



Minutes

Audit Committee Meeting March 29, 2016

Minutes of a meeting of the Audit Committee (AUC) held in the PEO offices at 40 Sheppard Avenue West, North York, Ontario, on March 29, 2016 commencing at 5:00 pm.

In attendance:

Audit Committee Members:

Ewald Kuczera, M.Sc., P.Eng., (Chair)
Santosh Gupta, P. Eng., FEC, (Vice-Chair)
Thomas Chong, M.Sc., P.Eng., FEC, PMP, President
Danny Chui, P.Eng., FEC (via conference)
Ed Nelimarkka, MBA, BSc, P.Eng. (via conference)
Craig Young, P.Eng., CPA, CMA (via conference)
Changiz Sadr, P.Eng., FEC

Staff: Gerard McDonald, Registrar
Fern Goncalves, Director, People Development (Pension Plan Administrator)
Chetan Mehta, Director, Finance
Lucy Capriotti, Administrative Assistant

Regrets: None

Guests: Steve Stewart (Deloitte)

1. Approval of Agenda

A motion to approve the agenda was passed by the members.

MOTION

That the agenda as presented be approved.

Moved by C. Sadr and seconded by T. Chong

MOTION CARRIED

2. Approval of Minutes from March 2, 2016

A motion to approve the Minutes was passed by the members.

MOTION

That the Minutes as presented be approved.

Moved by S. Gupta and seconded by C. Young.

MOTION CARRIED

3. Business Arising from the Minutes

No other business was discussed.

4. Review the Audited Pension Statements of the Pension Plan

S. Stewart reviewed the key highlights of the PEO Pension Plan Audit report prepared by Deloitte for the year ended December 2015. S. Stewart advised that the regulator in Ontario for pension plans (Financial Services Commission of Ontario – FSCO) requires that all organizations providing a pension plan are required to file an annual audited statement of changes and net assets each year, and that the audit conducted by Deloitte does not comprise a complete pension statement audit since the pension liabilities are not reported in this statement. What is audited are the investment balances which were confirmed with the custodian (i.e. RBC - Royal Bank of Canada) as to what investments are held in the pension plan fund. The custodian provides all details of the activities that have happened throughout the year to Deloitte who ensure these details are in agreement with what is being reported.

C. Sadr asked S. Stewart if it was standard or normal for pension liabilities to be missing from these statements. S. Stewart advised that it would not be correct to use the term “missing” from these statements since these statements, per FSCO regulations, are required to be filed annually and to include the assets of the

pension plans. The audited statements for the complete plan which would include pension liabilities are not required.

T. Chong asked if these statements were reviewed by the Investment Sub-committee. F. Goncalves advised that the Investment Sub-committee had not reviewed these statements since there were just recently released and that the mandate of the Investment Sub-committee is to oversee the performance of the pension plan assets.

T. Chong asked if the Investment Sub-committee needed to review or change the investment manager if the return on the funds was very low. F. Goncalves advised that this was the mandate of the Investment Sub-committee. As part of that mandate, the sub-committee does review pension plan reports provided to them regularly. In addition, the sub-committee was to recommend to Council some changes in the investment strategy based on the recommendations recently made by the Investment Manager.

E. Kuczera asked S. Stewart whether the reference to the date of September 30, 2015 on page 8 (and other places) was standard practice and why was it not dated December 31, 2015. S. Stewart clarified that this was not standard practice but this was the best and most recent information that Deloitte could get about the entire fund.

E. Kuczera inquired if it was necessary for these reports to be presented to Council and whether a formal motion was required. S. Stewart advised that just like for the PEO Financial Statement Audit, Deloitte requires management to sign-off on the representation letter which was provided to him by F. Goncalves (the Pension Plan Administrator) today and this is all that was required.

S. Stewart indicated that he would finalize the statements and date it today.

T. Chong inquired whether these statements would be provided to the Investment Sub-committee. F. Goncalves confirmed that she will be forwarding a copy of Audited Pension Statements of the Pension Plan to the Investment Sub-committee.

5. Other Business

There was no other business.

6. Date of Next Meeting

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

7. Adjournment

The meeting adjourned at 5:41 p.m.