

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

February 25, 2021 11:00am – 1:00pm (ET) | Virtual

Committee members in attendance	
Dwayne Gelowitz, Chair Christian Bellini Jean Boudreau (ex-officio) Sudhir Jha	Jane Tink Steve Vieweg Chris Zinck
Regrets	
Observers in attendance	
Changiz Sadr	
Staff and support	
Roseanne Gauthier James Malone, RBC Gerard McDonald Derek Menard	Mélanie Ouellette Stephanie Price Evelyn Spence

### 1. Call to order and approval of agenda

D. Gelowitz, FAR Committee Chair, opened the meeting at 11:01am (ET) and welcomed the committee members.

*Moved by C. Zinck, seconded by C. Bellini*

*THAT the agenda be approved.*

*Carried*

### 2. Last meeting review

#### a) Approval of minutes

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

*Moved by C. Zinck, seconded by J. Tink*

*THAT the minutes from January 26, 2021 be approved.*

*Carried*

#### b) Review of action table

The action table was reviewed. S. Price confirmed that FAR will receive more insight into the factors leading to successful policy retention in Alberta at their next meeting.

### 3. Review of annual and Q4 investment performance reports

James Malone, Engineers Canada's RBC Investment Advisor, provided the annual investment presentation, including an overview of the pre-circulated Q4 investment performance. The presentation confirmed that the Engineers Canada investment portfolio is properly diversified and well-managed, and it has provided positive results in a challenging year.

J. Malone responded to Committee questions and confirmed that the rebalancing of Engineers Canada's portfolio is not automated, it is actively managed by James and his team, and they are provided with investment strategies by several RBC senior investments professionals.

#### 4. Review of fiscal 2020 financial statements

- **Statement of operations**

D. Menard provided an overview of the 2020 financial results. Due to the strong performance of equity markets in Q4, the majority of the surplus vs the Forecast relates directly to investment income. Affinity program revenues also increased, due to premium volumes coming in higher than previously expected. It was noted that the operating expenses continue to be affected by COVID-19, reducing the office, travel, and meeting costs.

- **Statement of financial position**

D. Menard noted the discrepancy between the investment balance and RBC's quarterly statement, which resulted from a re-classification of the near cash investments to the cash reporting balance at the end of December.

- **Reserves**

D. Menard noted that reserves have increased from the previous year due the 2020 surplus.

#### 5. Review of TD-APEGA results for December 2020

D. Menard presented the retention report, noting that while the retention rate of the last 12 months is down 3%, it remains strong at 92%, compared to 94-95% prior to APEGA termination.

The 2020 calculations show that written units, inbound and Web quotes have declined by 9.5% and 17-18% respectively, however, taken apart, Web quotes were up 35% since September and 25% in December due to the ability to bind online.

Overall for 2020, the TDI program written premiums have increased by 2.8% over 2019, and excluding APEGA, 6%. Compared to the 2021 Budgeted revenues, which is derived from the 2020 written premiums, APEGA will be under Budget by \$76K, and Geoscientists of Ontario will be under by \$27k, as the Geoscientist have signed onto the program, and will now receive profit sharing.

#### 6. Review of operational finance policies

S. Price provided a background on the current policies and the internal processes as presented in the pre-circulated documentation.

#### 7. Review of long-term procurement contracts

S. Price presented long-term procurement contracts in value over \$10K, as per the previous FAR Committee's directive. Also presented was a list of affiliated vendors.

**ACTION: Staff to make a note that a yearly examination of the list of long-term procurement contracts and other long-term organizational relationships be brought forward to the FAR committee.**

#### 8. Review of corporate risk profile

S. Price presented the draft corporate risk profile. The CEAB Executive Committee will provide feedback on the accreditation risk before the Board receives the Corporate risk profile for their upcoming April meeting. The committee provided positive feedback on the proposed process. FAR made a decision that they should perform quarterly reviews of the risks and that the Board would perform a deeper review once a year. The schedule in the document should be modified to reflect that decision (action item).

FAR also agreed that there should be a process to add new risks or new elements to risks. New risks could be reviewed during a scheduled meeting or a special meeting could be organized to address the situation. The Corporate risk profile should be revised to include a process to address new risks (action item).

Finally, it was agreed that as trends develop, it would be useful to use a graphic to depict the timeline trend of the risks.

- The committee reviewed each of the proposed 12 consolidated risks. It was agreed to add the issue of technicians and technologists to the Sustainability of Engineering Regulation risk (action item).

Staff will make the amendments, and the Corporate risk profile will be sent to the Board for approval at its April meeting.

**ACTION: Staff will coordinate the delivery of documents from FAR for the Board April meeting.**

**ACTION: Staff to update the Corporate risk profile, incorporating the details above.**

**ACTION: Staff to circulate the new draft corporate risk profile to the Board members.**

#### **9. Work plan review**

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

#### **10. Other business**

No other business was discussed.

#### **11. Next meetings**

The next committee meetings are as follows:

- Mar. 17, 2021 (Virtual)
- May 12, 2021 (Virtual)

#### **12. Closing**

With no further business, the meeting was closed at 1:30pm ET.