



Minutes

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Audit Committee Meeting on April 3, 2017 (Teleconference)

Meeting Minutes issued: May 16, 2017

Minutes of a meeting of the Audit Committee (AUC) held in the PEO offices at 40 Sheppard Avenue West, North York, Ontario, on April 3, 2017 commencing at 4:00 pm.

In attendance:

Vice-Chair: Ewald Kuczera, M.Sc., P.Eng., Western Regional Councillor
Thomas Chong, M.Sc., P.Eng., FEC, FCAE, PMP, East Central Regional Councillor
Ed Nelimarkka, MBA, BEng., P.Eng.
Craig Young, P.Eng., CPA, CMA
Gary Houghton, P.Eng., Western Regional Councillor
Dan Preley, P.Eng., Northern Regional Councillor

Staff: Gerard McDonald, P.Eng., Registrar
Fern Goncalves, CHRL, Director, People Development & Pension Plan Administrator
Peter Cowherd, CPA, CMA, Manager, Financial Services and Procurement
Lucy Capriotti, Administrative Assistant

Guests: Steve Stewart, CPA, CA (Deloitte)

Regrets: Danny Chui, P.Eng., FEC, West Central Regional Councillor (Chair)
Chetan Mehta, MS, MBA, Director, Finance

1.0 Call to order and welcome

The meeting was called to order at 4:05 p.m. by E. Kuczera Vice Chair. The Vice Chair assumed the role of Chair as D. Chui was unable to attend the teleconference.

2.0 Approval of the meeting Agenda

The agenda was approved.

MOTION

That the agenda be approved to discuss the audited financial statements for the pension plan for the employees of PEO.



3.0 Review the Audited Pension Statements of the Pension Plan (S. Stewart – Deloitte)

S. Stewart confirmed that Deloitte had audited the fund of the Pension Plan, not the Pension Plan itself. He mentioned that, on an annual basis, the government requires an audit of the pension fund.

He reviewed the key highlights of the PEO Pension Plan Audit report prepared by Deloitte for the year ending December 2016.

Questions asked by members:

T. Chong asked who audits the liabilities and S. Stewart advised that an actuary is the one who estimates the liability for the pension plan at a particular point in time.

C. Young discusses note 8 and that it references that the new actuarial evaluation is done January 1, 2017. F. Goncalves advised that the actuarial evaluation is done every 3 years and an evaluation will take place in early 2017. Our actuarial firm has already started working on it but PEO will not see the report until June or July. It was asked that an amendment be noted:

Amendment: S. Stewart to amend Note 8 to read “the next actuarial evaluation is due to commence January 1, 2017, which is required to be filed with FSCO in 2017.”

D. Preley discussed Page 3, Increase in net assets in 2016 for employers in the amount of \$661,150. He asked how this was calculated and why is it much more than employee contribution. F. Goncalves advised that, based on the terms of the defined benefit plan, employees contribute 5 percent and the employer contributes 18 percent. This information is based on the actuarial valuation conducted in 2014. The amount has been 18 percent since 2014 and, may change, based on the current valuation report that’s underway depending on the growth in the plan and economic conditions.

D. Preley asked if health care benefits payment is independent of this audit. S. Stewart responded that this would only include pension payment.



D. Preley asked about the defined contribution plan, F. Goncalves reported that PEO had a defined benefit, not defined contribution, pension plan which was closed completely to new membership and PEO introduced a self-directed RRSP contribution plan in 2006. As a self-directed RRSP, it is not audited because PEO does not manage the program – it is self-directed by the employees. However, an audit of the payroll is conducted as part of the financial audit. For the self-directed RRSP, the employee contributes 5 percent and the employer matches equally at 5 percent. This shows up in the benefits area as a payroll benefit.

D. Preley asked about Page 12, Asset allocation and if the recent change reflected the audit. F. Goncalves advised that this is not reflected in the audit as recent changes only took effective January 1, 2017.

T. Chong asked F. Goncalves if the audited pension plan financial statements had to go to the AGM, she advised that this was not required. T. Chong inquired about the approval process and F. Goncalves confirmed that that the audit of the pension plan is reviewed by the AUC. The audited statements must be filed with FSCO (Financial Services Commission of Ontario) by June 30, 2017.

A question was asked whether the 2016-2017 Council or the incoming 2017-2018 Council should approve the audit. F. Goncalves said there is no specification as to which Council approves the pension plan audit as this is an internal decision and advised that FSCO requires a motion that accompanies the audit report to validate that it has been approved by the governing council.

MOTION

To receive and recommend that Council approve the 2016 audited financial statements for the fund of the pension plan for employees of PEO.

Moved by T. Chong and seconded by C. Young

CARRIED

4.0 Other Business

There was no other business discussed.



5.0 Date of Next Meeting

A Doodle poll will be sent to schedule the next meeting.

6.0 Adjournment

The committee agreed to adjourn the meeting at 4:40 p.m. and a motion was passed to that effect.

MOTION

That the meeting be adjourned.

Moved by T. Chong and seconded by G. Houghton

CARRIED

ACTION LOG

ID #	Issue	Action	Responsibility	When	Status
1.	2016 Pension Plan Statement	Filing with FSCO	F. Goncalves	By June 30, 2017	Complete