



# Minutes

## **2018 Audit Committee Meeting No. 1 on July 13, 2018**

### **Meeting Minutes issued:**

Minutes of a meeting of the Audit Committee (AUC) held at the Professional Engineers Ontario office boardroom 1C, 40 Sheppard Avenue West, North York, Ontario, on July 13, 2018 commencing at 5:00 p.m.

### **In attendance:**

#### **Audit Committee Members:**

Ishwar Bhatia, M.Eng., P.Eng., Eastern Region Councillor  
Guy Boone, P.Eng., Eastern Region Councillor (via conference)  
Lola Hidalgo, P.Eng., Western Region Councillor (via conference)

**Staff:** Johnny Zuccon, P.Eng., Interim Registrar (Staff)  
Chetan Mehta, MS, MBA, Director, Finance  
Lucy Capriotti, Administrative Assistant

**Guests:** Kelly Reid, P.Eng., IACCM, CCMP (via conference)

**Regrets:** Thomas Chong, M.Sc., P.Eng., FEC, FCAE, PMP,  
East Central Region Councillor

### **Audit Committee Items**

The meeting was called to order at 5:00 p.m. and C. Mehta asked if anybody wanted to Chair the meeting, I. Bhatia agreed to Chair the meeting until the elected Chair was voted on.

#### **1. Election of Chair and Vice Chair**

I. Bhatia showed an expression of interest in becoming the Chair. C. Mehta asked for any other Chair nominations and no others showed interest. It was agreed that Councillor Bhatia be appointed Chair of the AUC. I. Bhatia now Chaired the meeting and asked if anybody was interested in the Vice Chair position. L. Hidalgo showed interest in becoming Vice Chair as well as T. Chong. It was

requested that the committee members vote via email to C. Mehta or L. Capriotti where the votes would be counted. The votes were counted and the selected council member was T. Chong.

**2. Selection of non-Councillor members**

C. Mehta suggested that we ask the current non-councillor members to continue or ask Volunteer Management to do the recruiting which may take some time. I. Bhatia asked C. Mehta about Craig Young, C. Mehta stated that C. Young, CPA, CMA was a highly qualified and competent candidate who had attended prior meetings such as the one on March 6<sup>th</sup>, 2018 and played a constructive role in prior meetings.

The candidacy of Ed Nelimarkka was then discussed by the committee members, and it was pointed out to them by C. Mehta that while he was knowledgeable, his attendance record at prior AUC meetings was not all that strong.

The committee members then suggested that staff should reach out to Ed Nelimarkka to inquire if he was still interested in continuing as non-Councillor member of the AUC and inquire if there were any other restrictions that might prevent him from attending future committee meetings if he were to be selected. C. Mehta was requested to follow up and provide an update to the AUC members on the response from Ed Nelimarkka. The committee members then agreed that in addition to the two current members, they could also look into getting a third non-Councillor member via the recruitment process conducted by the volunteer management team.

**3. Appointment of the Volunteer Expense Appeal Sub-committee members**

I. Bhatia proposed to the AUC to select three names from the AUC who would want to be on the Volunteer Expense Appeal Sub-committee. L. Hidalgo advised she would be unable to volunteer on this sub-committee.

**MOTION**

That I. Bhatia, T. Chong and G. Boone be appointed to the Volunteer Expense Appeal Sub-committee.

Moved by L. Hidalgo and seconded by G. Boone

**CARRIED**

**4. Approval of Draft Agenda**

The committee members agreed that the draft agenda be approved as presented and passed a motion to that effect.

**MOTION**

That the Draft Agenda be approved as presented.

Moved by L. Hidalgo and seconded by G. Boone

**CARRIED**

**5. Approval of Draft Minutes from April 17, 2018 (subsequently emailed to the AUC on July 16, 2018)**

That the Minutes of April 17, 2018 meeting as presented be approved.

**MOTION**

Moved by G. Boone and seconded by L. Hidalgo.

**CARRIED**

**6. Business arising from the Minutes**

G. Boone asked if the Action Table in the minutes will be updated. C. Mehta advised it is ongoing work in progress and that he will be sharing the table with the AUC (shown on Page 6 of these minutes). G. Boone asked if there were any outstanding items from the Action Log. C. Mehta clarified the valuation report from the Actuaries on the evaluation on the Pension Fund Liabilities was awaited.

