



Professional Engineers
Ontario

CEO/ REGISTRAR UPDATE

FEBRUARY 24, 2023

CEO/REGISTRAR UPDATE



It is my pleasure to provide PEO's 2022–2023 Council with my first CEO/registrar's update. Over the last two months, I have enjoyed meeting many PEO councillors, fellow CEO/registrars of Canada's provincial and territorial regulators and engineering deans. I am building a network of support that I trust will be of invaluable importance as I forge ahead on implementing PEO's 2023–2025 strategic plan.

As part of PEO's external relations strategy, I recently met with the Ontario Fairness Commissioner, Irwin Glasberg, LLB, to discuss the merits of *Fair Access to Regulated Professions and Compulsory Trades Act* (FARPACTA) and the progress PEO has made to update its licensing application process. I am encouraged by his support, and I look forward to working with The Office of the Fairness Commissioner as we continue to meet the requirements of FARPACTA.

I made it my mission to meet all the PEO staff within my first 60 days. We hosted our first staff town hall of the year on February 9, when staff were updated on the 2023–2025 strategic plan, updated on major projects and celebrated for their achievements and milestones. I am energized by the positivity that I've felt from staff since day one. There is a strong culture of teamwork, respect and compassion that makes for a solid foundation on which to build PEO's future.

I am grateful to my predecessor, Johnny Zuccon, P.Eng., FEC, for his support and advice during my onboarding and transition into my new role. Johnny leaves a legacy of strong leadership and unwavering commitment.

In all the onboarding, networking and team building, I have remained laser focused on ensuring that PEO's strategic plan, and all its goals and objectives, remain a top priority for our staff team. We have an ambitious set of goals to deliver on over the next three years, and the team is committed to working expeditiously on developing an operating plan that will enable us to meet our targets, and I will continue to provide Council with regular updates on progress being made on the strategic plan.

JENNIFER QUAGLIETTA, MBA, P.ENG., ICD.D
CEO/REGISTRAR



TRANSFORMATIONAL PILLARS

PEO will continue to align its strategic work to three previously established pillars.

Operational effectiveness

PEO is committed to becoming a more effective regulator by improving its operations.

Organizational alignment

An effective regulator requires a strong, professional staff. PEO is continuing to address its staff organizational structure to ensure it has the appropriate capacity and agility to achieve its regulatory objectives.

Governance renewal

PEO is committed to ensuring appropriate direction and control under the auspices of its Council, which adheres to PEO's strategic priorities and regulatory mandate.

OUR STRATEGIC GOALS

Our goals and accompanying strategic priorities define what success looks like and describe the specific work we will undertake to drive our mandate and mission. Specific strategies and action plans, with targeted completion dates, will flow from these goals and priorities.

Improve PEO's licensing processes without compromising public safety

We will do this by:

- Enhancing the application process so that it is fair, transparent, accessible and efficient and maintains competency and complies with FARPACTA by July 1, 2023;
- Reviewing licensing business processes and incorporating changes to improve efficiency without sacrificing public safety or information security by January 1, 2025; and
- Ensuring all licensing activities reflect the values of equity, diversity and inclusion.

Optimize organizational performance

We will do this by:

- Updating and developing standards and practice guidelines;
- Ensuring adequate IT infrastructure, improving our capacity to collect and manage data; and
- Reviewing and improving communication and business processes, including ensuring they reflect the values of equity, diversity and inclusion.

Implement a continuous governance improvement program

We will do this by:

- Improving orientation for councillors and PEO's executive leadership team;
- Ensuring committees and Council have the necessary evidence to support quality decision-making; and
- Establishing metrics for governance performance, which includes principles of equity, diversity and inclusion by spring 2023 and implementing an annual review.

Refresh PEO's vision to ensure all stakeholders see relevance and value in PEO

We will do this by:

- Facilitating meaningful dialogue with members and other stakeholders;
- Undertaking required research; and
- Developing a proposed vision for consultation.



