



Minutes

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Finance Committee Meeting August 27, 2019

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Minutes of a meeting of the Finance Committee (FIC) held in the offices of the association, 40 Sheppard Avenue West, North York, Ontario, on August 27, 2019 commencing at 5:00 pm.

In attendance:

Finance Committee Members:

Chair: No Chair – waiting on fourth Council member

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

Colin Chan, P.Eng.
Randy Walker, P.Eng.
Sandra Ausma, P.Eng., PhD.
Linda Drisdelle, P.Eng. (via conference)
Roberto Martini, P.Eng. CPA, CMA

Staff: Johnny Zuccon, P.Eng., CEO/Registrar
Linda Latham, Deputy Registrar, Regulatory Compliance
David Smith, Director, Communications
Michelle Wehrle, Director, Information Technology
Jeannette Chau, Manager, Student and Summer Liaison
Margaret Braun, Acting Director, People Development
Bernard Ennis, Director, Policy & Professional Affairs
Chetan Mehta, MS, MBA, Director, Finance
Peter Cowherd, CPA, CMA, Manager, Financial Services & Procurement
Lucy Capriotti, Administrative Assistant

Guests: Nancy Hill, P.Eng., LLB, FEC, FCAE, President

Regrets: Moody Farag, Acting Deputy Registrar, Licensing

C. Mehta suggested to the committee members that Vice-Chair L. Cutler could Chair the FIC meeting since the Chair of the FIC, Councillor Kirkby was no longer on the committee. The committee members unanimously agreed with this suggestion.

Consequently, the meeting was called to order at 5:05 p.m. by the Vice-Chair of the FIC L. Cutler who presented the draft agenda to the committee members for their review and approval.

1. Approval of Agenda

L. Cutler asked the committee members if they wished to add additional items to the agenda. He asked if the committee members could vote on a new Chair or would they need to wait until a replacement for Councillor Kirkby had been appointed.

C. Mehta suggested that it may be a good idea to wait until a replacement was appointed at the upcoming Council meeting on September 20, 2019 after which the committee members could proceed electing a Chair.

L. Cutler requested that the FIC meeting originally scheduled for October 15, 2019 be rescheduled. After a brief discussion, the committee members agreed to reschedule the next FIC meeting to October 16, 2019.

L. Cutler also asked to add Contingency budget to item 5. Other Business.

The committee members unanimously agreed with the proposed changes to the Draft Agenda and agreed to pass a motion to that effect.

MOTION

That the draft agenda amended as above be approved.

Moved by R. Walker and seconded by C. Chan.

MOTION CARRIED

2. Approval of the Minutes of June 3, 2019

The committee unanimously agreed to approve the minutes with a minor amendment to Page 7 first paragraph by removing the word **“they”** and to include the information in this paragraph to the list of Action Items. These errors would be fixed in the revised / amended minutes.

MOTION

That the Minutes of June 3, 2019 be accepted as amended.

Moved by R. Walker and seconded by L. Drisdelle.

MOTION CARRIED

3. Matters arising from the Minutes

The meeting date of the next meeting of the FIC to be changed from October 15th to October 16th, 2019.

4. Review of 2020 Draft Operating Budgets

C. Mehta proceeded to provide the committee members with an overview of the format of the meeting and clarified that 2020 operating and capital budgets along with 2019 forecast and five-year projections will be presented at the meeting along with an overview of the key variances in the 2020 budget versus the 2019 forecast.

He also mentioned that an overview of the variances for 2019 forecast versus the 2019 budget was to be presented as well and requested the committee members to ask him any questions they may have as he proceeds with the presentation.

He then added that after the review of the 2020 consolidated operating budget, the concerned department heads would walk the committee members through the program expenses for their respective departments and answer questions by the committee members. After a review of the operating budget is complete, the capital budget would be presented, after which the committee would be requested to pass a motion to recommend the presentation of the budgets to Council for review and feedback at the upcoming Council meeting on September 20, 2019.

Accordingly, C. Mehta proceeded to walk the committee members through the key variances in the 2019 forecast versus the 2019 budget first followed by key variances in 2020 budget versus the 2019 forecast.

After the presentation on the consolidated 2020 budget and the 2019 forecast was complete, C. Mehta requested each department head to walk the committee members through their respective departmental budgets.

