



# Minutes

40 Sheppard Avenue West  
Suite 101  
Toronto, ON M2N 6K9  
Tel: 416 224-1100  
Fax: 416 224-8168  
www.peo.on.ca

Enforcement Hotline:  
416 224-9528 Ext. 1444

## **Finance Committee** **May 21, 2014**

Minutes of a meeting of the Finance Committee (FIC) held in the offices of the association, 40 Sheppard Avenue West, North York, Ontario, on May 21, 2014 commencing at 4:00 pm.

### **In attendance:**

#### **Finance Committee Members:**

Dave Adams, P.Eng.  
Roger Jones, P. Eng.  
Michael Wesa, P.Eng.  
Nick Collucci, P.Eng.  
Charles Kidd, P.Eng.  
Thomas Chong, P.Eng.

**Staff:** Gerard McDonald, P.Eng., MBA, Registrar/CEO  
Michael Price, MBA, P.Eng., FEC, Deputy Registrar,  
Licensing and Finance  
Chetan Mehta, Manager, Financial Services and Business Planning  
Lucy Capriotti, Administrative Assistant

**Regrets:** Maria Cellucci, CPA, CA, Controller

**Observer:** Dr. Ravi Gupta, P.Eng.

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

M. Price asked for nominations for Chair of the Finance Committee. R. Jones nominated D. Adams. D. Adams accepted the nomination and was seconded by T. Chong.

D. Adams asked for nominations for the election of the Vice Chair. R. Jones volunteered to be Vice Chair of the Finance Committee.

T. Chong discussed with D. Adams that he would like to have R. Gupta as an additional member of the committee. M. Price referred to the policy approved by Council for Recruitment and Appointment to Committees from September 2012. The first step would be that the Chair of the committee would have to put in a request into People Development to post for the opening and once this happens, PEO advertises, volunteers submit and would then come back to either committee Chair or committee advisor for review and consideration. The appointment occurs with the committee Chair working with the committee advisor and can include an interview. The names are then forwarded to the Registrar for approval and once these are approved by the Registrar they are put in a briefing note to Council. At this time the committee cannot approve additional members because it has not advised the general membership of the need for additional members or the specific requirements and how many members it is looking for. You can have up to three, you are allowed one less than the number of Council members (4) as this is a Board Committee, the majority have to be Council members.

D. Adams asked how many names we would like to add from the membership. R. Jones would like a proposal to go forward from this meeting to go into the correct process for two people being R. Gupta and J. Green. M. Price advised he would be posting for three more FIC volunteers as this was the consensus of the FIC.

## **2. Approval of Agenda**

### **MOTION**

That the agenda as presented be approved.

Moved by R. Jones and seconded by T. Chong.

**MOTION CARRIED**

## **3. Approval of Minutes from March 10, 2014**

M. Price discussed that there was a subsequent joint meeting of the Audit and Finance Committee on April 24<sup>th</sup> and these items were further discussed. We had received a version of the by-law which was prepared by the external legal council which was forwarded to the Legislation Committee for further review and comments. Right now it's sitting with the Legislation Committee and then it

would come back to the FIC. The change is an update to the by-laws and regulations that would move all the existing fees out of the regulation so we don't need to go to the government every time we change the fees. This was the intent of the legislation changes made in 2010 by the province under the Open for Business Act.

R. Willson has asked for the fees by the Legislation Committee to be looked at from two different perspectives. The discussion at the meeting was that there would be cumulative cpi from the beginning of 2014 going forward that any adjustment that is equal to or less than the cumulative cpi since that date would not go out to members for referendum versus that each increase you didn't use the full amount you restarted the base cpi, this is where the Legislation Committee is to provide comments as well. If Council decides to go with this change in by-laws which would allow Council to increase fees by cpi or less there first would have to be member approval to change that process. Any other changes to our by-laws have always been done in conjunction with our Council elections. The time line for this would have to be ready by the end of the year and then out to the members for their approval if we are looking at putting increases of cpi or less at Council's discretion in future. D. Adams comment was that we cannot take the approval of the fee increase away from the members without a referendum.

M. Price discussed that this has been forwarded to the LEC and it will come back to the FIC which will allow another opportunity to discuss further at a future committee meeting on the issue of the Fee By-Law.

R. Jones requested that we add to the agenda Matters arising from the Minutes in future. D. Adams agreed to add this to the agenda.

#### **MOTION**

That the minutes of the March 10, 2014 meeting as presented be approved.

