

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

March 1, 2023 11:30 am – 1:30 pm (ET) | Virtual

Committee members in attendance	
Arjan Arenja (Chair) Maxime Belletête	Victor Benz
Regrets	
Dawn Nedohin-Macek	Steve Vieweg
Observers	
James Malone, RBC	Zdravko Kukolic, RBC
Staff and support	
Derek Menard, Director, Finance Juliet Chou, Governance Coordinator	Joan Bard Miller, Manager, Governance and Board Services

1. Call to order and approval of agenda

A. Arenja, FAR Committee Chair, opened the meeting and welcomed committee members and guests from RBC. Quorum was confirmed at 11:45 am.

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 (December 14, 2022)

Moved

THAT the minutes from December 14, 2022, be approved as amended.

Carried

2.2 Review of action table

The Committee reviewed the action table and noted that there were no outstanding actions.

3. Annual Investment performance report

J. Malone, the RBC PH&N Investment Counsel, presented the pre-circulated *2022 Annual Investment Performance Report and Q4 2022 Investment Report*.

The following discussion was captured:

- J. Malone confirmed that Engineers Canada’s investments performed well when benchmarked against pension funds that had a higher degree of exposure to stocks and bonds.
- It was noted that inflation will be the markets’ focus and a significant marker to follow in the coming years. Inflation will have critical impacts on interest rates, valuation and performance. It is expected that while inflation will continue to fall it may remain somewhat elevated through to 2024.
- Staff noted that the asset allocation ratio is outlined in Board Policy 7.7 Investments, which was last reviewed in 2022.
- The committee suggested that to maximize meeting time and support strategic discussion, future investment reporting should focus on current performance, future projections, potential major risks, and asset re-allocation/rebalance.

4. Q4 and fiscal 2022 financial statements

D. Menard, Director, Finance, presented the pre-circulated *Q4 & fiscal 2022 financial statements*.

The following discussion was captured:

- At the committee's request, staff confirmed that funding for current strategic projects would remain unaffected regardless of a significant drop in revenue should Professional Engineers Ontario (PEO) sign onto the TDI affinity program.

5. Responses to RFP for audit services (2023-2028)

D. Menard, Director, Finance, presented the pre-circulated *Audit Services RFP Evaluation* which compared the three audit services proposals received in January 2023 against the selection criteria.

The following discussion was captured:

- The committee weighed the potential risks of selecting the lowest bid, which fell well below the expected fee range, against the potential cost savings.
- Likewise, the committee weighed the benefits of continuing the long-term working relationship with KPMG LLP, and their knowledge of the organization, against the potential benefits of engaging a new firm that will bring a fresh perspective to the audit.
- Ultimately, the committee suggested that Raymond Chabot Grant and Thornton be retained as the public accountant for 2024 for one year, subject to annual renewal.

The committee will confirm its recommendation when it meets on March 10, 2023 and reviews the briefing note regarding the appointment of the auditors that will be presented at the Annual Meeting of the Members for approval.

6. Work plan review

Quorum was lost at 12:41 pm. The remaining members present reviewed the committee work plan. D. Menard reported that the Corporate Risk Profile, which was not reviewed at the current meeting as indicated in the original work plan, will be reviewed at the March 10 meeting. It will be presented to the Board at its meeting in May. The committee was satisfied with the work plan for 2022-2023, as presented.

7. Other business

No other business was brought forward.

8. Next committee meetings

The next committee meetings are as follows:

- March 10, 2023 (virtual)
- May 11, 2023 (virtual)

9. Meeting evaluation

Meeting participants were satisfied with the meeting.

10. Closing

With no further business, the meeting was closed at 12:49 pm (ET).