

AGENDA OF THE
188th ENGINEERS CANADA BOARD TELECONFERENCE/WEBINAR
April 9, 2018 (2:00 – 3:30 ET)

Please register for Board Teleconference/Webinar on Apr 9, 2018 2:00 PM EDT at:

<https://attendee.gotowebinar.com/register/5318305147900573954>

After registering, you will receive a confirmation
email containing information about joining the webinar.

1	CALL TO ORDER AND APPROVAL OF AGENDA	R. Kinghorn
	<i>THAT the agenda be approved and the President be authorized to modify the order of discussion.</i>	
2	APPROVAL OF MINUTES (attachment)	R. Kinghorn
	<i>THAT the minutes of the February 28, 2018 Board meeting be approved.</i>	
3	APPROVAL OF 2017 FINANCIAL STATEMENTS (attachments)	T. Brookes
	<i>THAT the Board approve the Engineers Canada financial statements for the year ending December 31, 2017, as audited by KPMG LLP, and that the financial statements be placed before the Members at the May 2018 Annual Meeting of Members.</i>	
4	BOARD POLICY MANUAL (attachments)	S. Devereaux
	<i>THAT the Board approve the revised policies and Table of Contents for the new Board Policy Manual</i>	
5	PLANS TO REDUCE BOARD SIZE (attachments)	S. Devereaux
	<i>THAT the Board submit the attached plans giving two options to significantly reduce Board size by May 2020 to the Members.</i>	
6.	TERM LIMITS FOR DIRECTORS (attachment)	S. Devereaux
	<p>6.1 <i>THAT the Board recommend to the Members that a new section 4.6 be inserted into the Bylaws reading:</i></p> <p>4.6 Term Limits</p> <p>(1) <i>Directors shall be elected to the Board for a term of three (3) years.</i></p> <p>(2) <i>No Director may be elected to the Board for more than two (2) successive terms, or a lifetime maximum of six (6) consecutive years.</i></p> <p>(3) <i>The foregoing term limits shall not apply to a Director who is elected or confirmed, as applicable, to hold office as President-elect, President or</i></p>	

	<p><i>Past-President prior to the expiration of their second term, in which case they may continue on the Board until they have finished serving as Past President.</i></p> <p><i>(4) The Members shall have the authority to extend a Director’s term beyond those described above, in extenuating circumstances, in order to ensure effective governance.</i></p> <p><i>6.2 THAT the Board recommend to the Members that section 4.1 of the Bylaws be amended to state:</i></p> <p>4.1 Term Limits</p> <p><i>(1) Each Member shall deliver a list of nominees, who are engineers in good standing, to the Secretary for consideration at the Annual Meeting of Members, such list to include a suggested term of 3 years.</i></p>	
7	CLOSING	R. Kinghorn

DRAFT

**UNAPPROVED MINUTES OF THE
187th ENGINEERS CANADA BOARD MEETING**

February 28, 2018

Fairmont Château Laurier

Adam Room

Ottawa, ON

The following directors were in attendance		
R. Kinghorn, President	C. Roney, Past-President	A. Bergeron, President-Elect
J. Boudreau	T. Brookes	D. Brown
L. Champagne	D. Chui	S. Devereaux
L. Doig	J. Dunn	D. Gelowitz
Z. Ghavitian	S. Gwozdz	J. Holm
W. Hunt	D. Jayas	D. Lynch
C. Parenteau	R. Shreewastav	R. Trimble
The following directors sent regrets		
K. Baig	G. Faulkner	
The following advisors were in attendance		
A. English (Chair, CEO Group)	W. MacQuarrie (Chair, CEAB)	G. McDonald (CEO, Engineers Canada)
D. Peters (Chair, CEQB)		
The following observers were in attendance		
C. Andrewes	E. Barber	J. Collons
B. Dony	N. Dorjee	J. Emberley
J. Epp	L. Golding	S. Jha
K. King	Z. Kripki	J. Landrigan
K. MacLeod	B. McDonald	G. McGee
A. McLeod	J. Nagendran	J. Peron
J. Underhill	L. White	J. Zuccon
The following staff were in attendance		
H. Anderson	C. Brown	B. Gibson
V. Kelly	D. Lapp	M. Ouellette
S. Price	D. Smith	J. Southwood
E. Spence	B. Strawczynski	J. Taylor
H. Theelen	L. Tremblay	L. Villeneuve
D. Yee		

1. OPENING

1.1 CALL TO ORDER AND APPROVAL OF AGENDA

The President called the meeting to order at 1:00 pm and welcomed members.

