



Minutes

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Finance Committee **September 4, 2014**

Minutes of a meeting of the Finance Committee (FIC) held in the offices of the association, 40 Sheppard Avenue West, North York, Ontario, on September 4, 2014 commencing at 4:00 pm.

In attendance:

Finance Committee Members:

Dave Adams, P.Eng.,(Ex-officio) (via conference)
Roger Jones, P. Eng.
Michael Wesa, P.Eng. (via conference)
Charles Kidd, P.Eng.
Dr. Ravi Gupta, P.Eng.
Jason Green, CPA, CMA, MBA, P.Eng.(via conference)

Staff:

Gerard McDonald, P.Eng., MBA, Registrar/CEO
Michael Price, MBA, P.Eng., FEC, Deputy Registrar,
Licensing and Finance
Maria Cellucci, CPA, CA, Controller
Johnny Zuccon, P.Eng., Deputy Registrar, Tribunals and Regulatory
Affairs
Linda Latham, P.Eng., Deputy Registrar, Regulatory Compliance
Fern Goncalves, Director, People Development
Scott Clark, Chief Administrative Officer
Lucy Capriotti, Administrative Assistant

Regrets:

Nick Colucci, P.Eng.
Thomas Chong, P.Eng, (Ex-officio)

1. Approval of Agenda

The agenda was modified by moving “Review 2015 Draft Budgets” to Agenda item 5c and adding the following:

- 5a) Overview of the strategic plan; and
- 5b) Priority objectives in the first year of operation.

MOTION

That the revised agenda be accepted.

Moved by M. Wesa and seconded by C. Kidd.

MOTION CARRIED

2. Approval of Minutes from May 21, 2014

The Minutes as presented were reviewed.

MOTION

That the Minutes of the May 21, 2014 meeting as presented be approved.

Moved by C. Kidd and seconded by M. Wesa.

MOTION CARRIED

3. Business Arising from the Minutes

There was no other business arising from the Minutes.

4. Finance Committee Additional Members

R. Jones and C. Kidd proposed for two additional FIC members: Jason Green and Ravi Gupta.

MOTION:

That Jason Green and Ravi Gupta be approved as new FIC members.

A discussion ensued regarding the potential for additional FIC members. All were in favor of remaining with the two new additional members being Jason Green and Ravi Gupta.

MOTION CARRIED

5. a) An Overview of the Strategic Plan

G. McDonald provided an update on the strategic plan and process that is ongoing. The Councillors have been provided with ongoing information with respect to the strategic objectives that PEO is pursuing as an organization, at the Council Workshop.

Over the summer staff have been working on developing specific strategies to respond to these strategic objectives with the objective being that at the September 25th Council meeting, Council will review the proposed plan and the strategies associated with it and provide further feedback and direction. PEO would then undertake follow through on this direction and further refine the plan with the ultimate objective being to get Council's final approval of the plan at the November meeting, with implementation for the years 2015 to 2017 inclusive.

For each of the strategies put forth PEO has assessed whether there is a need for additional funds to undertake the work required. A significant portion of the strategies can be undertaken with funds within existing departmental budgets, however, there are some strategies that require extra funding and most of these have been identified and included in the budgets. If it's decided that Council does not wish to proceed with specific strategies then any extra funds that would have been approved for those strategies would be removed from the budget.

R. Gupta had some observations and additional clarifications regarding the document "Strategies 2015 and 2017": he asked if the definition of Practitioners could be clarified as applicants are the ones who do not have a license and practitioners are P.Eng. members. G. McDonald said to clarify they specifically used the term practitioners because it included essentially all aspects of the license responsibilities PEO is responsible for, it could be a P.Eng. or a limited license holder or an EIT and not solely limited to those that hold the title P.Eng. G. McDonald said that all of the strategies that appear in the document that R. Gupta has quoted from are estimated in the budget or will be carried out using existing funds.

