

Minutes of the Finance, Audit, and Risk Committee Meeting

March 18, 2020 1:00-3:00pm via webinar

Committee members in attendance	
L. Doig (Chair)	D. Chui
K. Baig	R. Trimble
T. Brookes	S. Vieweg
Regrets	
J. Dunn	
Observers in attendance	
D. Lynch	C. Sadr
Staff and support	
K. Giles (KPMG)	G. McDonald
C. Mash	J. Monterrosa
M. McCourt	A. Newman (KPMG)

1. Call to order and approval of agenda

L. Doig, Chair, opened the meeting at 1:00pm (ET) and welcomed the Committee members and observers.

Moved by R. Trimble, seconded by T. Brookes

THAT the agenda be approved.

Carried

2. Last meeting review
a) Approval of minutes

The minutes were circulated in the agenda book.

Moved by T. Brookes, seconded by R. Trimble

THAT the minutes from February 24 be approved.

Carried

b) Review of action table

The action table was reviewed and will be updated for the next meeting.

3. Draft audit review
a) Review audited financial statements

A. Newman of KPMG presented the draft audited statements and responded to questions.

It was noted that affinity revenue was affected by PEO providing a delayed response to 2018 participation, resulting in two years of revenue being realized in 2019 which is not a usual occurrence.

New Canada not for profit accounting standards were identified by KPMG and included in the 2019 package and will be applied prospectively. The decision to apply the standards moving forward is administrative, as there would have been no impact to the 2019 financial results. It was clarified that in the event a new standard is identified that would result in significant impact to the organization,

Committee involvement would be required in the adoption of the new standard.

The Committee agreed that with the following adjustments, the Engineers Canada financial statements for the fiscal year ending December 31, 2019, as audited by KPMG LLP, will be recommended to the Board for approval on April 8, for presentation to the Members for approval at the May 2020 Annual Meeting of Members.

ACTION: KPMG to adjust the draft audited statements as follows:

- **Move the note 12 reference on page 2 to beside National programs.**
- **Amend note 12 to include “National programs” in addition to affinity revenues, to draw the connection.**
- **Create a new note (numbered 13), to explain that Corporate services revenue refers to the per capita assessment fees.**

J. Monterrosa commended the efforts of M. McCourt and the team from KPMG.

b) Review audit findings report

A. Newman presented the audit findings report.

In response to a question posed at the last year’s review of the audited statements, A. Newman reported that KPMG is building software that will leverage past history when testing for and locating outliers. The estimated availability for the software is December 2021.

c) In-camera session KPMG and FAR committee members

The Committee agreed to move in camera.

Moved by T. Brookes, seconded by R. Trimble

THAT the Committee meeting move in camera. The attendees at the in-camera session, in addition to committee members, include D. Lynch. C. Sadr, A. Newman and K. Giles.

Carried

Moved by R. Trimble, seconded by T. Brookes

THAT the Committee meeting move back into open session.

Carried

4. Draft Investment policy

The revised version of the investment directive being followed by RBC, as agreed to by FAR at the February 24 meeting, was circulated. This document will be shared with the Governance Committee, along with a request for assistance with updating the Board investment policy to complement the updated RBC directive.

ACTION: That staff communicate the FAR Committee’s request to the Governance Committee for support with amending the Board investment policy, based on the draft investment directive.

5. Review of BN on per capita assessment by-law change

The Committee reviewed the briefing note (BN) and provided suggestions for improvement.

ACTION: Staff to implement the following changes to the per capita by-law change BN:

- **Add reference to the work done to develop the net asset structure (including research into the level of required revenues for sustainability).**

- Under proposed action, expand the net asset bullet to explain how the net asset structure will work in conjunction with the proposed bylaw change.
- Under risks, adjust the 4-year range to mirror the 3-year forecasting process, aligning with existing processes.
- Under benefits, change the reference to “reductions” to the general term of “change”, the fee could be reduced or increased.
- Remove final bullet under benefits (duplicate information on CRA test compliance, also covered under consultation).

6. Finance related policy review

The Committee members reviewed the adjustments made following the February 24 meeting.

5.3 Executive duties & limitations: Financial condition

It was agreed that the policy as amended should be provided to the Governance Committee for final review, noting that the per capita and the net asset work may result in some overlap with this policy.

5.5 Executive duties & limitations: Asset protection

It was agreed that the policy as amended should be provided to the Governance Committee for final review.

5.6 Executive duties & limitations: Planning

It was agreed that the policy as amended should be provided to the Governance Committee for final review, noting that this policy may be made redundant if the content is already covered in other policies.

5.7 Executive duties & limitations: Compensation and benefits

It was agreed that the policy as amended should be provided to the Governance Committee for final review, noting statement #7 should be reviewed and clarified, or possibly struck due to redundancy.

6.4 Finance, audit, and risk committee terms of reference

It was agreed that the policy as amended should be provided to the Governance Committee for final review.

7.1 Board, committee, and other volunteer expenses

Noting that the mileage rate will continue to reference the CRA rate instead of changing to National Joint Council (NJC) rates, it was agreed that the policy as amended should be provided to the Governance Committee for final review.

ACTION: That staff ensure the finance-related policies, as amended and with notes for consideration included, are provided to the Governance Committee for final review before presentation to the Board.

7. Work plan review

The Committee reviewed the work plan. It was suggested that adding a column to the work plan chart to track activity status would be helpful in creating accountability and a simple way of handing-off the Committee’s progress to date to the incoming 2020-2021 Committee.

It was requested that review of the procurement policy, including a review of long-term contracts such as the investment advisor be added to the list of proposed activities for the 2020-2021 Committee.

ACTION: Staff to include review of the procurement policy, including long-term contracts such as the investment advisor, to the list of suggested activities for the 2020-2021 Committee.

ACTION: Staff to amend the work plan to include a progress tracking column.

8. Other business

J. Monterrosa provided an update on the current market value of the investment portfolio, given the effects of the significant events underway. The quarterly investment report from RBC is expected at the end of March and will be included with the April meeting agenda book.

9. Next meetings

The following meeting of the committee is scheduled for April 29, 2020 from 1:00pm-3:00pm (Webinar); to focus on Q1 financial results and review the list of proposed activities for the 2020-2021 Committee's consideration.

10. Closing

With no further business, the meeting was closed at 3:01pm ET.

Moved by D. Chui, seconded by T. Brookes

THAT the meeting be terminated.

Carried