5681

Moved C. Parenteau, seconded T. Brookes

THAT the agenda be approved and the President be authorized to modify the order of discussion.

Carried

5682

Moved S. Devereaux, seconded A. Bergeron

THAT an additional item to discuss and approve the Purposes of Engineers Canada be added to the agenda under section 4.3.

Carried

1.2 DECLARATION OF CONFLICT OF INTEREST

No conflicts were declared.

R. Kinghorn reviewed the meeting rules and ensured consensus in implementation:

The following Meeting Rules are proposed to ensure fairness, efficiency and effectiveness of the meeting:

1. No one is to speak for more than two minutes.
2. No one gets to speak a second time until everyone has had a chance to speak for a first time.
3. There is a limit of two chances to speak for any motion.
4. Restating or reiterating a point that has already been made is not permitted.

President Kinghorn also stated the four guiding principals for Engineers Canada:

1. Serve the needs of the regulators.
2. Ensure transparency and accountability in the decision-making process.
3. Encourage the commitment and engagement of the regulators.
4. Enable diversity and inclusion in the Canadian engineering profession.

2. EXECUTIVE REPORTS TO THE BOARD

2.1 CEO'S REPORT TO THE BOARD

Gerard McDonald noted that the CEO's report was included in the agenda book. There being no questions on the report, it was accepted as written.

3. CONSENT AGENDA

5683

Moved B. Hunt, seconded D. Lynch

THAT the consent agenda items 3.1, 3.2 and 3.3 be approved.

Carried

4. BOARD BUSINESS/REQUIRED DECISIONS

4.1 APPROVAL OF ENGINEERS CANADA BOARD POLICY MANUAL

5684 Moved S. Devereaux, seconded T. Brookes
THAT the Board approve the revised policies and Table of Contents for the new Board Policy Manual.

5685 Moved Z. Ghavitian, seconded L. Champagne
THAT the Board defer the motion to approve the revised policies and Table of Contents for the new Board Policy Manual to the next Board meeting.
Carried

Some errors were noted in the French version of the document. In addition, a request was made to update the Confidentiality Policy as it has been previously identified as being too restrictive. The Governance Committee will address these issues immediately, along with the other improvements which will be made throughout the coming year as they continue their work to develop and review the Board's policies.

It was noted that with the Board's decision to move away from the Carver model that we have been in limbo with our policies as they were directly tied to it. We were operating with a certain level of risk. The committee felt that it was important to bring the document to the Board for approval even in its imperfect form, to offset the risk.

Concern over approving the document in its present form today was expressed along with concern regarding risk if we do not proceed to adopt the new English policies today. We are assuming the same level of risk that we have lived under for the past year. The final decision was that the risk could be managed for a further three months while the requested improvements were incorporated.

Any additional comments on the revised policies should be sent to G. McDonald and S. Price for discussion with the committee.

4.2 FUNDING TASK FORCE

5686 Moved D. Gelowitz, seconded L. Doig
THAT the Board approve the Terms of Reference for the Funding Task Force.
Carried

Moved D. Lynch, seconded C. Parenteau
THAT the Board request that the CEO Group provide an advisor to the Funding Task Force.
Carried

The Executive Committee expects that the Task Force will speak with all CEOs throughout their work. Concern was expressed on the December deadline and the delivery date for the report but it is understood that the Task Force may ask for additional time if needed. The current goal is to complete the report and recommendations by December 31 for discussion at the February, 2019 Board meeting.

4.3 ADDITIONAL BUSINESS
RECOMMENDATION OF THE PURPOSES OF ENGINEERS CANADA

5687 Moved S. Devereaux, seconded C. Roney
THAT the Board suspend notice of motion to consider recommendation of the Purposes of Engineers Canada to the Members.
Carried by two-thirds

5688 Moved S. Devereaux, seconded D. Gelowitz
THAT the Board recommend to the Members at their May 2018 meeting that section 6 of the [Articles of Continuance](#) be amended to state:

6. Statement of the purpose of the corporation

The purposes of Engineers Canada are to serve the collective interests of the members, to promote and maintain the interests, honour and integrity of the Canadian engineering profession, and to do all such lawful things as are incidental to or conducive to the attainment of the foregoing, including without limitation:

To serve the members and strengthen the engineering profession by:

