

Minutes of the Finance, Audit, and Risk Committee Meeting

March 16, 2022 11:30am – 1:30pm (ET) | Virtual

Committee members in attendance	
Nancy Hill, Chair Maxime Belletête Victor Benz	Danny Chui (ex-officio) Steve Vieweg Chris Zinck
Regrets	
Presenters	
Kirsten Giles, KPMG	Andrew Newman, KPMG
Observers	
Alison Anderson	
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 11:33am (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 and noted that several of the action items were to be addressed later in the meeting during agenda item 8, the Corporate Risk Profile update.

3. Review of 2022 audited financial statements

3.1. Draft audited financial statements and audit findings report

A. Newman of KPMG presented the pre-circulated audited statements. He reported that the statement of operations and the statement of financial position have not changed from the fiscal 2021 financial statements that were reviewed at the committee's meeting in February. No significant changes were made to the audit plan since it was provided to the committee earlier in the year, there were no new significant accounting policies, nor control deficiencies that were identified, nor any uncorrected misstatements resulting from KPMG's audit. A. Newman also noted that the indicated restricted reserve amounts are the same as those of the prior year, since a detailed review is done every three (3) years, pursuant to Board policy 7.12, *Net Assets* and the supporting structure. He also noted that an in-depth review of the reserves was done in the previous year.

A. Newman encouraged the committee to reflect on the following:

- Economic changes and financial factors that will arise as the country and world move on in the wake of COVID-19, which may impact the 2022 audit plan.
- The importance of demonstrating proper oversight by conducting a fraud risk assessment. Insurers and regulators are increasingly expecting that this type of activity takes place across organizations, with the risk of fraud increasing as a result of the pandemic and new work from home policies, as well as arising economic conditions, such as inflation.

Lastly, A. Newman touched on the following current developments in the not-for-profit sector:

- The importance of ethical long-term choices in environmental, social, and governance (ESG) investments. Banks, governmental agencies, and investors are looking at organizations' portfolios to ensure these inclusions. This is a result of societal pressure, which increases the need to disclose this information.
- The rise of cyber-attacks and the adaptation of security and the dependence on key suppliers who may be vulnerable.

The committee agreed by consensus to present the 2021 audited financial statements to the Board at its meeting in April 2022 for approval, to be subsequently presented to the Members in May. It further proposed that the next committee consider the auditor's suggestion, by having a discussion on a fraud risk assessment.

Moved and seconded

THAT the FAR Committee recommend the 2021 audited financial statements to the Board, for approval.

Carried

3.2. In-camera session: KPMG and FAR committee members

The committee agreed to move in-camera to discuss the audit process. KPMG representatives, A. Newman and K. Giles, as well as staff left the line, and re-connected following notification from the chair.

4. Review of briefing note regarding appointment of the auditors

The committee reviewed the pre-circulated information. It was noted that 2022 is the last year for the five-year contract term with KPMG and that a request for proposal for auditor services would be issued in 2023.

Moved and seconded

THAT the FAR Committee recommend that KPMG LLP continue to provide external auditing services for the upcoming 2022 fiscal year.

Carried

5. Review finance-related operational policies

All pre-circulated policies were reviewed and accepted by the committee as presented, with additional discussion held in relation to the following specific policies:

FI-1 Staff Travel and Expense Reimbursement

It was recommended that travel meal expense reimbursements move towards a per diem, rather than having staff verify all meal receipts manually since the latter task can be burdensome for staff. Staff will take this into consideration on future updates to this policy.

FI-4 Procurement Policy

Re: sections 3.2 and 3.3: It was suggested that the amounts stated in the policy (i.e. \$1K which requires a signed agreement with a supplier, and that a minimum purchase of \$10K triggers an RFP process) were low thresholds, when compared to present federal government standards (\$25K). Staff will take this feedback into consideration on future updates to this policy.

6. Review long-term procurement contracts

The committee reviewed the pre-circulated information, and it was noted that Engineers Canada's Organizational Excellence division is leading, as part of the journey to excellence, the creation of a vendor evaluation process.

7. Budget envelope process

D. Menard reviewed the benefits of developing a budget envelope, to be incorporated into the existing budgeting process, as was discussed by the committee at its meeting in December. He explained that the new process would mean that the FAR Committee would receive a short report (including the budget envelope assumptions), which would be provided in advance of the first draft of the budget being presented at the committee's August meeting. The basic envelope would be broken down in three main contribution sections:

1. membership dues,
2. national program affinity revenue and investment income, and
3. operating expenses, separated in two main components: salaries, including full-time employee costs, and all other operating expenses.

Moved and seconded

THAT the FAR Committee agree to recommend the budget envelope and assumptions process to the Board.

Carried

8. Corporate Risk Profile update

8.1. Accreditation risk

G. McDonald followed-up on the committee's suggestion of bringing in consultants to help with the accreditation risk, notably the accelerating timing issues. G. McDonald confirmed that staff did a full review of the request but were not recommending this type of action. Engaging consultants would probably prove to be more disruptive than helpful because of the nature of accreditation and the way it is administered through the CEAB. Only the Board has authority to direct the CEAB to use consultants and the Board has already authorized the use of consultants instead of volunteers in accreditation to support the new strategic priority work. Given that the CEAB are the engineering accreditation experts, it could prove difficult having the CEAB approve a consultant's recommendations in this area. Consequently, the risk was adjusted slightly to reflect the clarification. The committee had no questions or comments to add to this subject.

8.2. Women in engineering risk

G. McDonald elaborated on staff's recommendation of pursuing the committee's suggestion of exploring additional controls that might be considered in increasing the representation of female internationally trained graduates, the only feeder group not being addressed by current activities. Staff will consider the merits of adding an additional tactic to the accelerate 30 by 30 strategic priority, which would solicit the experiences of internationally trained graduates to gain an appreciation of how current practices could be adjusted to promote a greater uptake of licensing for this group. Committee members identified this possibility as a timely opportunity for growth in the field.

ACTION: Staff to prepare a presentation package to the May Board meeting of both the Accreditation and Women in Engineering Risks.

9. Work plan review

The work plan was reviewed, with no questions or changes proposed.

10. Other business

It was proposed to add to the upcoming FAR meeting, a review of the risks that Engineers Canada's faces, and whether a new restricted reserve should be created protect Engineers Canada financially.

ACTION: Staff to add to the May meeting agenda the discussion of risks faced by Engineers Canada and whether additional restricted reserves should be created to protect Engineers Canada financially.

11. Next meetings

The last meeting of this term's committee is scheduled for May 12, 2022 to be hosted virtually.

12. Meeting review

The committee members noted the chair's efficiency in advancing the meeting, moving through a lot of content and finishing the meeting early.

13. Closing

With no further business, the meeting was closed at 1:15pm ET.