G. McDonald indicated that the document should not be taken as a finished product. It has only been distributed to Councillors at this point for their feedback in preparation for the strategic planning session and PEO continues to receive suggestions from Councillors on strategies to consider pursuing. Budgeted consultants were reviewed. In particular, regarding the budgeted assessment expert to review the ERC assessment process and provide recommendations to improve process, R. Jones asked if it would be reasonable to recognize that PEO has a lot of expertise in house with staff and critical distributive expertise with volunteers and if such initiatives could be done by these folks rather than going to an external consultant which is costly. G. McDonald suggested that we do not have an in-house expertise with respect to being an assessment expert, this is stemming directly from a recommendation of the Fairness Commissioners report of the assessment they conducted at PEO. PEO has committed to the Fairness Commissioner that this would be something we would do. It's in PEO's best interest to cooperate as much as possible with the Fairness Commissioner and not to dismiss their recommendations. R. Jones asked G. McDonald if there are monies to pursue enforcement in manufacturing and process industries. G. McDonald said PEO has budgeted funds for enforcement but has not identified extra funds. If a decision was taken by Council to do more in the enforcement area (in addition to ongoing work) then more funds would need to be budgeted.

L. Latham added that the budget contained funds for bringing forward a new strategy around repealing the Industrial Exception and she would be presenting this strategy at the September Council meeting. It will be a moderate strategy that involves closing the gap in the manufacturing sector and focusing harder on manufacturing organizations.

G. McDonald indicated that within the Strategic Plan there would be certain key performance indicators that the organization would track over time. One of the key performance indicators is what percentage of PEO's budget is spent on core activities for the organization. This would give Councillors and the FIC a good idea of how much time is spent on activities that are needed to specifically carry out PEO's mandate. It will take some time and effort in defining what those activities are. R. Gupta discussed variable cost, i.e. if the number of members changes, (in PEO's case it increases every year). A discussion on the merits of variable cost reporting versus other methodologies (regulatory versus non-regulatory) were discussed.

b) A priority on the first year of operation by G. McDonald

G. McDonald said that the Strategies document is not in any relative terms of priority. Some of the work should be started this year, some may be completed this year others may go on for a two or three year period. Council must first agree that these are the strategies that they would like PEO to pursue. Regular reporting on the progress and achievement of these strategies is part of the ongoing planning process. PEO would report back to Council at regular intervals to provide progress reports and to get additional direction from Council.

R. Gupta asked if members of the FIC could come up with what they believe are a list of priorities of the strategies. G. McDonald said that could be done and PEO would take it under consideration. He suggested that the FIC bring the list to the Council session on September 25th and that D. Adams as Chair of the FIC, or any of the members of FIC who are Councillors, could present their observations on the strategies and the relative priorities amongst them.

c) Review 2015 Draft Operating Budget

M. Price provided an overview of the 2015 Draft Operating Budget in detail.

REVENUE:

PEO fees have been frozen since 2008, and all other fees have been frozen since 2010. The only increase in revenue comes from increased applications.

EXPENSES:

Expenses will be increasing \$1.4M, G. McDonald discussed that we are budgeting \$400,000 more than we budgeted last year. M. Cellucci discussed that in the forecast there are a lot of new hires that were done in the latter part of the year which will not be reflected in the forecast amount.

Overall, PEO is budgeting a surplus of \$219k.

After M. Price completed the overview, each of the senior managers proceeded to provide additional details on their departmental budgets and answered questions put forward by the committee members.

MOTION

That Council reviews the draft 2015 Operating Budget and provides consensus, direction and feedback.

Moved by C. Kidd and seconded by R. Jones.

MOTION CARRIED

CAPITAL BUDGET – was reviewed in detail by S. Clark and answered any questions committee members had.

MOTION

That Council reviews the draft 2015 Capital Budget and provides consensus, direction and feedback.

Moved by M. Wesa and seconded by R. Jones.

MOTION CARRIED

6. Investment Sub-Committee

A member of this committee is appointed to the Investment Sub-committee.

MOTION

A motion was made by R. Gupta that he would like to have R. Jones considered for this committee.

Moved by R. Gupta and seconded by C. Kidd.

MOTION CARRIED

7. Other Business

Create a building sub-committee

M. Price suggested on waiting until the Asset Management Plan, originally prepared in late 2013 by BJC, is reviewed and updated by BJC/PEO, before deciding if a building sub-committee is needed. The FIC will be provided with a copy of the updated Asset Management Plan as soon as it is ready and will revisit the issue at that time.

8. Date of Next Meeting

A doodle poll will be sent out after the September Council meeting. The meeting will need to take place in late October/early November in order to meet the November Council meeting deadlines.

9. Adjournment

Meeting adjourned at 7:15 p.m.