- 1. Accrediting undergraduate engineering programs.***
- 2. Facilitating and fostering working relationships between and amongst the members.***
- 3. Providing services and tools that; enable the assessment of engineering qualifications, foster excellence in engineering practice and regulation, and facilitate mobility of practitioners within Canada.***
- 4. Offering national programs.***
- 5. Advocating to the federal government.***
- 6. Actively monitoring, researching, and advising on changes and advances that impact the Canadian regulatory environment and the engineering profession.***
- 7. Managing risks and opportunities associated with mobility of work and practitioners internationally.***
- 8. Fostering recognition of the value and contribution of the profession to society and sparking interest in the next generation of engineering professionals.***
- 9. Promoting diversity and inclusivity in the profession that reflects Canadian society.***
- 10. Protecting any word(s), mark, design, slogan, or logo, or any literary, or other work, as the case may be, pertaining to the engineering profession or to its objects.***

Carried by two-thirds

It is noted that these Purposes are a direct result of the Fall 2017 consultations with the regulators and reflect the collective will of the federation of regulators.

5. OTHER REPORTS TO THE BOARD

5.1 QUALIFICATIONS BOARD UPDATE

The report was included in the agenda book. Concern was expressed regarding whether the QB receives meaningful feedback given the time demands of the process. D. Peters responded that good feedback is received on all of the documents.

5.2 ACCREDITATION BOARD UPDATE

The report from the chair of the Accreditation Board was included in the agenda book. There were no questions

The report of the AU Task Force was included in the agenda book. President Kinghorn thanked B. Dony for chairing the AU Task Force and for the extensive work that went into its report.

Work on consultations with regulators, Higher Education Institutions, the Executive Committee and the Canadian Federation of Engineering Students will now begin. Some concern was expressed regarding the cost of the proposed consultation process. There is a desire to deal with this in a timely and cost-effective manner. Since there is no dedicated budget for the consultations, webinars will be used and the Task Force will take advantage of previously scheduled meetings or events. For example, engineering students will be consulted in March when they hold a meeting in Engineers Canada's offices.

The deans' pilot project (involving 12 institutions) is moving forward but no further information is available at this point. Two institutions have also expressed interest in the pilot stemming from the AU report.

The AB also raised a concern regarding the Washington Accord. Recently, EC UK (Engineering Council, United Kingdom) changed their view of our four-year degree being equal to their three-year degree. It appears the UK does not know where they want to sit between the Washington (four-year) and Bologna (three-year) accords. This raises concern for our regulators and other signatories. Engineers Canada is pursuing with matter with concerned signatories. More will be known following the June meeting in London.

5.3 NOMINATIONS TASK FORCE

C. Roney reminded the Board that the request for Executive Committee and President-elect nominations is forthcoming.

He then presented an overview of the work of the Nominations Task Force, noting it was created to address weaknesses in the existing processes for both the CEAB and CEQB. He shared the myriad questions that have been considered by the Task Force along with the 16 draft recommendations included in the report which are intended in part to stimulate thinking and dialogue during the consultations. A short list of considerations is also included for future contemplation. The consultation period has been extended until the end of April.

A suggestion was made to add a timeline for the process of appointing a vice-chair. Information in the policies and procedures committee guidelines may help inform this process.

The Task Force intends to bring its final recommendations to the September Board meeting.

5.4 GSPC PROJECT

The report was included in the agenda book.

5.5 RISK REGISTER

The report was included in the agenda book. Questions were received regarding item #33, Cyber Attack. C. Brown advised that a cyber risk plan is being developed. The biggest threat is around cyber ransom and we currently do not have a position on this. Relocating our technology to the cloud addresses many risks but we do need to put mitigation measures in place and document them. We are on track to complete this by Q2.

Additional concern was expressed regarding use of the cloud as some jurisdictions do not allow member information to be stored outside of Canada. C. Brown noted this is a consideration in the project and will be addressed.

Clarification was provided on items #7 and #26. The Delivering Value to Regulators item #7 is the responsibility of the Board while the Accreditation Process #26 is managed by staff, therefore they fall on different heat maps.

It was further noted that #19 Financial, Withdrawal of regulator/Insolvency of affinity provider is indicated as having “impact major, likelihood very low”. G. McDonald and S. Price both indicated that this is appropriate.

5.6 CANADIAN FEDERATION OF ENGINEERING STUDENTS

The report was included in the agenda book. It was suggested that under-represented groups including “First Nations” would be better described as “indigenous” which includes First Nations, Metis and Inuit.