Corporate Services: J. Chau walked the committee members through the key highlights of the 2020 program budget for the Corporate Services Department. She explained that there will be an increase of \$346k or 5 percent over the 2019 forecast largely due to increases in the following: higher costs for events such as the AGM, the OOH (Order of Honour Gala) and the VLC (Volunteers Leaders Conference) being held in Ottawa in 2020. Higher costs are expected for hosting events such as Ontario P.Eng. awards, Council workshop. In addition, monies have been set aside for the Education Committee as it is expected this committee will be re-established in 2020. There will be higher costs for the building due to an increase in recoverable costs and higher amortization of tenant inducements.

Licensing: For the Licensing Department(as there was no representative from the Licensing Department), C. Mehta explained that an overall increase of \$178k or 18 percent is expected in 2020 over the 2019 forecast largely due to higher costs for meals, mileage and travel related expenses for various committee meetings; higher costs for marking, setting and invigilation of exams due to an expected increase in volume of examinations and higher costs for scanning licensing records.

Tribunals & Regulatory Affairs: B. Ennis walked the committee through the program expenses for his department. He explained that the major contributions for the overall variances in budget for this department were due to an anticipated increase in the activities of the Professional Standards Committee as additional guidelines and standards are required and the transfer of PEAK ethics module course development from staff to an external vendor.

Executive Office: J. Zuccon explained to the committee members that the 2020 spend in the Executive Department is expected to increase by \$82k or 7 percent vs the 2019 forecast largely due to an increase in the contributions to Engineers Canada to reflect the natural growth in members; higher travel and related costs

for representing PEO at various events & meetings and higher contingency amount set aside for potential legal expenses.

Finance: For the Finance Department., C. Mehta explained that costs in 2020 are expected to increase by \$59k or 7.7 percent largely due to higher transaction costs for credit card and banking service fees.

Communications: D. Smith walked the committee members through an overview of the Communications Department budget and stated that an increase of \$21k or 4.51 percent is expected in the 2020 budget over the 2019 forecast primarily due to the requirement to conduct a biannual reader survey for Engineering Dimensions (survey not conducted in 2018) as well as the costs for direct digital promotion for the magazine which were not incurred in 2019.

Information Technology and Services: M. Wehrle presented an overview of the 2020 budget and stated that the 2020 ITS budget is largely in line with the spend for the 2019 forecast. She explained that the 2019 forecast for ITS department has an overall decrease of \$123.5k or 6.5 percent vs forecast primarily due to changes in the scope of work for vulnerability assessment and various systems upgrades. The costs for 2020 and 2019 primarily reflect costs to sustain daily operations. There will be additional spending for IT projects like upgrading end of life applications and systems but the spend for these items has not been reflected in the current budgets and will be requested separately once a decision is made on project priorities.

Regulatory Compliance: L. Latham presented the key highlights of the Regulatory Compliance Department and explained that her departmental budget is expected to be lower in 2020 than the 2019 forecast primarily due to a couple of active complex complaint investigations and discipline prosecutions that are expected to be completed in 2019 and not carried forward into 2020.

MOTION

That the draft 2020 Operating Budget be presented to Council for review and feedback.

Moved by R. walker and seconded by C. Chan

CARRIED

MOTION

That the draft 2020 Capital Budget be presented to Council for review and feedback.

Moved by R. Walker and seconded by C. Chan

CARRIED

5. Other Business

After a brief discussion on this topic, the committee members agreed that the additional discussions on a contingency budget be held at the next FIC meeting.

6. Date of Next Meeting

The committee members agreed that the date of next meeting will be October 16, 2019.

7. Adjournment

The committee agreed to adjourn the meeting at 7:55 p.m. and a motion was passed to that effect.

MOTION

That the FIC meeting be adjourned.

Moved by R. Walker and seconded by R. Martini

CARRIED



LIST OF ACTION ITEMS and status as of June 3, 2019

S. No	Action items identified during FIC on June 5, 2018	Responsible Staff	Status update
1	Centralization of Chapters bank accounts project	C. Mehta	Work-in-progress. An RFP was issued to six banks out of which two have sent in proposals. A decision on the next steps is to be taken shortly.
2	Communicate decision of FIC to commence with work on the Centralization of Chapters bank accounts to the Chapters office	C. Mehta	Complete
3	Seek feed back from auditor on the FIC ToR and Workplan	C. Mehta	Update from auditor is awaited.
4	Breakdown of investment income and unrealized capital gains/loss	P. Cowherd	Complete
5	Include year-to-date prior year figures in the Balance sheet in the financial statements	P. Cowherd	Complete