Moved by M. Wesa and seconded by R. Jones.

**MOTION CARRIED**

#### **4. Review and Approve 2015 Budget Assumptions**

M. Price discussed the Operating and Capital Budgets, this year's plan would be a balanced budget. Last year Council decided to move forward with a new licence holder management system called Aptify which is currently in use by APEGA. Last year Council approved \$1.2M for Phase I, this is expected to be up and running sometime this Fall including an online application form which should be up and running in January.

The 2014 Capital Budget is \$2.8M. The Capital Budget for 2015 was projected as two components that total added to almost \$5M, \$1.6M was related to building assets and \$3.4M was due to renovations to PEO office space. C. Kidd requested that more detail on IT spending would be appreciated in the future. M. Price went over the process. At this meeting the FIC agrees to assumptions that are forwarded to Council. If Council approves these assumptions at the June meeting staff than proceed to develop next year's budget based on those assumptions. This budget is brought back to the FIC before the next Council meeting in either late August or early September. The Registrar as well as all the Deputy Registrars and our Chief Administrative Officer will attend that meeting and present each of their budgets including the details on the Capital Budget. This will be forwarded to Council in September, this is the first time Council sees a budget for 2015. Council makes suggestions, advice or feedback back to staff and the FIC then go and work on the budget and make whatever changes are suggested, then it comes back for final approval by Council in November.

**Revenue Assumptions:** R. Jones would like to have the wording changed on bullet three by removing the word members and changing it to membership number; M. Wesa asked to add the word net growth to bullet three under C.1 page 2 of 4.

**Investment Income:** R. Jones asked if we will be having an investment managers review presented to the FIC as to where they are investing and what the market potential is. M. Price advised that the FIC was working on setting up a sub-committee. M. Price said he would be looking into the Investment Sub-committee and the current status of the Terms of Reference.

**Rental Income from 40 Sheppard:** M. Price discussed that there is no decision on any of the two spaces in this budget proposal for 2015 and we will have to get Council direction on the Apple One space which has to happen this year as well as what the intention will be for the eighth floor. Our indications are that the Passport office is looking to consolidate space and will be vacating the eighth floor.

**Salaries:** D. Adams asked for a vote on the salary assumption at 3.8% and 1.8%. T. Chong expressed he would like to see a reduction in the salary from 3.8% to 3%. T. Chong and R. Jones and C. Kidd were contrary to the increase noted under Salaries. The FIC recommendation was to change the 3.8% to 3%.

## **MOTION**

A motion was made to accept a 3% increase.

## **MOTION CARRIED**

**Statutory Deductions:** We are using the same rates as last year, M. Price will be looking into why the EI rate is down 2.8%.

**MOTION**

A motion was made to recommend the budget assumptions to Council as amended.

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

**MOTION CARRIED**

**5. Review and Approval of revised Expense Reimbursement Policy**

M. Price discussed that there were revisions that incorporate changes that came through a number of committees and have been recommended by the joint meeting of the Finance and Audit Committee back on April 24, 2014. The main thing that was different from that meeting is the addition of Appendix F which includes specific Chapter policies. Significant changes from last year that had been recommended was an increase in Appendix C, Meals Expense Reimbursement, Page 12 (lunch and dinner were increased) and the limitation period for submitting expenses be limited to two months.

**MOTION**

A motion was made approving the revised Expense Reimbursement Policy which will be presented at the next Council Meeting on June 9, 2014.

Moved by R. Jones and seconded by M. Wesa.

**MOTION CARRIED**

**6. Review and Approval of revised Procurement Policy**

M. Price discussed changes that were sent to the joint Audit and Finance Committee. There were a couple of suggestions made in reference to what the procedure is for quotes on items which are under two thousand dollars, see page 8, last bullet in the larger box. Page 4 under Exceptions second bullet was added, this was discussed at the FIC and AUC meeting..

**MOTION**

A motion was made approving the revised Procurement Policy which will be presented at the next Council Meeting on June 9, 2014.

Moved by T. Chong and seconded by R. Jones.

**MOTION CARRIED**

**7. Financial Statements as of March 31, 2014**

M. Price discussed the financial statements in detail and answered any questions from the committee members.

**8. Other Business**

No other business was discussed.

**9. Date of Next Meeting**

The next meeting date was scheduled for the last week of August or first week of September.

**10. Adjournment**

Meeting adjourned at 6:15 p.m.