STRATEGIC PLAN

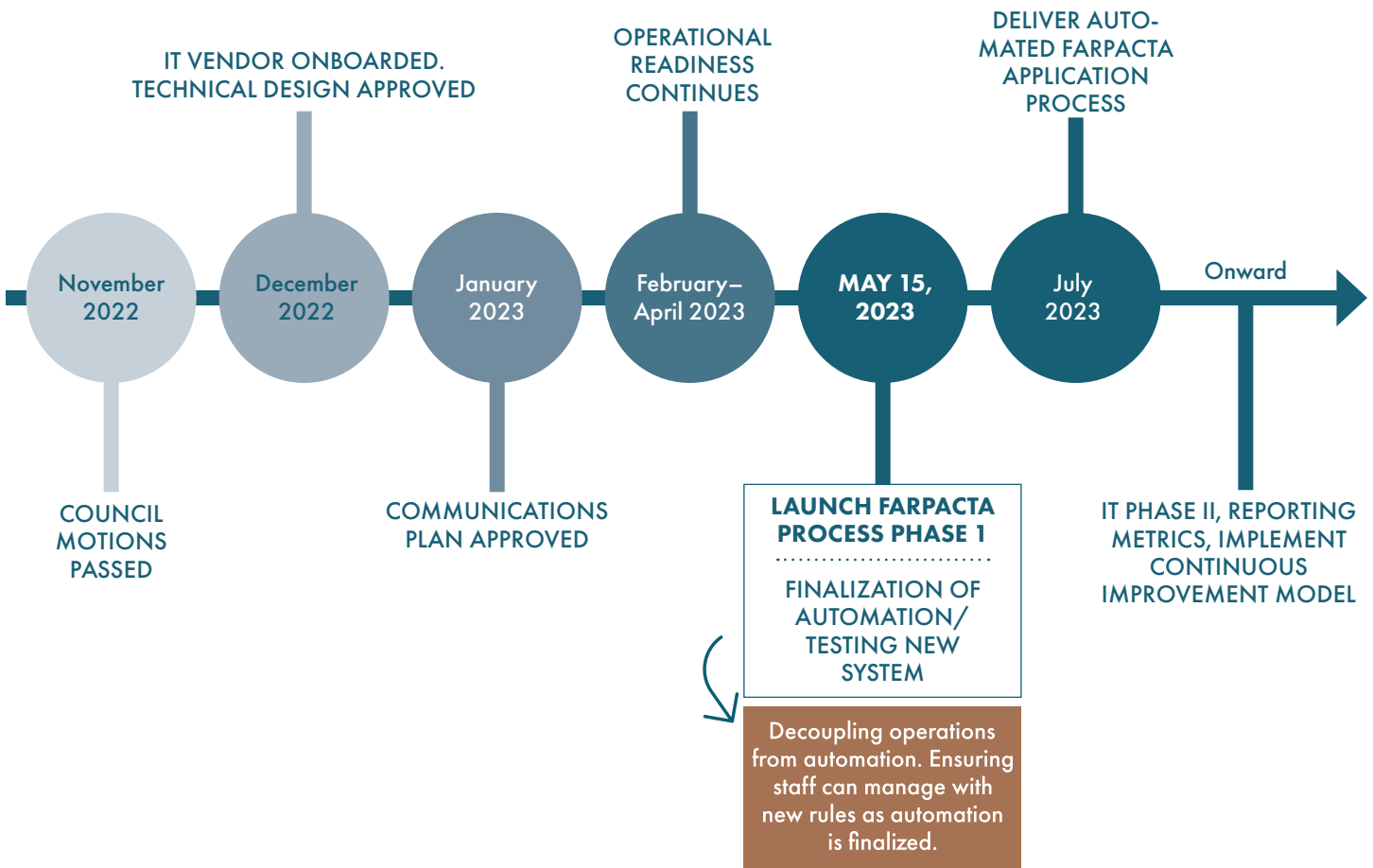
As articulated in the vision statement, PEO aspires to become a professional, modern regulator that delivers on its statutory mandate and is supported by a governance culture that consistently makes decisions that serve and protect the public interest. How we will get there is defined by our mission statement, Transformational Pillars and our four goals as outlined in the 2023–2025 strategic plan.

The foundation of the 2023–2025 Strategic Plan is rooted in PEO's commitment to a transformation that began in 2018 and builds on the success of PEO's 2020–2022 plan. Our goals and priorities

emphasize modernizing processes, improving governance, optimizing organizational performance and collaborating with stakeholders all with the intention of guiding PEO's decisions and shaping our future for the long term.

What we want to achieve as a regulator over the next three years is ambitious and an unprecedented amount of change, but the work is underway, and we are making good progress.

