



Minutes

40 Sheppard Avenue West
Suite 101
Toronto, ON M2N 6K9
Tel: 416 224-1100
Fax: 416 224-8168
www.peo.on.ca
Enforcement Hotline:

Audit Committee & Finance Committee Joint Meeting on March 3, 2020

Meeting Minutes issued:

Minutes of a meeting of the Audit Committee (AUC) and Finance Committee (FIC) and held at the Professional Engineers Ontario office meeting room 1C, 40 Sheppard Avenue West, North York, Ontario, on March 3, 2020 commencing at 5:00 pm.

In attendance:

Audit Committee Members:

Chair: Guy Boone, P.Eng., Eastern Region Councillor

Vice-Chair: Marilyn Spink, P.Eng. **(DID NOT ATTEND)**
Leila Notash, P.Eng., PhD, FEC (via teleconference)
Sherlock Sung, B.A.Sc.
Thomas Chong, M.Sc., P.Eng., FEC, FCAE, PMP,
East Central Region Councillor
Craig Young, P.Eng., CPA, CMA
Ishwar Bhatia, M.Eng., P.Eng., Eastern Region Councillor

Finance Committee Members:

Chair: Lorne Cutler, P.Eng., MBA; Lieutenant Governor-in-Council Appointee

Vice-Chair: Randy Walker, P.Eng.

Colin Chan, P.Eng.
Linda Drisdelle, P.Eng.
Roberto Martini, P.Eng. CPA, CMA (via teleconference)
Arjan Arenja, P.Eng., MBA

Staff: Johnny Zuccon, P.Eng., CEO/Registrar
Chetan Mehta, MS, MBA, Director, Finance
Peter Cowherd, CMA, CPA, Manager – Financial Services
Lucy Capriotti, Administrative Assistant

Guests: Steve Stewart, CPA, CA (Deloitte)

Nancy Hill, P.Eng., LLB, FEC, FCAE, President (elect)

Regrets: Sandra Ausma, P.Eng., PhD. (FIC)
Marilyn Spink, P.Eng. (AUC)

The meeting was called to order at 5:00 p.m. by the Chair of the AUC Guy Boone.

1. Approval of Agenda

The committee members reviewed the agenda and agreed to move up item 6, (Deloitte Report on 2019 Audit), item 7, (Review and approval of 2019 Draft Audited Financial Statements by AUC), item 8 (Recommendation of auditor for FY 2019 by AUC) to become items 2, 3 and 4.

MOTION

That the draft agenda as amended be approved.

Moved by T. Chong and seconded by I. Bhatia

MOTION CARRIED

2. Deloitte report to the AUC on the 2019 Audit (presented by S. Stewart)

S. Stewart commenced with his presentation to the committee members on Deloitte's report on the audit findings for the 2019 year-end audit. He began by clarifying that as PEO's auditor, Deloitte's job is to perform an audit on the financial statements of the Association and report on the audit findings to the Audit Committee.

He pointed out that the preparation of the financial statements audited by Deloitte were the responsibility of PEO management. He stated that these statements were prepared in accordance with the accounting standards for NPOs (Not-for-Profit Organizations) for the year ending December 31, 2019 and audited in accordance with Canadian Generally Accepted Auditing Standards (GAAS) which remained unchanged from the last year. S. Stewart answered any questions the committee members had.

IN CAMERA SESSION

G. Boone asked the committee members that the meeting be moved to an in-camera session which would give the committee members a chance to ask questions they may have to the auditor S. Stewart. The members unanimously agreed with his suggestion and a motion was passed to the effect.

MOTION

The meeting be moved to an in-camera session.

Moved by I. Bhatia and seconded by T. Chong

MOTION CARRIED

3. Review and approval of 2019 Draft Audited Financial Statements by AUC

The Audit Committee members unanimously agreed to approve and recommend to Council the approval of the draft 2019 audited statements and passed a motion to the effect.

MOTION

That the Audit Committee approves the Audited Financial Statements for the year ended December 31, 2019 and recommends to Council that it approve the Audited Financial Statements for the year ended December 31, 2019, and the Auditor's report thereon.

Moved by T. Chong and seconded by I. Bhatia

MOTION CARRIED

4. Recommendation of auditor for FY 2020 by AUC

The Audit Committee members agreed to recommend to Council the appointment of Deloitte as PEO's auditor for FY 2020 and passed a motion to that effect.

MOTION

That the Audit Committee recommend to Council that Council recommend to members at the April 24, 2020 Annual General Meeting the appointment of Deloitte LLP as PEO's auditor for 2020 to hold office until the next annual meeting or until their successor is appointed.

Moved by I. Bhatia and seconded by T. Chong

MOTION CARRIED

5. Approval of the AUC Minutes from October 17, 2019

G. Boone asked the Audit Committee members if they had any additional comments but there were none after which the committee unanimously agreed to approve the minutes as presented. A motion was passed to the effect.

MOTION

That the Minutes of the Audit Committee meeting held on October 17, 2019 as presented be approved.