The results of the Student Workload and Mental Health section of the National Student Survey were noted, particularly the higher stress on female students. The complete report will be available next month.

5.7 PRESIDENTS’ GROUP REPORT

K. MacLeod provided a verbal update on the outcomes of the group’s meeting held earlier in the day.

S. Price provided the meeting with a GSPC update and the items requiring decision in May. The plan is for all Presidents to take these items to their Councils and then for the Group to hold a teleconference ahead of the May Annual Meeting of Members. This will also provide an opportunity to bring new Presidents up to date on the issues.

It was felt that the Group doesn't have enough information on changes to Board size to make a decision at this time. There is a need for more information on the role and mandate of Directors to inform that discussion. It was felt that there is a lack of fact based information, lack of problem identification and lack of information on the efficiency of a smaller sized Board.

Governance 2.0 will provide the opportunity to discuss the role of the President's Group this fall. Engineers Canada is committed to providing better orientation for the Group. A brief discussion was held on affinity. The Group would like Engineers Canada to take on a larger leadership role with 30 by 30 and to make it a national objective. It should also be expanded to include indigenous people.

During the round table, concern was expressed regarding on-line ethics training module which has been delayed. This issue is being addressed by Engineers Canada. A discussion was held on how various jurisdictions handle complaints. The issue of off-shore work was raised with regards to regulating the practice and not just the profession.

The chair thanked K. MacLeod for her report and opened the floor for questions.

Clarification was sought on what the Group was seeking in terms of information on Board size. K. MacLeod advised that the Group needs to understand the mandate of Directors and how a change in size would impact their work, particularly for committees

The assembly was reminded that in 2017 the Presidents' Group made the original request to revisit Board size.

6. NEXT MEETINGS

- May 22-27, 2018 (Saskatoon, SK)
- June 18-19, 2018 – Workshop (Picton, ON)
- September 24-26, 2018 (Ottawa, ON)
- February 27-March 1, 2019 (Ottawa, ON) note: change in meeting days and venue

R. Shreewastav noted that March 1, 2018 is designated as Professional Engineers Day in Ontario.

7. IN-CAMERA SESSION

5689

Moved S. Devereaux, seconded A. Bergeron
THAT the meeting be moved in camera and be closed to the public for the purposes of discussing litigation or potential litigation.
Carried

Guests and members of the public left the meeting.

8. CLOSING

All items on the agenda were completed, therefore the Chair declared the meeting adjourned at 5:00 pm.

Minutes prepared by H. Anderson for:

Russ Kinghorn, FEC, P.Eng.
President

Gerard McDonald, MBA, P.Eng.
Chief Executive Officer

DRAFT



Briefing note

Results from 2017 financial statement item		Agenda number 3	
Purpose:	Inform the board of auditor's determination and findings from the audit of 2017 financial statements, and recommend acceptance of these results to the Members.		
Motion(s) to consider:	THAT the Board approve the Engineers Canada Financial Statements for the year ending December 31, 2017, as audited by KPMG LLP, and that the financial statements be placed before the Members at the May 2018 Annual Meeting of Members.		
Vote required to pass:	<input type="checkbox"/>	Simple majority	
	<input checked="" type="checkbox"/>	Two-thirds majority (refer to articles 5.7 and 5.8 of the bylaw .)	
Authority:	The Board is responsible for the financial health of the organization.		
Transparency: <i>(all meetings, debates, and decisions shall be open, except for certain subject matters as described in GP-7.1)</i>	<input checked="" type="checkbox"/>	open session	
	<input type="checkbox"/>	In camera, reason (check all that apply):	
	<input type="checkbox"/>	<input type="checkbox"/>	The security of the property of the organization
	<input type="checkbox"/>	<input type="checkbox"/>	Personal matters about an identifiable individual
	<input type="checkbox"/>	<input type="checkbox"/>	The proposed or pending acquisition of assets by the organization
	<input type="checkbox"/>	<input type="checkbox"/>	Labour relations or employee negotiations
	<input type="checkbox"/>	<input type="checkbox"/>	Litigation or potential litigation
	<input type="checkbox"/>	<input type="checkbox"/>	The receiving of advice that is subject to solicitor-client privilege
<input type="checkbox"/>	<input type="checkbox"/>	Another matter as the Executive Committee or Board determines	
Prepared by:	Jorge Monterrosa		
Presented by:	Terry Brookes, Director from NAPEG and Chair of the Audit Committee		