FARPACKA PROCESS ROLLOUT



FARPACKA UPDATE

We are working to implement the operational changes required to meet the *Fair Access to Regulated Professions and Compulsory Trades Act* (FARPACTA) timelines. This is in accordance with the policy decisions made by Council in November 2022. As councillors are aware, the changes are intended to satisfy a key FARPACTA requirement—a registration decision within six months of receiving a completed application—by emulating as closely as possible the application of criteria formerly applied after an application for licensure had been received. We have informed PEO’s stakeholders that the new licencing application process will be in effect on May 15, 2023. The adoption of an automated approach will take place in time to meet the July 1, 2023, deadline. Further communications and updates are planned for the coming weeks.

As per the new rules, applicants must have either an engineering degree accredited by the Canadian Engineering Accreditation Board or a bachelor’s degree in an engineering program included in the International Institutions and Degrees Database (IIDD) together with successful completion of a confirmatory examination program. The applicant must also have completed a competency-based assessment, including ethics indicators, to demonstrate they have sufficient experience to meet the generally accepted standards of practical skill, as required by the regulations under the *Professional Engineers Act*.

MANDATORY CONTINUING PROFESSIONAL DEVELOPMENT UPDATE (PEAK PROGRAM)

Section 51.2 of Regulation 941 of the *Professional Engineers Act* took effect on Sunday January 1, 2023. This new section of the regulation outlines continuing education and professional development requirements for licence holders, as well as enforcement measures available to PEO. Consequently, PEO now has a mandatory requirement for its licence holders to engage in continuing professional development (CPD).

As Council is aware, PEO is administering the requirements of section 51.2 through a mandatory CPD reporting program called the Practice Evaluation and Knowledge (PEAK) program, which had been piloted on a volunteer basis for more than five years.

The mandatory version of the PEAK program is being deployed in increments:

• Phase 1—January 1, 2023

Implementation of the mandatory PEAK, which includes updating the three elements of the program, reconfiguring the program to run on the calendar year for everyone, operating the program on an enhanced IT information system and incorporating automated notifications to licence holders.

PEO will not be enforcing the program in this first year of the mandatory requirement. This approach allows licence holders to ease into the new requirement, familiarize themselves with the enhanced PEAK information system and to adjust to the calendar-based timeline.

This first year will also allow us to collect preliminary data for benchmarking purposes and to collect constructive feedback from our stakeholders, including Council. The feedback will be valuable as we refine the program for phase 2.

• Phase 2—January 1, 2024

Incorporating refinements to the PEAK program based on stakeholder feedback and operational reviews conducted in Phase 1.

Beginning in 2024, PEO may begin, at the discretion of the registrar, to administratively suspend licences for non-compliance as well as audit PEAK program submissions, as stated in section 51.2.

The registrar will exercise their authority to determine when PEO will start enforcing the mandatory CPD requirement. Procedures for suspensions, auditing and possible exemptions are currently being developed and details will be communicated as soon as they become available.

• Phase 3—Date to be determined

Ongoing refinements to the PEAK program as required. This will involve monitoring of compliance data, addressing any technical issues, consideration and strategic implementation of user feedback, continuously updating communications tactics and providing timely and responsive support efforts.

In 2023, approximately 90,000 licence holders are required to complete the PEAK program.

As of mid-February, 65 per cent have completed their first two elements, which were due January 31; and 72 per cent have started the program.

For context, in the final year of the voluntary version of the PEAK program, approximately 17 per cent of licence holders completed the necessary elements. Implementation of the mandatory PEAK program is also reinforcing the need for PEO to work with licence holders to ensure their contact information is up to date. The program requirements, as with most PEO regulatory activities, relies on correspondence with licence holders exclusively by email. Missing and invalid addresses from licence holder records interfere with the success of our regulatory activities. Approximately 1200 licence holders have not provided PEO with an email address, while others are suspected to have invalid email addresses on file. This supports the need to strengthen PEO's policy on communicating with licence holders via email.

All aspects of the program are being continually monitored with an aim of seeking opportunities for improvement that will ensure the program meets the needs of licence holders while upholding PEO's public interest mandate. Council will continue to be updated on the progress of the program's rollout and your comments and suggestions are always welcome.

