

Minutes of the Finance, Audit, and Risk (FAR) Committee Meeting

March 10, 2023 11:30 a.m. – 1:30 pm (ET) | Virtual

Committee members in attendance	
Arjan Arenja (Chair) Maxime Belletête	Steve Vieweg
Regrets	
Victor Benz	Dawn Nedohin-Macek
Observers	
Andrew Newman, KPMG	Kirsten Giles, KPMG
Staff and support	
Gerard McDonald, Chief Executive Officer Derek Menard, Director, Finance	Joan Bard Miller, Manager, Governance and Board Services

1. Call to order and approval of agenda

A. Arenja, FAR Committee Chair, opened the meeting at 11:33 a.m. (ET) and welcomed the committee members and guests.

Moved

THAT the agenda be approved, and the chair be authorized to modify the order of discussion.

Carried

2. Last meeting review

2.1 Approval of minutes (March 1, 2023)

The minutes were pre-circulated. No revisions were requested.

Moved

THAT the minutes from March 1, 2023, be approved.

Carried

2.2 Review of action table

The Committee noted that there were no current outstanding actions.

3. Draft audit review

3.1 Review audited financial statements

A. Newman, KPMG, presented the pre-circulated audited financial statements and audit findings report. He noted the decrease in the fair market value of Engineers Canada's investments, which resulted in a \$2.2 million unrealized gain (loss). He attributed the loss to the current markets, which has impacted all individual investors and organizations.

The following discussion was captured:

- Staff noted that Engineers Canada's investments had performed relatively well compared to major markets indices and that expenses had increased by \$2 million due to the reintroduction of travel following the pandemic.
- A. Newman confirmed that there are no current financial risks due to climate change to operations. Moreover, Engineers Canada's broad-base investments mitigate climate-change related risks to investments.

3.2 Review audit findings report

A. Newman presented the pre-circulated report.

The committee noted the need for future discussion regarding ESG.

3.3 In-camera session KPMG and FAR committee members

The committee agreed to move in camera without a formal motion. All staff left the meeting.

Post-script: The committee agreed at its meeting on May 11, 2023, to bring the following motion out of the in-camera discussion for the record.

Moved

THAT the FAR Committee recommend to the Board of Directors that the 2022 audited financial statements be approved.

Carried

4. Review briefing note regarding appointment of auditors

D. Menard, Director, Finance, presented the pre-circulated briefing note.

The committee confirmed its recommendation from the March 1, 2023, meeting, that Raymond Chabot Grant Thornton be presented to the Members for appointment as the auditor for 2023. In confirming its decision, the committee noted that the appointment is for one year, therefore the risks are limited.

Moved

THAT the FAR Committee recommend to the Members that Raymond Chabot Grant Thornton be appointed as the public accountant to audit the accounts of Engineers Canada for the 2023 fiscal year.

Carried

5. Review finance-related operational policies

All pre-circulated policies were received by the committee for information, with additional discussion held in relation to the following policies:

FI-1 Staff Travel and Expense Reimbursement Policy

- Committee members supported an update to the policy that would allow for per diems.
- G. McDonald noted that given the amount of staff travel, the operational policy may not be updated to allow for business class airfare on flights over four hours, as has been proposed to Board policy 7.1 *Board, committee, and other volunteer expenses.*

FI-4 Procurement Policy

- D. Menard noted that he was consulting with vendors on updates to the policies to ensure that the policy does not deter vendors from responding to Engineers Canada's requests for proposals.
- Committee members noted the value of setting reasonable dollar amounts for RFP's going to tender.

6. Review long-term procurement contracts

D. Menard presented the information that had been pre-circulated. The following discussion was captured:

- In relation to software contracts, it was confirmed that the regulators can upload information to, and view information from, Engineers Canada's national databases.
- The committee was in support of ending its annual review of the list of long-term procurement contracts given their operational nature and the time required of staff to produce it. Going forward, the CEO will bring material matters to the committee and/or Board, as appropriate. Moreover, the

committee and/or Board may request specific information from the CEO, as required.

7. Review corporate risk profile

7.1 Annual Review of the Corporate Risk Profile

G. McDonald presented the pre-circulated Corporate Risk Profile and noted that none of the risk assessments had changed since the committee conducted its last review in December 2022. The following discussion was captured:

- A motion to reform the threshold set in the Engineers Canada Bylaw for the Members to pass a resolution will be voted on at the Annual Meeting of Members in May and could change the current confidence in the governance structure.
- It was suggested that to engage a competency-based Board, Engineers Canada provide tools to assist the regulators in their recruitment efforts.
- It was noted that Strategic priority 1.2 Strengthen collaboration and harmonization should mitigate the Board risk “Diminished national collaboration”.
- Likewise, it was noted that the current Board risk, “Diminished scope and value of engineering regulation”, may be mitigated by 2024 when work concludes on Strategic priority 1.1 Investigate and validate the purpose and scope of accreditation.
- With regard to the Board risk “Reduced long term financial viability”, it was noted that Professional Engineers Ontario (PEO) had agreed to sign on as an affinity partner to the TD Home and Auto Insurance Program. As a result, Engineers Canada would no longer receive the PEO portion of the affinity program, which resulted in an approximately \$2 million in contributions to the reserve funds per year. While the budget will not be impacted immediately, consideration will need to be given to future budgets and per capita assessment fees.
- The committee confirmed that the corporate risk profile was ready for presentation to the Board.
- Recognizing the slow pace of change to the risk register, the committee agreed that the Corporate Risk Profile be reviewed on an annual rather than quarterly basis going forward. Negative changes to the risks that emerge between annual reviews, however, should be brought to the committee by staff in a timely manner.

8. Work plan review

D. Menard reviewed the work plan with the committee. There were no revisions proposed to the work plan.

9. Final 2022-2023 committee report

D. Menard presented the pre-circulated report.

- The committee recommended that the 2023-2024 FAR Committee work plan not include the review of the long-term procurement contracts, as discussed under item 6.
- The committee recommended that the work plan forgo the quarterly review of the risk register, as discussed under item 7.
- Board policy 6.4, *Finance, Audit, and Risk (FAR) Committee Terms of Reference*, will be updated to account for the changes noted above.

10. Other business

No other business was brought forward.

11. Next committee meetings

The next committee meetings are as follows:

- May 11, 2023 (virtual)

12. Meeting evaluation

Meeting participants were satisfied with the meeting but noted recent issues with attendance. As noted in the meeting norms document included in the agenda book, all committee members are asked to make themselves available to attend meetings and inform the Chair if they are unable to attend all or portions of the meeting.

13. Closing

With no further business, the meeting was closed at 1:05 pm (ET).