA and OOH: return to hosting alternating years	125,000	
9.1b	Combine events and coordinate with OSPE		
9.1c	Cancel OPEA		
9.1 d	Cancel OOH		
9.2	Engineer in Residence (EIR) - Please refer to BN on EIR program to be presented at Council meeting on Sept 21, 2018		
	Base fee payment to service provider	50,000	
	Additional costs which cover:		
	o Co-op student	10,500	
	o Reimbursements for materials (up to \$300/EIR)	5,000	
	o Admin/processing costs	1,500	
	o Orientation for EIRs	1,000	
	o Nationbuilder Annual Fee (website domain)	600	



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	o Website maintenance	400	
9.3	Chapter Scholarships - consider suspending for one year	45,000	
9.5	National Engineering Month (NEM)	40,000	
	Total for Revisit Programs		279,000
10	Internship (EIT program)		
	Licensure Assistance Program	56,400	
	EIT Seminars and Webinars	16,700	
	Remainder falls under additional outreach to chapters (presentations by staff), printing of brochures/material, appreciation items for volunteers and mailing fees for EIT welcome packages sent by the registration department	10,400	
	Total for Internship		83,500
11	Consider the option of passing on credit card fees to members who opt to pay their dues via credit card		575,000
12	Decommission PEO Online Member Forum Minimal cost reduction but PEO would reduce risk as the software is no longer supported. Costs to maintain this service would be in PEO staff resources (4 - 6 weeks) to upgrade to the most recent version of the software.		500++
Total			1,827,400

Note: All of the above \$ figures are rough estimates. For the action items identified by Council to be acted upon, staff will do a more thorough cost - benefit analysis.