Figure 1: P.Eng. and licence holders who have participated in the first two segments of PEAK

INDIVIDUALS WHO:	JANUARY 1–31, 2023	JANUARY 1–FEBRUARY 15, 2023
Must complete PEAK this year:	About 90,000	Almost 90,000
Already completed the first two elements:	58 per cent	65 per cent
Started PEAK this year:	60 per cent	72 per cent
Declared as practising:	76 per cent	76 per cent
Declared as non-practising:	22 per cent	24 per cent

LICENSING

There was a nominal increase in 2022 for both the number of applicants and the number of licence approvals, as compared to 2021. The introduction of the online licence application affected the reporting of total applicants for September and November of 2022,

as it included unpaid applicants as of that date. The year-end numbers for 2022 have been corrected and correspond only to paid applications.

Figure 2: Breakdown of P.Eng. licence applications received, January–December 2021 and 2022

Year	Applications Received Jan-Dec 2021							Applications Received Jan-Dec 2022							% change
	Female		Male		Unspecified		Totals	Female		Male		Unspecified		Totals	
Gender	(#)	(%)	(#)	(%)	(#)	(%)	(#)	(#)	(%)	(#)	(%)	(#)	(%)	(#)	
CEAB	588	20%	2301	80%	4	0.1%	2893	838	21%	3115	79%	15	0.4%	3968	37.2%
Non-CEAB	847	17%	4063	83%	13	0.3%	4923	633	16%	3385	84%	9	0.2%	4027	-18.2%
Totals	1435	18%	6364	81%	17	0.2%	7816	1471	18%	6500	81%	24	0.3%	7995	2.3%

Year	P.Eng. Licences Approved Jan-Dec 2021							P.Eng. Licences Approved Jan-Dec 2022							% change
	Female		Male		Unspecified		Totals	Female		Male		Unspecified		Totals	
Gender	(#)	(%)	(#)	(%)	(#)	(%)	(#)	(#)	(%)	(#)	(%)	(#)	(%)	(#)	
CEAB	478	20%	1867	80%	1	0.0%	2346	611	19%	2622	81%	5	0.2%	3238	38%
Non-CEAB	182	16%	968	84%	0	0.0%	1150	259	17%	1261	83%	0	0.0%	1520	32%
Totals	660	19%	2835	81%	1	0.0%	3496	870	18%	3883	82%	5	0.1%	4758	36%

Figure 3: Breakdown of P.Eng. licence applications approved, January–December 2021 and 2022

	P.Eng. Licences Approved Jan-Dec 2021		P.Eng. Licences Approved Jan-Dec 2022		% change
	# Applicants	Average licensing time	# Applicants	Average licensing time	
CEAB applicants	1795	1282 days	2503	1293	0.86%
Non-CEAB applicants	636	1160 days	807	1242	7.07%
Confirmatory exam program	109	1699 days	109	2346	38.1%
Specific exam program	42	2410 days	51	2696	11.8%
Interprovincial Transfers	798	120 days	1131	99	-17.5%
Reinstatements	117	77 days	158	69	-10.4%

Figure 4: Average process times for P.Eng. licence approvals, January–December 2021 and 2022

ARC REVIEWS

Staff have been working closely with the chairs of Academic Requirements Committee to manage the current surge in new application files. The accumulated inventory of applications requiring ARC review at the end of January is over 1300 files, in part because of the need for discipline-specific assessments.

