Professional Engineers
Ontario

Minutes

Finance Committee
March 11, 2015

Minutes of a meeting of the Finance Committee (FIC) held in the offices of the association, 40 Sheppard Avenue West, North York, Ontario, on March 11, 2015 commencing at 3:00 pm.

In attendance:

Finance Committee Members:

>
> Dave Adams, MBA, P.Eng.,(Chair)
> Roger Jones, P. Eng., (Vice Chair)
> Charles Kidd, P.Eng. (via conference)
> Dr. Ravi Gupta, P.Eng.
> Jason Green, CPA, CMA, MBA, P.Eng.

Staff: Gerard McDonald, P.Eng., MBA, Registrar
Michael Price, MBA, P.Eng., FEC, Deputy Registrar,
Licensing and Finance
Maria Cellucci, CPA, CA, Controller
Alan Zimmermann, Director, IT
Lucy Capriotti, Administrative Assistant

Regrets: Nick Colucci, P.Eng.
Michael Wesa, P.Eng.

1. **Approval of Agenda**

    The agenda was approved with the following changes:

    Item 4. add Spending Analysis.

    Under Other Business:

    1) Review Programs Review Subcommittee's Terms of Reference

    2) Confirm that the Programs Review Subcommittee has requested four separate statements for the building and PEO Operations (1 Balance Sheet and 1 Statement of Revenues and Expenses for each)

    3) Request for PEO to circulate to the FIC the draft AGM Q&A which will be available end of March. M. Cellucci indicated that this is done every year.

    D. Adams requested to move item 5. Aptify Budget Approval ahead of item 4.

    MOTION

    That the revised agenda be accepted with modifications to Item 4 and Item 8. Moved by R. Jones and seconded by R. Gupta.

    MOTION CARRIED

2. **Approval of Minutes from November 4, 2014**

    The Minutes as presented were reviewed and approved.

    MOTION

    That the Minutes of the November 4, 2014 meeting as presented be approved.

    Moved by R. Jones and seconded by C. Kidd.

    MOTION CARRIED

3. **Matters Arising from the Minutes**

    Remove the actual name of staff member cited on Page 5.

4. Aptify Budget Approval

G. McDonald discussed the following:

Tentative Timeline – start testing in June and Go-live by mid Fall.

He discussed that when trying to launch the system in December 2014, we found that the system was not working as expected. In order to ensure a future successful implementation and a system that worked properly, we had to assess what the continuing problems were with the system and develop a plan to address these problems.

One of the things noted was that there was a governance problem and the way we were managing the project in that the business lines and the people that would actually be using the program weren't as intimately involved in the decision making process.

A new governance structure was created and G. McDonald designated one person in the organization responsible for the ultimate implementation of the project: M. Price is the responsible executive for this project. We will continue to use this structure for all future IT projects. M. Price was instructed to create an appropriate governance structure which consisted of a steering committee comprised of both business line staff and IT staff. We have to be confident the system is working properly and as intended to meet business needs.

A GAP analysis was conducted on what is required to get the project up and running.ie. Where are we at right now? Where do we want to be at? What is the GAP between the two, and what needs to be done to bridge that GAP. Aptify was brought in to help with this GAP analysis, provide a cost estimate to do the work to bridge the GAPs, and re-launch the program. The gap analysis and cost estimate are now completed. The program re-launch includes a number of items:

1) Addressing the GAPS that have been identified which will go through the user acceptance testing and making sure if there are still any issues that those are properly addressed as well as staff training.

2) Cost estimate of what will be involved in completing the project. Appropriate contingencies to account for any unforeseen items that may arise in this time. We have a firm fixed contract with Aptify for Gap requirements which we didn't have in the original project.

The proposal shows:

What it would cost to implement the project? $618k Canadian Dollars. We are paying a premium as Aptify is U.S. based and the Canadian dollar has declined significantly in the last year.

3) Where is the money coming from? We are requesting the reallocation of $625k to Aptify Phase 1 Go-Live from the following 2015 budgeted capital projects:

1. Aptify Phase 2 $350k; and

2. Re-launching SharePoint - $275k.

    Each of these projects are related to Aptify or require Aptify to be working and therefore would be deferred until the successful launch of Aptify. IT resources will be focused on this project for the first three quarters of the year which means that these other two projects would not be completed this year regardless. There is no overall budget impact in 2015 as this is a reallocation of capital funds from one project to another and would allow us to proceed with the project.

The decision before the committee was whether or not they approve the reallocation of funds from 2015 capital projects of Aptify Phase 2 and the re-launch of SharePoint, to the Aptify Phase 1 launch in order to allow us to continue working and allowing for the successful implementation of Aptify.

A. Zimmermann discussed the following:

-   One third of the original budget of the 1.165M was for ShineLogic, who is a third party contractor which APEGA used many years ago when they installed Aptify. The Aptify code at the time which is many revisions behind the one we are installing had some flaws. ShineLogic began customizing the code to build what APEGA wanted. The initial plan was to use APEGA's contractor, ShineLogic, and use their code. As we progressed it was found that we couldn't use much of APEGA's code as their processes are different and their data is different. It led IT having to redo a lot of work. Aptify sells a system which is configured to what you need it to be.

-   J. Green asked how much was spent before the $625k additional budget required. A. Zimmermann said we spent 1.165M which was the original budget and then came back and asked for $150k. The original 1.165M breakdown consisted of: about one third for the Aptify licenses, about one third for Aptify professional services and the last third was for ShineLogic professional services.

-   G. McDonald mentioned that he was going to be giving an Aptify implementation update at the Council meeting as part of the strategic plan discussion. G. McDonald would have an information note advising Council of the FIC's decision.

MOTION:

To defer a total of $625k of the 2015 approved capital projects including $350k for Aptify Phase 2 and $275k for the re-launch of SharePoint in order to complete the Aptify (Phase 1) go live which requires a budget of $620k.

Moved by J. Green and seconded by R. Gupta.

<div align="center">**MOTION CARRIED**</div>

MOTION:

Deferring of the SharePoint project will not have an impact on the performance of SharePoint in 2015.

Moved by R. Gupta and seconded by R. Jones.

<div align="center">**MOTION CARRIED**</div>

A. Zimmermann left the meeting after Item 4.

5. **Review of 2014 Financial Highlights (actual vs Budget) and 2014 Audited Financials**

The FIC requested an update on the building which will be presented at each FIC meeting. M. Cellucci has monthly financial review meetings with BJC and we provide the FIC with quarterly building revenue and expense statements which shows dollar and percent variance to budget and prior year actual. Explanations for variances regarding building operations are currently provided on the PEO statements but more detail will be provided in future on the building statement analysis.

D. Adams and G. McDonald left the meeting at 4:45 p.m. during item 5 discussion.

Vice Chair R. Jones then chaired the meeting.

6. **Review of FIC Work Plan**

To be discussed at next meeting.

7. **Investment Subcommittee Update**

M. Price advised that there is a plan member appointed to the Subcommittee. First meeting may or may not occur before the AGM. Once the Investment

Subcommittee has its first meeting, a meeting will then be arranged, if requested, with PEO's Investment Advisors.

8.   Other Business

R. Jones distributed a document called the Terms of Reference for the FIC Program Review Subcommittee. He has asked that FIC review the rev2 March 2015 Terms of Reference for the FIC Program Review Subcommittee for their comments and would then have a follow up with G. McDonald for his comments.

9.   Date of Next Meeting

Date of next meeting will be the week of May 15, 2015. A Doodle will be sent out.

10.   Adjournment

There was a motion to adjourn the meeting. Meeting adjourned at 5:45 p.m.