**7. Review of Annual Work Plan**

I. Bhatia briefly discussed the Work Plan to the AUC. R. Boone suggested adding for clarification purpose the word “Finance Sub-committee”, it’s a sub-committee of the Finance Committee

**8. Review Terms of Reference**

The AUC reviewed the Terms of Reference and had no recommendations.

**9. Other Business**

***- Discussion on Councillor Reid’s proposal on non-budgeted substantive expenditures.***

K. Reid who had joined the meeting via conference call stated that she had originally brought this briefing note to the April session and she had incorporated the feedback she had received. She clarified that the proposal would apply to any additional spend above and beyond what was approved in the budget. She explained that she has put this proposal forward as we are operating with a budget deficit. There have been a number of substantive spend items that have been coming forward to Council over the last year and there are likely to be more coming this year with the spend on online licensing portal, the hiring of the five additional staff as part of the resiliency planning, the Public information campaign, etc. K. Reid stated that if the AUC has any comments or questions they could send her an email for additional clarification. After some discussions and answering questions by the committee members, K. Reid then departed from the meeting. Prior to her departure from the meeting, C. Mehta advised K. Reid that he would be sending her a debrief after the meeting, so she knows what transpired.

C. Mehta pointed out to the AUC members that the FIC has already looked at K. Reid’s Briefing Note and were supportive of it. G. Boone supported K. Reid’s proposal. I. Bhatia advised that he was supportive of the proposal in K. Reid’s Briefing Note. After some additional discussion on K. Reid’s Briefing Note, Councillor Bhatia and Boone agreed that it be presented to Council for decision. L. Hidalgo abstained and clarified that she needs to understand the Briefing Note better before she could express an opinion.

**10. Date of Next Meeting**

A Doodle Poll will be sent out in September for the next meeting which will take place in October or November 2018.

**11. Adjournment/Dinner**

The committee agreed to adjourn the meeting at 6:50 p.m. and a motion was passed to that effect.

**MOTION**

That the AUC meeting be adjourned.

Moved by G. Boone and seconded by L. Hidalgo

**CARRIED**

Updated Status as of Sept 27, 2018 on additional items requested at AUC Meeting on April 17, 2018.

Item	Action	Action by	Status
1	Joint meeting of AUC, FIC and Investment sub-comm with actuary and fund manager as soon as feasible	C. Mehta / O. Tasic	<b>Ongoing</b> - A joint meeting of the AUC – FIC with the actuary was held on Sept 27, 2018. A meeting of the investment sub-committee was held on Oct 23, 2018.
2	Modify work-plan to reflect the deliverable on the review of the pension plan and actuarial valuation	AUC / C. Mehta	Suggested changes will be incorporated in the new work plan and presented to the new AUC for review.
3	Status on 2018 actuarial valuation	O. Tasic	<b>Complete</b>
4	Status of items listed in Minutes of AUC Oct 19 meeting - please see below	C. Mehta	<b>Complete</b> - Please see action item list for AUC meeting on Oct 19, 2017.
4(a)	Audit committee to confirm independence of auditor and whether management has placed any restrictions during an audit	Audit Comm	<b>Complete</b> - Please see item 1.14 in action item list for AUC meeting on Oct 19, 2017.
4(b)	Audit committee to develop its work-plan and account what it did or did not do per work plan	Audit Comm	<b>Complete</b> - The work plan for 2017-2018 was approved by the AUC at its meeting on July 13, 2017. The status of specific deliverables per the work plan was listed and an update has been provided - Please see item 1.14 in action item list for AUC meeting on Oct 19, 2017.
4(c)	Audit committee to ensure that all relevant controls in place	Audit Comm	<b>Complete</b> - Please see item 2.4a in action item list for AUC meeting on Oct 19, 2017.
4(d)	Audit comm to inquire of staff on whether all relevant statutory filings (tax returns, information returns, etc.) are being filed	Audit Comm	<b>Complete</b> - Please see item 1.14 action item list for AUC meeting on Oct 19, 2017.
4(e)	Status on risk management program	Audit Comm	<b>Complete</b> - At the 515th Council meeting in Nov 2017, a BN note along with a risk register was presented to Council as part of PEO's risk management program.