ERC REVIEWS

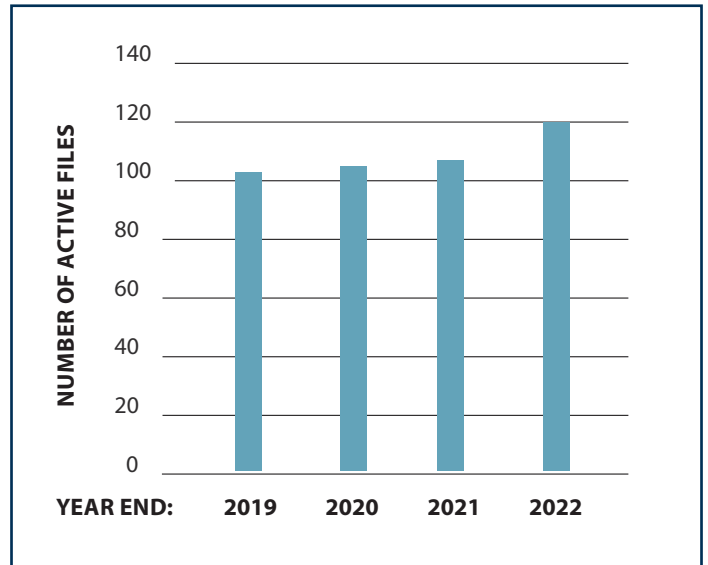
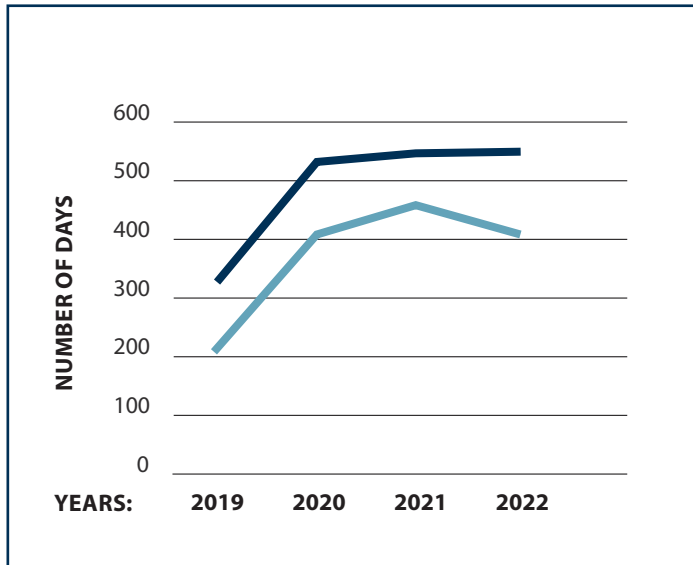
An average of 67 ERC recommendations were made per month between August 2022 and January 2023. At this juncture, the time to clear the anticipated backlog for ERC matters is estimated to be approximately 11 months.

COMPLAINTS

The number of open active complaint files remains higher than the last three years, with an approximate 30 per cent increase in the number of open active complaints. Because of the nature of the matters currently under investigation, volumes are currently manageable; however, a vacant investigator position is currently being

recruited for. Processing times have also been impacted, however this is largely due to response times by complainants, respondents and third parties impacted during COVID related shutdowns. See Figure 5.

COMPLAINT FILE PROCESSING TIMES (12-MONTH ROLLING AVERAGE)



█ AVERAGE # DAYS
█ MEDIAN # DAYS

Figure 5: Complaint file processing times and active files, 2019 to date

UNLICENSED PRACTICE

The unlicensed practice team logged a measurable 4.3 per cent increase in active cases in 2022 as compared to 2021. Currently there are 454 active cases, compared to 435 at the same point last year. A total of 338 files were opened in 2022, a 5.6 per cent increase over 2021 and 321 were closed in 2022. This compares to 320 cases opened and 311 closed in the same period in 2021.

FINANCE

For the 11 months ending November 30, 2022, revenues earned were \$29.5 million, and expenses incurred were \$26.3 million, resulting in an excess of revenues over expenses of approximately \$3.2 million, as shown in Figure 6. The increase in revenues in comparison to the prior year actuals for the same period by approximately \$0.3 million is largely attributable to an increase in P.Eng. application revenue, EIT fees and other revenues and partially offset by lower-than-anticipated investment income due to unfavourable market conditions.

On the expense side, there were \$26.3 million in total expenses for the eleven months ending November 30, 2022, versus a spend of \$23.2 million during the same period in the prior year, resulting in an unfavourable variance of \$3.1 million. The increase in expenses is

mainly due to an increase in the spending on salaries and benefits, legal, and special project expenses for various initiatives in the areas of IT, governance, and the Anti-Racism & Anti-Discrimination Exploratory Working Group.

Figure 7 shows cash reserves of approximately \$7.6 million and an investment portfolio of \$27.3 million as of November 30, 2022, in comparison to cash reserves of \$10.8 million and an investment portfolio of \$19.7 million, respectively as of November 30, 2021.

