



Minutes

2018 Audit Committee Meeting No. 2 on November 1, 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 November 1, 2018 commencing at 5:00 p.m.

In attendance:

Audit Committee Members:

Chair: Ishwar Bhatia, M.Eng., P.Eng., Eastern Region Councillor

Vice-Chair: Thomas Chong, M.Sc., P.Eng., FEC, FCAE, PMP,
East Central Region Councillor
Guy Boone, P.Eng., Eastern Region Councillor
Lola Hidalgo, P.Eng., Western Region Councillor (via conference)
Craig Young, P.Eng., CPA, CMA

Staff: Johnny Zuccon, P.Eng., Interim Registrar
Margaret Braun, Acting Director, People Development
Chetan Mehta, MS, MBA, Director, Finance
Peter Cowherd, CPA, CMA, Manager, Financial Services and Procurement
Lucy Capriotti, Administrative Assistant

Guests: Steve Stewart, CPA, CA (Deloitte)

Regrets: None

Audit Committee Items

The meeting was called to order at 5:00 p.m. by the Chair Ishwar Bhatia. The committee members had invited Margaret Braun, Acting Director of People Development to attend the AUC meeting as they had questions on PEO's benefit plan.

M. Braun requested the Chair that the committee ask her any questions they may have on employee future benefits at the commencement of the meeting as she had to leave early due to a prior engagement.

M. Braun advised the committee that she had started in her role at PEO as acting Director of People Development in September 2018 and that she would try her best to answer their questions as she was in the process of coming up to speed.

The committee members requested a brief overview on employee future benefits and asked M. Braun for a handbook for the employee benefits. M. Braun advised there was no hardcopy of a handbook as this information is online.

I. Bhatia requested details on the type of pension plans, sick leave, etc. and other benefits were available to staff. M. Braun advised that that Manulife is PEO's carrier as a few years ago Engineers Canada had negotiated a package with Manulife for provincial engineering regulators across Canada with PEO being one division of the benefit package. This was based on the premise that a larger base with more participants would lead to lower costs. Some of the health benefits covered are health, dental, accidental, death and dismemberment.

I. Bhatia then requested M. Braun for:

- 1) The link to the employee handbook
- 2) Information on the defined benefit pension plan and benefits offered to employees that were members prior to 2006.

M. Braun said that she would provide the committee with this information. The committee members had no further questions and thanked M. Braun for her time who with the Chair's permission exited the meeting.

1. 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 T. Chong and seconded by C. Young

CARRIED

2. Approval of Draft Minutes from July 13, 2018

After some discussion, the committee members agreed to approve the minutes as presented and passed a motion to that effect.

MOTION

That the Minutes of July 13, 2018 meeting as presented be approved.

Moved by T. Chong and seconded by C. Young.

CARRIED

3. Business arising from the Minutes

C. Mehta was requested to provide an update on the following Action items on page 6 of the July 13th, 2018 Minutes.

Item 1. A meeting of the Investment sub-committee with portfolio managers of the pension and the operating funds was held on October 23, 2018. The recommendation from both the portfolio managers was to maintain status quo to the respective investment policies.

Item 2. The changes proposed by the committee will be incorporated in the new work plan which will be presented at the next AUC meeting in the first week of March 2019.

S. Stewart was then requested to commence with his presentation on the 2018 audit plan.

4. Presentation of 2018 Audit Plan by Steve Stewart from Deloitte

S. Stewart walked the AUC through the audit plan for the 2018 year-end audit. He began by clarifying that he would be going through only the important parts of this presentation and not each and every slide and that if the committee members had any specific questions, they could ask him at any time.

S. Stewart said that Deloitte would be conducting the PEO main audit, the CAM audit for building common area maintenance costs and the audit on the fund of the pension plan. He clarified that Deloitte did not calculate the pension liability for the PEO pension plans and this liability was estimated by PEO's actuary.

For the 2018 audit, S. Stewart said there is a new standard in the CICA handbook according which the standard auditor's opinion had been revised. The new audit opinion effectively says the same thing as the prior version of the audit opinion, but it changes the order in which information is presented.

The new audit opinion would show the audit opinion first and then go on to provide a little more detail on what the auditor's responsibility, management's responsibility and the Audit Committees responsibility. Since there were changes to the audit opinion, Deloitte had to make some changes to the master agreement that PEO signs with Deloitte.

C. Young suggested that the Audit Committee should consider making a recommendation to the Auditor to select one chapter per year for an audit.

S. Stewart then continued to walk the committee members through the key highlights of the remainder of presentation and answered various questions by the committee members. He asked the committee members if there were any specific areas in the audit that they wish Deloitte to focus on for the 2018 audit.

T. Chong suggested that Deloitte focus on procurement function for the 2018 audit. S. Stewart confirmed that Deloitte would do as directed and report back to the Audit Committee their findings at the Audit Committee meeting in March 2019 for the review of the audit findings and the draft 2018 audited financial statements.

After some additional discussion, the Audit Committee requested staff to step out as they wished to have an in-camera session with S. Stewart.

J. Zuccon advised that he would be leaving for the day and subsequently departed from the meeting.

IN CAMERA SESSION – The committee started the in-camera session for further discussions with S. Stewart from Deloitte. These proceedings were not minuted per instruction from the committee.

At the end of the in-camera session, staff was requested to come back to the meeting.

5. Review of Expense Reimbursement Policy Draft

C. Mehta asked S. Stewart if he had reviewed the draft Expense Reimbursement Policy and if had any feedback or suggestions. S. Stewart advised that he had read the draft Expense Reimbursement Policy and had no further recommendations.

C. Mehta then asked the committee members if they had any questions and if they could approve the policy after which, it can be presented to Council for final approval before being operationalized. He clarified that this policy had gone through an extensive peer review process and incorporated feedback from staff, volunteers, the FIC and the ACV (Advisory Committee on Volunteers).

He went on to add that the draft policy was prepared after a review of the expense policies of five different organizations (APEGA, APEGBC, OIQ, Engineers Canada and Province of Ontario).

The committee members after some discussion agreed to approve the draft Expense Reimbursement Policy as presented and a motion was passed to the effect.

MOTION

That the draft Expense Reimbursement Policy as presented be approved.

Moved by C. Young and seconded by G. Boone

CARRIED

The committee members then advised staff of the following decisions taken in the in-camera session and passed a motion to that effect.

MOTION

- 1) Management request a fee proposal from Deloitte to perform a performance audit of the Chapters.
- 2) Management is to provide the risk register with the management response of the internal controls that address the high-risk areas of that risk register.

6. Other Business

No other business was discussed.

7. Date of Next Meeting

A Doodle Poll will be sent out in the New Year.

8. Adjournment/Dinner

The committee agreed to adjourn the meeting at 7:25 p.m.

Updated Status of items requested at AUC Meeting on Nov 1, 2018

Item	Action	Action by	Status
1	Provide link to the employee handbook	M. Braun	Work-in-progress
2	Provide information on the defined benefit pension plan and benefits offered to employees who were members prior to 2006.	M. Braun	Work-in-progress

3	Request a fee proposal from Deloitte to perform a performance audit of the Chapters.	C. Mehta	No extra fees as per telecon meeting on Jan 31, 2019 with the members of the audit committee and acting Manager of Chapters, S. Stewart agreed review Chapters Executive Manual to review business plans and understand Chapter processes.
4	Management is to provide the risk register with the management response of the internal controls that address the high-risk areas of that risk register.	S. Clark	Work-in-progress