

Minutes of the Finance, Audit, and Risk Committee Meeting

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

Virtual: Teams Link

Committee members in attendance	
Christian Bellini Menelika Mekomba Dawn Nedohin-Macek	John Van der Put Steve Vieweg
Observers	
Ann English (agenda items 4 and 5)	
Staff and support	
Joan Bard Miller, Manager, Governance and Board Services Juliet Chou, Governance Coordinator Gerard McDonald, Chief Executive Officer	Derek Menard, Director, Finance Melanie Ouellette, Manager, Strategic and Operational Planning

1. Call to order and approval of agenda

D. Nedohin-Macek, FAR Committee Chair, opened the meeting at 11:34 a.m. (ET) and welcomed committee members and staff.

Moved and seconded

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

Carried

Upon the Chair's recommendation, agenda item 5 was discussed before agenda item 4.

2. Declaration of conflict of interest

No conflicts were declared. Participants were reminded to declare a conflict at any time during the meeting, as necessary.

3. Last meeting review

3.1 Review of minutes (June 19, 2023)

The committee had no questions or comments regarding the minutes which had been pre-circulated.

Moved and seconded

THAT the minutes of the June 19, 2023, meeting be approved as presented.

3.2 Review of action table

There were no current outstanding actions.

4. 2024 Budget

4.1 2024 budget memo (with 2025 and 2026 projections, and proposed per capita assessment fee)

D. Menard, Director, Finance, presented the pre-circulated 2024 draft budget memo (Appendix 1).

The FAR Committee asked questions of the proposed cost reductions and reserve fund targets, all of which were answered by staff. It was noted that the Board had previously decided to draw down on the unrestricted reserve in part by using it to increase funding in Engineers Canada's operational core purposes and create an annual operating deficit; and to fund significant projects, including the 2022-2024 strategic

priorities. The committee accepted the budget as presented.

Following a review of the three scenarios presented for the 2026 Per Capita Assessment Fee (PCAF), the committee agreed with the staff recommendation that the PCAF increase by \$1.00 to \$9.00 for 2026 (scenario 2). It was noted that the rationale for the PCAF increase should be presented to the Members to inform their decision for the 2026 PCAF, which will be sought at the Annual Meeting of Members in May 2024.

ACTION: The 2018-2019 financial assessment report, done by KPMG, would be provided to the committee in the next meeting to explain the rationale of the \$1 million target for the unrestricted reserve.

4.2 Portfolio detail analysis sheets

D. Menard, Director, Finance, presented the pre-circulated portfolio detail analysis sheets (Appendix 2).

The committee asked clarifying questions which were answered by staff.

5. Board policy 7.1, Board, committee, and other volunteer expenses

D. Nedohin-Macek invited the committee to discuss concerns raised by the Members in a joint letter about the Board's decision to allow for Board members and members of Board committees (including CEAB and CEQB members) to fly business class for Engineers Canada business when flying time for one leg of the journey is longer than four hours, as captured in approved changes to Board policy 7.1, *Board, committee, and other volunteer expenses* material. The policy does not apply to volunteers of operational committees or Engineers Canada staff.

- Following a fulsome discussion of the Members' feedback, the impact of the decision on the 2024 budget including the proposed reduction of in-person meetings, environmental considerations, and risks of maintaining the policy changes, the FAR Committee supported a trial period of 6-12 months for the allowance.
- The committee also suggested that an environmental, social and governance (ESG) policy would support future decision making and that such a policy be developed as part of an environmental sustainability priority that is being considered as part of the 2025-2029 strategic plan.

6. Q2 Risk registers

G. McDonald presented the pre-circulated Risk Register which had been updated to reflect decreased confidence in the governance function and reduced long term financial viability.

The committee supported the changes to the risk registers. One member noted the need to add the words cyber security as a risk covered in the operational risk register.

ACTION: Management will update the operational risk "Infrastructure and information integrity" to include the words "cyber security".

7. Q2 Financial statements and investment performance reporting

D. Menard, Director, Finance, presented the pre-circulated *2023 Q2 Financial Statements, Q2 Forecast and Q2 Investment report*.

- It was confirmed that the elimination of two vacant staff positions would not affect the level of service provided to the Members and would reduce expenses without further reducing the staff complement.

- The committee was satisfied with the statements and report as presented.

8. Work plan review

The committee reviewed and approved the revised work plan which had been updated to re-incorporate quarterly reviews of the risk register and an annual review of long-term procurement contracts, as noted in the pre-circulated briefing note. Board approval for the revised plan will be sought at its meeting on October 5, 2023.

The committee also reviewed and supported revisions to Board policy 6.4, *Finance, Audit, and Risk (FAR) Committee terms of reference*, brought forward based on feedback from the Governance Committee. The revised policy will go back to the Governance Committee for its endorsement on September 20, 2023.

Moved and seconded

***THAT the revised 2023-2024 FAR Committee work plan be approved for presentation to the Board.
Carried***

9. Other business

No other business was brought forward.

10. Next committee meetings

The 2023-2024 FAR Committee approved the following meeting schedule:

- October 17, 2023 (virtual)
- December 13, 2023 (virtual)
- February 26, 2024 (virtual)
- March 8, 2024 (virtual)
- May 9, 2024 (virtual)

11. Meeting evaluation

Overall, the FAR Committee and staff were pleased with the meeting.

Closing

With no further business, the meeting was closed at 1:31 pm (ET).