	2022 Actual	2021 Actual	Variance (Fav / Unfav)
TOTAL REVENUES	\$29,489,198	\$29,223,538	\$265,660
Operations expenses	\$23,535,048	\$22,336,527	-\$1,198,521
Special project exp	\$2,748,046	\$873,568	-\$1,874,478
TOTAL EXPENSES	\$26,283,094	\$23,210,095	-\$3,072,999
Excess of Rev over Exp	\$3,206,104	\$6,013,443	-\$2,807,339

Figure 6: Revenues and expenses as of November 30, 2022

	2022 Actual	2021 Actual	Variance (Fav / Unfav)
Cash	\$7,631,710	\$10,750,344	-\$3,118,634
Other current assets	\$619,428	\$922,921	-\$303,493
Marketable securities	\$27,352,258	\$19,668,701	\$7,683,557
Capital assets	\$28,497,236	\$29,764,059	-\$1,266,823
Total assets	\$64,100,632	\$61,106,025	\$2,994,607
Current liabilities	\$14,638,488	\$14,103,351	-\$535,137
Long term debt	\$453,637	\$1,542,433	\$1,088,796
Employee future benefits	\$11,314,683	\$13,865,938	\$2,551,255
Net assets	\$37,693,824	\$31,594,303	\$6,099,521
Total liabilities & net assets	\$64,100,632	\$61,106,025	\$2,994,607

Figure 7: Assets and liabilities as of November 30, 2022

REMISSIONS AND RESIGNATIONS

Remission Type	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total	Monthly Ave.
Parental leave	14	10	20	13	21	13	8	17	15	10	18		159	14
Postgraduate	7	8	5	12	14	4	6	2	8	13	6		85	8
Unemployment	161	106	146	142	113	107	104	129	109	124	116		1357	123
Temporary health	7	4	3	5	5	7	4	0	2	1	2		40	4
Permanent health	2	1	9	4	3	1	2	9	3	3	5		42	4
Retired	84	99	88	51	80	76	47	93	90	56	93		857	78
Total	275	228	271	227	236	208	171	250	227	207	240		2540	231
Cumm. Total	275	503	774	1001	1237	1445	1616	1866	2093	2300	2540			
Resignations													1133	103

Remission Type	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total	Monthly Ave.
Parental leave	18	20	19	11	11	14	15	19	18	16	25	13	199	17
Postgraduate	9	10	10	8	4	5	3	5	7	8	6	4	79	7
Unemployment	220	135	158	140	144	106	124	130	140	125	127	94	1643	137
Temporary health	3	4	6	4	4	3	4	3	1	2	4	1	39	3
Permanent health	4	4	3	3	6	2	4	3	2	2	7	3	43	4
Retired	105	99	74	73	95	64	53	79	68	77	96	53	936	78
Total	359	272	270	239	264	194	203	239	236	230	265	168	2939	245
Cumm. Total	359	631	901	1140	1404	1598	1801	2040	2276	2506	2771	2939		
Resignations													876	73

The data in Figures 8 and 9 show the monthly breakdown of the number of members seeking fee remission in 2022 and 2021, respectively. In 2022, the average monthly number of members seeking remission as of November 30, 2022, is 231 in comparison to 245 for 2021.

As can be seen in Figures 8 and 9, there was an average 103 resignations in 2022 versus 73 resignations in 2021. However, overall, the number of P.Engs as of November 30, 2022, increased by 1,701, to 87,887 members in comparison to 86,186 members as of November 30, 2021.

Figure 8 (top): Remission and resignation stats for 2022

Figure 9 (bottom): Remission and resignation stats for 2021

IMPACT OF THE INTRODUCTION OF MANDATORY PEAK ON RESIGNATIONS

As can be seen in Figure 10, we have some early data pointing to an increase in resignations in the latter part of 2022 and early in 2023, but it is far too early to reach any definitive conclusions about the impact that mandatory PEAK has had on our finances, particularly in respect of resignations by licence holders. However, the current data trends suggest that the increase in resignations has not had a material impact on PEO's finances thus far. We continue to monitor the situation and will keep Council updated.