Moved by T. Chong and seconded by S. Sung

MOTION CARRIED

6. Matters arising from the Minutes

No other matters arising from the minutes.

7. Approval of FIC Minutes from December 10, 2019

L. Cutler asked the Finance Committee members if they had any additional comments but there were none after which the committee unanimously agreed to approve the minutes as presented. A motion was passed to the effect.

MOTION

That the Minutes of the Audit Committee meeting held on December 10, 2019 as presented be approved.

Moved by A. Arenja and seconded by C. Chan

MOTION CARRIED

8. Matters arising from the Minutes

No other matters arising from the minutes.

9. Other Business

- 1) Pension Update** – C. Mehta discussed that he does not manage the pension funds it's Human Resources that manages the pension. There was a glitch identified last year which was reported to the FISCO and we are waiting to hear back from them. Our lawyer has advised that our exposure should not be not more than \$25k as there is a slight penalty. G. Boone discussed that there should be a decision of council to have a certain course of action that would help alleviate some of the concerns with this incident.

It was agreed that a recommendation be made to Council.

MOTION

That the joint AUC/FIC recommends that the pension oversight needs to be assigned to a committee and a staff review of the landscape from other regulatory bodies.

All agreed and one was opposed. The motion was unanimously carried.

Moved by C. Young and seconded by T. Chong

MOTION CARRIED

- 2) Centralized Banking** – C. Mehta discussed that out of 36 Chapters as of February 28, 2020 that 29 Chapters have shut down their bank accounts and provided confirmation that they have limited monies to the head office. The amount of money we have received as of February 28, 2020 is \$256k. The

Chapters highlighted in yellow are the ones that have not yet complied and the reason being is that there are certain cheques that were issued which they are expecting to clear after which they will be doing the needful. We received confirmation from the Chapters office and it's for operational reasons that they have not complied and are working towards doing it. We are hopeful that by the end of Q1 (end of March) we will be able to have full compliance and after that we will be seeking inputs from Deloitte. One of the key requests that were expressed by Chapters was they wished to have the ability to continue to charge for events. We worked with the Chapters office and with our events management staff to allow them the ability to create events. We only control the bank account into which the monies get deposited directly into the PEO bank account. We are separately tracking monies that have been collected for Chapters. We are also generating monthly statements for each of the 36 Chapters which will be receiving financial funding reporting. We have received constructive feedback and people are extremely co-operative and look forward to continuing working with them. Effective 2020 we will be tracking allotments separately and the funds that Chapters raise separately.

3) Expense Policy – C. Mehta to send to the committee members by email for review.

FOR INFORMATION: Queens Park Day – L. Cutler discussed there will be a motion put forward to Council this month where we are requesting to return the funding and go ahead with the Queen's Park Day.

10. Adjournment

The meeting adjourned at 7:20 p.m.



S. No	Action items identified at FIC meeting on June 5, 2018	Responsible Staff	Status update
Action Items identified at FIC meeting on Mar 12, 2019			
1	Job posting for new non-Councillor FIC members – send a copy of the job description to FIC members	Staff (Volunteer Mgmt)	To be started
2	Revise deliverable #9 identified during FIC on Sept 6, 2018 to show Registrar as responsible staff	Staff	Completed
3	Prepare presentation for Council on pros-cons of centralizing Chapter bank accounts	T. Kirkby	In-progress
4	Explore possibility of advising members about vacant space for lease at PEO	Staff	In-progress
5	Look into possibility of merchandising options	Staff	In-progress
6	Look into additional staff resources required and potential advantages / savings for PEO if Chapter bank accounts are centralized	C. Mehta	In-progress
Action Items identified at FIC meeting on Jan 29, 2019			
1	Job posting for new non-Councillor FIC members	Staff	To be started
2	Revision of the FIC terms of reference for protocol / guidelines to ensure continuity of members in the FIC (copy attached). Change the Terms of Reference - rolling three-year schedule	K. Reid	Completed
3	Work on rental Income for 40 Sheppard Ave. – provide possible scenarios of the building	C. Chan	Completed
Status of Action Items reviewed at FIC meeting on Oct 16, 2018			
1	Cost saving initiatives / info on Eng. Canada Affinity program	C. Mehta	Completed
2	Past 5 year spend data on all committees and task forces	C. Mehta	Completed
Action items identified at FIC on Sept 6, 2018			
1	Request Engineers Canada to explore the possibility for creating a business case for the alignment / standardization of licensing processes across all provinces to	J. Zuccon	Work-in progress

	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.	C. Mehta	Completed
3	Check about potential liability issues for PEO arising from serving alcohol at various committee meetings/events.	S. Clark	Completed
Action items identified at FIC on July 24, 2018			
1	FIC members to email a list of proposed changes to the Terms of Reference to staff.	FIC	Completed
2	Centralizing Chapter Bank accounts - T. Kirkby to get information from the Professional Institute of Public Service of Canada (PIPSC) on how they went about centralizing bank Chapter accounts.	T. Kirkby	Completed
3	The draft Expense Reimbursement Policy be amended to incorporate the grammatical changes proposed at the FIC meeting.	C. Mehta	Completed