1. 2017 audit findings summary

- Auditors have expressed an unqualified opinion (which is the best possible result) – specifically, auditors have expressed that “the 2017 financial statements present fairly, in all material respects, the financial position of Engineers Canada...”
- Auditors assisted in determining the appropriate presentation of one-time expenses that were paid for by drawing on reserves

2. Appendices

- [Draft Financial Statements](#)
- [Engineers Canada 2017 Audit Planning and Findings Report](#)



DRAFT Financial Statements of

ENGINEERS CANADA

Year ended December 31, 2017

INDEPENDENT AUDITORS' REPORT

To the Members of Engineers Canada

We have audited the accompanying financial statements of Engineers Canada, which comprise the statement of financial position as at December 31, 2017, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Engineers Canada as at December 31, 2017, and its results of operations, changes in net assets and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

date

ENGINEERS CANADA

Statement of Financial Position

DRAFT

December 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash (note 3)	\$ 629,357	\$ 796,855
Amounts receivable (note 4)	1,261,091	1,192,387
Prepaid expenses and deposits	319,487	291,125
	<u>2,209,935</u>	<u>2,280,367</u>
Investments (note 5)	6,274,236	6,475,345
Tangible capital and intangible assets (note 6)	1,129,676	1,447,164
	<u>\$ 9,613,847</u>	<u>\$ 10,202,876</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 7)	\$ 838,068	\$ 579,131
Deferred contributions	126,171	170,899
	<u>964,239</u>	<u>750,030</u>
Deferred lease inducement (note 8)	745,747	833,200
Net assets (note 9):		
Internally restricted:		
Four-year rolling operational reserve	4,000,000	4,000,000
General contingency reserve	1,325,000	1,325,000
Capital reserve for the purchase of assets	250,000	250,000
Other internally restricted	211,400	211,400
Invested in tangible capital and intangible assets	764,462	1,039,265
Unrestricted	1,352,999	1,793,981
	<u>7,903,861</u>	<u>8,619,646</u>
Commitments (note 10)		
	<u>\$ 9,613,847</u>	<u>\$ 10,202,876</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

ENGINEERS CANADA

Statement of Operations

DRAFT

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Revenue:		
Regulator assessment	\$ 2,949,363	\$ 2,931,587
Affinity and insurance (note 11)	5,905,316	5,594,769
Investment	586,268	550,954
Online competency project	6,563	29,451
Research and outreach	192,500	190,000
Secondary professional liability insurance	729,719	711,431
Public policy	46,691	26,209
Accreditation	16,127	22,369
National Council of Deans of Engineering and Applied Science	17,500	17,500
Rent revenue	28,809	28,809
Other	6,485	3,238
	<u>10,485,341</u>	<u>10,106,317</u>
Expenses:		
Governance and executive office	513,251	295,727
Board meetings	684,843	523,315
Board committees	148,569	90,229
CEO and President's travel	115,559	183,286
Human resources	5,324,750	5,048,572
Finance and administration	1,276,019	1,348,248
Information services	119,311	75,915
Affinity and insurance programs	1,127,841	883,582
Research and outreach	385,600	438,858
Communications	67,588	211,199
Accreditation	567,746	351,575
Regulatory support	351,436	311,173
Qualifications	256,129	92,505
Public affairs	46,358	56,236
Public policy	120,254	121,609
Legal and brand protection	87,549	102,552
National and international mobility	8,323	-
	<u>11,201,126</u>	<u>10,134,581</u>
Deficiency of revenue over expenses	\$ (715,785)	\$ (28,264)

See accompanying notes to financial statements.

ENGINEERS CANADA

Statement of Changes in Net Assets

DRAFT

Year ended December 31, 2017, with comparative information for 2016

	Four-year rolling operational reserve (note 9)	General contingency reserve (note 9)	Capital reserve for the purchase of assets (note 9)	Other internally restricted (note 9)	Invested in tangible capital and intangible assets (note 9)	Unrestricted	2017	2016
Balance, beginning of year	\$ 4,000,000	\$ 1,325,000	\$ 250,000	\$ 211,400	\$ 1,039,265	\$ 1,793,981	\$ 8,619,646	\$ 8,647,910
Excess (deficiency) of revenue over expenses	-	-	-	-	-	(715,785)	(715,785)	(28,264)
Amortization of tangible capital and intangible assets	-	-	-	-	(387,825)	387,825	-	-
Additions to tangible capital and intangible assets	-	-	-	-	70,337	(70,337)	-	-
Amortization of leasehold inducement	-	-	-	-	42,685	(42,685)	-	-
Balance, end of year	\$ 4,000,000	\$ 1,325,000	\$ 250,000	\$ 211,400	\$ 764,462	\$ 1,352,999	\$ 7,903,861	\$ 8,619,646

See accompanying notes to financial statements.