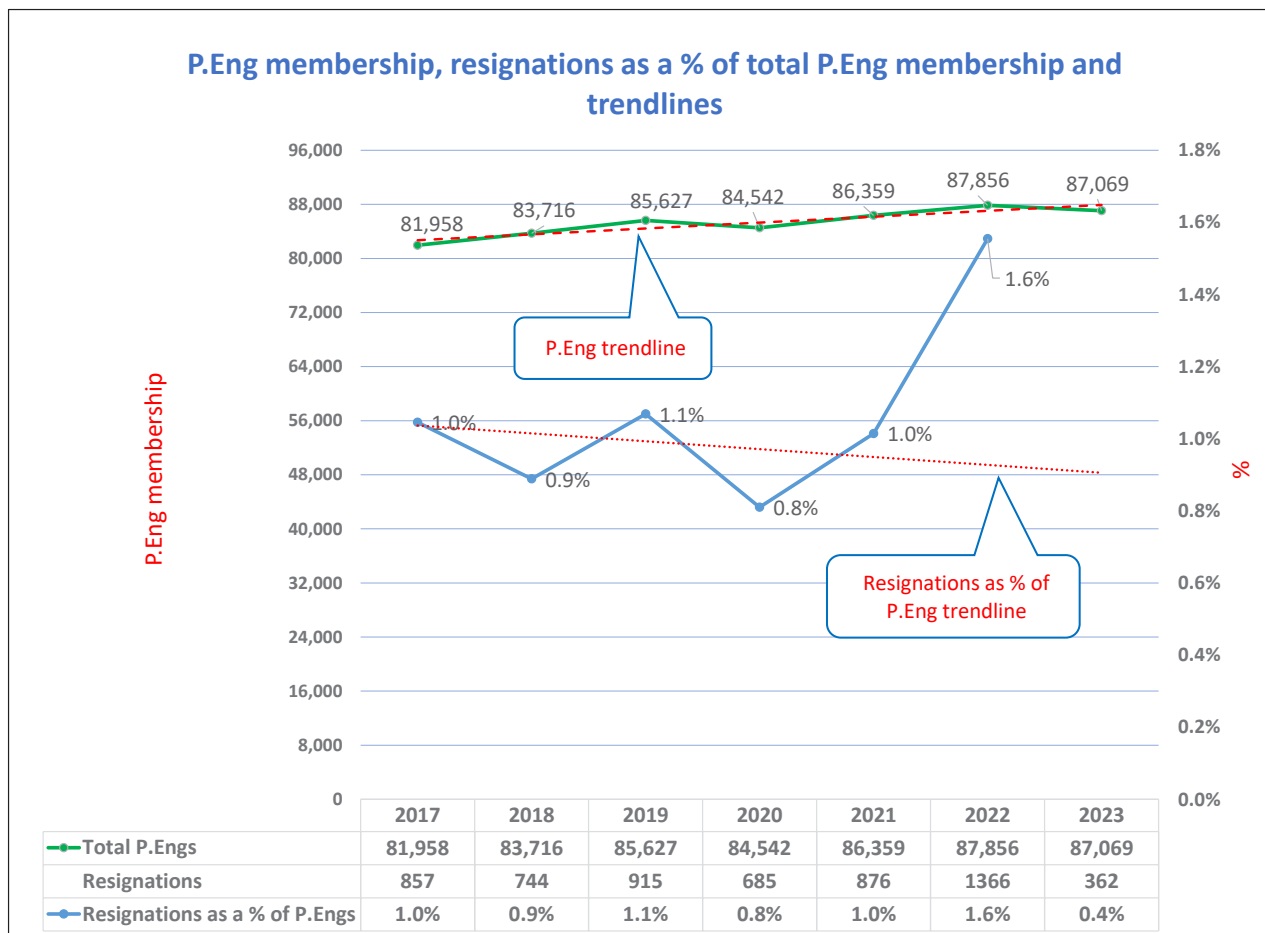


Figure 10: Resignations since the announcement of mandatory PEAK

HUMAN RESOURCES

While we continue to plan for future growth and modernize PEO, it is critical that we continue to build and support a motivated, satisfied and skilled workforce ready and willing to help PEO thrive and succeed in the years ahead. We are moving to fill vacancies in a number of key areas, principally PEAK, External Relations, Policy, IT, Communications, Investigations and at the executive leadership team level.

HR plans to support training and staff development to enable staff to deal with the technical requirements that will result from FARPACTA and ongoing digitization and automation of our work.

