

Draft Minutes of the Finance, Audit, and Risk Committee Meeting

May 12, 2022 11:30am – 1:00pm (ET) | Virtual

Committee members in attendance	
Nancy Hill, Chair Maxime Belletête Victor Benz	Steve Vieweg
Regrets	
Danny Chui (ex-officio)	Chris Zinck
Observers	
None	
Staff and support	
Roseanne Gauthier Gerard McDonald Derek Menard	Melanie Ouellette Heidi Theelen

1. Call to order and approval of agenda

N. Hill, FAR Committee Chair, opened the meeting at 11:32am (ET) and welcomed the committee members.

Moved and seconded

THAT the agenda be approved.

Carried

2. Last meeting review

2.1. Approval of minutes

The minutes were pre-circulated. No feedback or comments were received.

Moved and seconded

THAT the minutes from February 24, 2022, be approved.

Carried

2.2. Review of action table

The committee reviewed the list of past action items, noting that all work has been completed.

3. Review Board and Operational Risk Registers

G. McDonald indicated to the FAR committee that there were no new updates to report regarding the Board and Operational Risk Registers since their major review at the last FAR meeting in April.

It was observed that a robust review of the Board risks had occurred and a question of having a finer review of the Operational risks could be beneficial. A discussion ensued and it was confirmed that these risks were under the CEO's jurisdiction presently since historically some operational risks had been distributed to the Governance and HR committee which proved cumbersome to coordinate. Accordingly, should the CEO or FAR committee deem any matter to be of interest and reviewed by the HR or Governance committees, the CEO would ensure that the matter be part of their meeting agenda.

4. Review of Q1 2022 financial statements

4.1 Q1 Financial Statements

D. Menard presented the statements noting the following:

- That Q1 Revenue came in above budget by \$350K due to the un-budgeted PEO portion of the TD

affinity program (\$1.3M), offset by the investment portfolio losing 4.4% in Q1 and that the loss in major markets (S&P 500, Nasdaq) were higher.

- That the operating expenses were \$496K below budget mainly due to:
 - savings on meeting costs in secretariat services as meetings were moved virtually,
 - delayed consulting costs in national programs,
 - the Hill Day being moved to October,
 - timing delays in spending in promotion and outreach,
 - lower spending on salaries due to hiring delays.
- In the 2022-2024 strategic plan projects section, the purpose and scope of accreditation and the value of licensure projects were behind budget for Q1, but the shortfall will be made up in 2022.
- That unused funds from last year were carried forward for the competency-based assessment (CBA) project.
- That Q1 had a surplus of \$1.2M reflecting revenue coming in over budget and the delayed spending on operating costs and projects.

4.2 Q1 Forecast

D. Menard presented the Forecast noting the following:

- That corporate services revenue is forecasted to come in above budget by \$103K due to the total membership count being 313K vs a budget of 303K.
- National programs are forecasted to come in \$2.5M higher due the unbudgeted PEO portion of the TD affinity program.
- Overall operating expenses are still forecasted to come in within 1% of the original budget.
- Overall project expenses are still in-line with budget.

A short discussion was brought forth on Engineers Canada staff return to work after COVID-19 and G. McDonald updated the committee on the association's new telework policy which offers staff the ability to work from home or in office.

The telework policy was deemed sound and applauded as being a very progressive undertaking.

It was suggested to use a more precise and distinct language for report titles such as "Revenue - Corporate Services" since the meaning of corporate services in revenue reports is very different from corporate services in the operating expenses reports. Adding qualifiers with the titles would prevent confusion.

ACTION: Staff to add a column on the Statement of Operations report indicating the variance percent details.

ACTION: Staff to review report template titles and update titles with additional details if necessary.

5. Review of Q1 Investment performance report

D. Menard presented the investment performance report and noted that after two years of very high growth, the market has taken a downturn and investments had negative returns in Q1. The financial markets have encountered significant volatility and investors are trying to digest the possibility of slower growth, high inflation, and the resulting impact on monetary policies and the rising odds of a recession. Factors influencing this negative growth were attributed to the soaring prices of energy and food influenced by the supply chain challenges from the Ukrainian-Russian war.

D. Menard noted that at this time, there is no risk nor need to cash out investments. Engineers Canada's investment strategy is structured to provide long-term conservative growth, and was built to weather storms like this. Effectively, there are over \$2M in money markets and over \$1M in short-term bonds. It is predicted by the banks that the bond market is going to recover most likely in the summer timeframe.

6. Risks faced by Engineers Canada and possible additional restricted reserve

Responding to the committee's concern of the repercussions of a Canada Revenue Agency (CRA) audit, G. McDonald provided a history of the present reserve policy which was developed in 2020 with the help of KPMG financial advisors' recommendations and clarified that by setting up contingency reserves the association would be demonstrating to CRA that it is managing its funds in a responsible way. As well, G. McDonald noted that there should not be any fear of the unrestricted reserves following the new budget allocation policy that monitors the inflation rate as well as the recommendation to waive additional reductions of the per capita assessment fee until the end of the present strategic plan which ends in two years.

7. Work plan review

The work plan was reviewed and N. Hill noted that all objectives had been completed. D. Menard reminded the committee that the last tasks to complete for this committee was the approval of this meeting's minutes, which will be shared through the meeting management platform, OnBoard.

8. Other business

N. Hill recommended that staff work with the next FAR committee to review the Risk Register titles so that terms are framed properly, specifically, the Board risk for accreditation. This will enable a shift of focus in creating a national standard.

ACTION: Staff to add to the next term's work plan a review the Risk Register titles.

9. Meeting review

No comments were brought forward.

10. Closing

With no further business, the meeting was closed at 12:20pm ET.