ENGINEERS CANADA

Statement of Cash Flows

DRAFT

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (715,785)	\$ (28,264)
Items not involving cash:		
Amortization of tangible capital and intangible assets	387,825	376,948
Amortization of lease inducement	(87,453)	(62,673)
Loss on disposal of tangible capital and intangible assets	-	363
Change in net unrealized gain on investments (note 5)	(86,710)	304,023
Change in non-cash operating working capital:		
Decrease (increase) in amounts receivable	(68,704)	87,180
Increase in prepaid expenses and deposits	(28,362)	(156,140)
Increase (decrease) in accounts payable and accrued liabilities	258,937	(122,876)
Increase (decrease) in deferred contributions	(44,728)	44,175
	(384,980)	442,736
Financing:		
Lease inducements received	-	381,342
Investing activities:		
Net withdrawal (acquisition) investments	287,819	(819,980)
Additions to tangible capital and intangible assets	(70,337)	(102,866)
	217,482	(922,846)
Decrease in cash	(167,498)	(98,768)
Cash, beginning of year	796,855	895,623
Cash, end of year	\$ 629,357	\$ 796,855

See accompanying notes to financial statements.

ENGINEERS CANADA

Notes to Financial Statements

DRAFT

Year ended December 31, 2017

1. Governing statutes and nature of operations:

Engineers Canada is a national federation of the twelve provincial and territorial associations authorized to license engineers and regulate the practice of the profession across Canada. Engineers Canada exists so that constituent associations have support for an advancing engineering profession and its self-regulation in the public interest at a cost that is justified by the results.

Engineers Canada was originally incorporated without share capital under Part II of the Canada Corporations Act. Effective October 31, 2013, Engineers Canada continued its articles of incorporation from Canada Corporations Act to the Canada Not-for-profit Corporations Act and changed its name to Engineers Canada from the Canadian Council of Professional Engineers. Engineers Canada is a not-for-profit organization and as such is exempt from income tax under Section 149(1)(l) of the Income Tax Act (Canada).

2. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook - Accounting and include the following significant accounting policies:

(a) Basis of presentation:

Engineers Canada follows the deferral method of accounting for contributions for not-for-profit organizations.

(b) Revenue recognition:

Engineers Canada's principal sources of revenue are provincial assessment fees from members, amounts from affinity and insurance programs, and government project funding.

Revenues for the provincial assessment fees are recognized when the constituent members have been invoiced. The amounts are included in finance and administration revenues on the statement of operations. Revenues from the Affinity Programs are recognized when the amount becomes collectible according to the terms of the arrangement.

Government funding that is externally restricted for specific projects are deferred and recognized as revenue in the period in which the related expenses are incurred. Funding received for tangible capital and intangible assets is deferred and amortized over the same term and on the same basis as the related asset.

ENGINEERS CANADA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2017

2. Significant accounting policies (continued):

(b) Revenue recognition (continued):

Interest income is recognized based on the number of days the investment was held during the year. Dividends are recognized as of the ex-dividend date. Gains or losses on the disposal of investments are determined using the average cost method. All investment revenues including realized and unrealized gains and losses on investments are recognized in the statement of operations.

Externally funded project revenues, which include government funded project revenues, are recognized using the deferral method of accounting as the related eligible expenses are incurred in accordance with the terms of each contract. Amounts received in excess of eligible expenses are disclosed as a liability.

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. Engineers Canada has elected to carry investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using straight-line rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year. Where an indicator of impairment is present, Engineers Canada determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount Engineers Canada expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

ENGINEERS CANADA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2017

2. Significant accounting policies (continued):

(d) Tangible capital and intangible assets:

Tangible capital and intangible assets are recorded at cost less accumulated amortization. When a tangible capital or intangible asset no longer contributes to Engineers Canada's ability to provide services, its carrying amount is written down to its residual value.

Amortization of tangible capital and intangible assets is provided on the straight-line basis as follows:

Asset	Terms
Tangible capital:	
Furniture, fixtures and equipment	4 years
Computer hardware	4 years
Leasehold improvements	Remaining term of lease
Intangible:	
Computer software	4 years
Engineering Talent project	4 years

(e) Deferred lease inducement:

Leasehold inducements are deferred and amortized over the term of the lease. Annual amortization is recorded as a credit to rent expense.