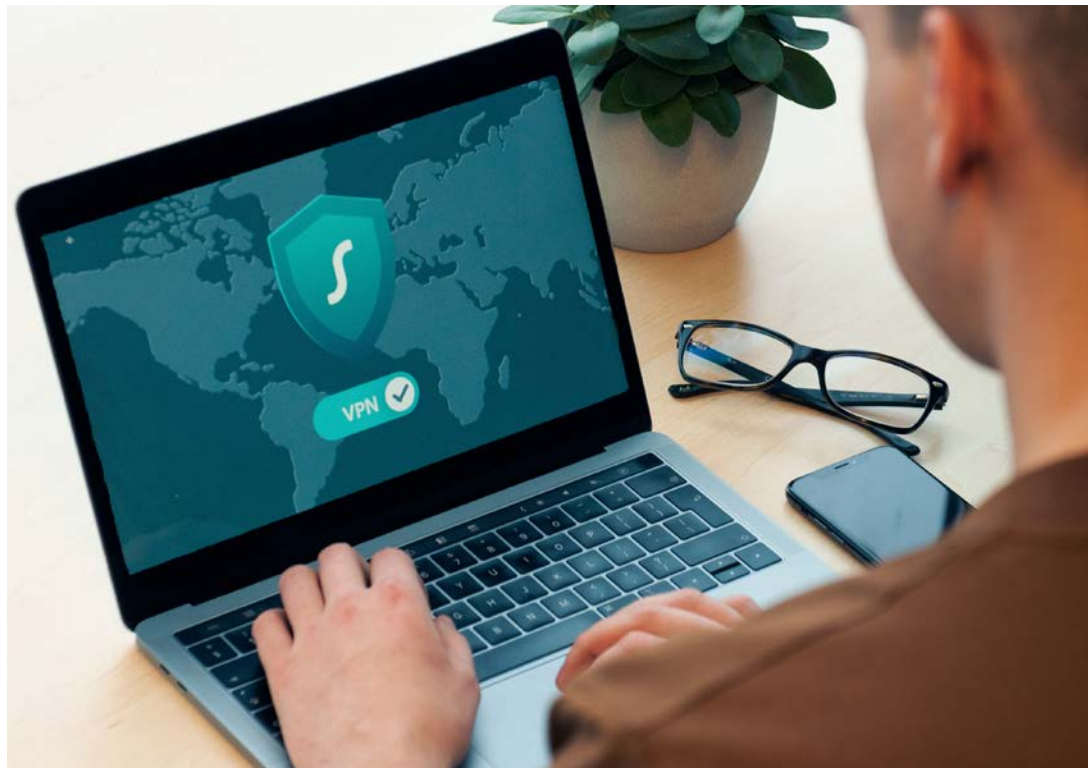
HR has embarked on other vital initiatives connected to our commitment to being an employer of choice, including:

- Implementation of a pulse survey outcomes in the organization to enhance employee engagement;
- Setting the 2023 performance objectives across the organization;
- Focusing on employee's wellbeing and how to foster workplace mental health best practices;
- Continuing to promote a flexible work environment;
- Focusing on employee engagement via our internal newsletter; in-house gatherings and in-person meetings;
- Promote individual development plans; and
- Increasing communication and transparency around workflow processes.

INFORMATION TECHNOLOGY (IT)

CYBERSECURITY

With the ever-changing security landscape and increasing cyber risks, IT is proactively taking steps to ensure our data assets remain secure. Securing and protecting personally identifiable information is one of our highest priorities at PEO. In improving and modernizing PEO's cybersecurity posture, IT continues to roll out cybersecurity projects, including multi-factor authentication for accessing PEO systems.



DIGITAL LICENCE CERTIFICATES

Digital service delivery is imperative for PEO to keep up with the prevailing operating environment streamlined processes. As one such effort, we are moving to adopt digital licence certificates for licence holders.

Introduction of digital licence certificates to new licence holders was put on hold in Q4 of 2022. Phase 1 of this project will commence in Q1 2023, with estimated completion in Q2 2023. In this phase, digital licence certificates will be issued to new licence holders in addition to traditional paper licence certificates. The digital certificates will be sent to new licence holders by email within two business days following licensure.

In Phase 2 of the project, licence holders will be able to choose in the PEO Portal to have paper certificates sent to them directly within 15 business days or have the certificate presented in-person at a chapter licence presentation ceremony.



INFORMATION DISCOVERY AND DIGITIZATION CAPACITY PROJECT



Digitization of the 21,000 known paper-based P.Eng. application files was completed the first week of January 2023. In late 2022, it was established that there were an additional 3,000 paper-based P.Eng. application files that required digitization. This work is now progressing, and upon its completion, the other licence application file types will be digitized. Because of the additional files requiring scanning, and, based on the resources currently assigned to the project, it is expected that all application files will be fully digitized by the end of Q2 2023.