(f) Allocated expenses:

In the statement of operations, Engineers Canada presents its expenses by function.

Engineers Canada does not allocate expenses between functions subsequent to initial recognition.

(g) Foreign currency translation:

Foreign currency transactions are initially recorded at the rate of exchange prevailing at the date of translation. Thereafter, monetary assets and liabilities are translated at the exchange rate in effect at the statement of financial position date. Revenue and expenses in a foreign currency are translated at the average monthly rate in effect during the year. Gains and losses resulting from the translation are included in investment income in the statement of operations.

ENGINEERS CANADA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2017

2. Significant accounting policies (continued):

(h) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

3. Cash:

Engineers Canada's operating cash is held in Canadian chartered banks. Substantially all the accounts are Canadian dollar accounts and earn interest at variable rates established from time to time by the bank based on its prime rate less 2.75% (2016 prime rate less 2.75%).

Line of credit

Engineers Canada has a line of credit allowing it to borrow up to \$500,000 (2016 \$500,000) at an interest rate of prime plus 1%. That line of credit is subject to annual renewal. There was no outstanding balance as at December 31, 2017 (2016 \$Nil).

4. Amounts receivable:

	2017	2016
Affinity and insurance programs	\$ 1,092,224	\$ 1,096,700
Due from members	84,329	14,880
Government remittances receivable	84,538	80,807
	<u>\$ 1,261,091</u>	<u>\$ 1,192,387</u>

ENGINEERS CANADA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2017

5. Investments:

	2017		2016	
	Fair value	Cost	Fair value	Cost
Cash and money market funds	\$ 237,952	\$ 237,952	\$ 421,537	\$ 421,537
Bond funds	2,520,186	2,496,629	2,389,089	2,330,571
Canadian equity funds	1,282,315	870,290	1,449,360	982,882
U.S. equity funds	1,414,557	930,129	1,512,723	1,056,638
International equity funds	819,226	578,315	702,636	609,506
	\$ 6,274,236	\$ 5,113,315	\$ 6,475,345	\$ 5,401,134

Investments are held by Engineers Canada to fund its internally restricted net assets for the purposes specified in note 9(a).

6. Tangible capital and intangible assets:

	2017		2016	
	Cost	Accumulated amortization	Net book value	Net book value
Tangible capital:				
Furniture, fixtures and equipment	\$ 198,260	\$ 106,148	\$ 92,112	\$ 97,053
Computer hardware	457,268	412,710	44,558	113,557
Leasehold improvements	1,036,850	210,849	826,001	906,492
Intangible assets:				
Computer software	602,722	492,904	109,818	250,000
Engineering Talent project	91,500	34,313	57,187	80,062
	\$ 2,386,600	\$ 1,256,924	\$ 1,129,676	\$ 1,447,164

Cost and accumulated amortization at December 31, 2016 amounted to \$2,316,263 and \$869,099, respectively.

ENGINEERS CANADA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2017

7. Accounts payable and accrued liabilities:

	2017	2016
Operating	\$ 391,911	\$ 209,049
Payroll related accruals	211,245	283,428
Accrued liabilities	192,254	44,738
Secondary Professional Liability insurance premiums repayable to members	42,658	41,916
	<u>\$ 838,068</u>	<u>\$ 579,131</u>

There are no amounts payable for government remittances such as sales or payroll-related taxes included in operating or accrued liabilities.

8. Deferred lease inducement:

In 2015, Engineers Canada entered into a lease agreement to rent premises for the next ten years. As part of this agreement, Engineers Canada received a tenant allowance to cover fit-up costs up to a maximum of \$30 per square foot of space rented, as well as a rent-free period for nine months.

	Rent-free leasehold inducements	Tenant allowance - fit-up costs	Total
Balance, beginning of year	\$ 425,301	\$ 407,899	\$ 833,200
Less amortization	(44,768)	(42,685)	(87,453)
Balance, end of year	<u>\$ 380,533</u>	<u>\$ 365,214</u>	<u>\$ 745,747</u>

9. Net assets:

Engineers Canada's overall objective with regard to its net assets is to fund future projects, ongoing operations and tangible capital and intangible assets. Engineers Canada manages its net assets by establishing restricted funds and committing amounts in the internally restricted net assets for anticipated future projects, contingencies and other capital requirements. These allocations are presented in the statement of changes in net assets and disclosed in note 9(a).

ENGINEERS CANADA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2017

9. Net assets (continued):

Engineers Canada's objective with respect to unrestricted net assets is to maintain a balance sufficient to meet the needs associated with ongoing operations and to finance any unrealized losses on Engineers Canada's investments. Engineers Canada's net assets invested in its tangible capital and intangible assets is equal to their net book value less the corresponding lease inducement.

Engineers Canada is not subject to externally imposed capital requirements and its overall strategy with respect to net assets remains unchanged from the year ended December 31, 2016.

(a) Internally restricted net assets:

Internally restricted net assets are funds committed for specific purposes, which reflect the application of Engineers Canada's Board policy as follows:

The Four Year Rolling Operational Reserve is to provide Engineers Canada with sufficient resources to identify other sources of revenue in the eventuality that significant sources of revenues are no longer available, or in the event of a severe disruption of operations to downsize activities in a rational manner. This reserve is being maintained at a target level of \$4,000,000.

The General Contingency Reserve ensures that funds are available in case of legal challenge, to provide funds to cover the deductibles for insurances, and to assist the constituent members where it is demonstrated that they do not have the financial resources to defend an enforcement action and/or statutory obligation that has a clear and significant impact on the other members. This reserve has a target level of \$1,325,000.

The Capital Reserve for the Purchase of Assets is to provide funds which are available to allow for replacement of capital assets. This reserve has a target level of \$1,000,000 by 2026.

The other internally restricted net assets category was effectively established by Engineers Canada's Board of Directors to reflect budgetary decisions made by Engineers Canada's Board of Directors when the funding source is not budgeted revenue. As at December 31, 2017, these decisions relate to legal defence costs and other program enhancements of \$211,400 (2016 \$211,400).

Engineers Canada's Board of Directors will also create new reserves and/or discontinue existing reserves, if and when required.

ENGINEERS CANADA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2017

10. Commitments:

- (a) Engineers Canada leases office space under an operating lease which expires on June 30, 2026. The future minimum rental payments required over the next five years and thereafter are as follows:

2018	\$	291,715
2019		291,715
2020		291,715
2021		291,715
2022		291,715
Thereafter		1,021,005
	\$	2,479,580

- (b) Engineers Canada is committed to payments under operating leases for photocopier equipment. Minimum annual payments are approximately as follows:

2018	\$	3,670
------	----	-------

- (c) In connection with its operations, Engineers Canada regularly enters into agreements for the purchase of various supplies and services including the rental of equipment and facilities. Certain of these agreements extend beyond the end of the 2017 fiscal year. In the opinion of management, these agreements are in the normal course of Engineers Canada's operations, are not abnormal in amount or nature and do not include a high degree of speculative risk.
- (d) Engineers Canada has entered into contracts with various hotels related to Engineers Canada's events during the 2017 year. These contracts are in the normal course of Engineers Canada's operations and as of December 31, 2017 Engineers Canada would be responsible for approximately \$52,966 (2016 \$183,239) of liquidated damages if all of the contracts were to be terminated. These liquidated damages would serve to compensate the hotels for estimated losses based on room and food and beverage revenues.

11. Affinity and insurance programs:

The Engineers Canada is a party to a number of agreements with financial services companies. Under these agreements Engineers Canada derives revenues, referred to in these financial statements as affinity programs revenues, based on the purchase of goods and services by the members of Engineers Canada's various provincial and territorial member associations.

ENGINEERS CANADA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2017

11. Affinity and insurance programs (continued):

These agreements have varying terms and conditions as well as varying termination dates and methods, some of which have fixed expiry dates with renewal options and some of which are on-going until terminated with notice by either party.

The two most significant agreements account for 71% of the 2017 (2016 88%) affinity programs revenues and have the following terms:

- twelve-year term expiring December 2029 with automatic five year renewals until terminated by either party with 180 days notice prior to the end of any such period which accounts for 64% of the 2017 (2016 64%) affinity programs revenues; and
- on-going with no fixed expiry date which accounts for 7% of the 2017 (2016 24%) of the affinity programs revenues.

12. Pension plan contributions:

Engineers Canada is the administrator of the Staff Pension Plan for Employees of Engineers Canada, which is a defined contribution plan registered with Financial Services Commission of Ontario. The contributions to the plan for 2017 are \$181,305 (2016 \$173,946), which are included in salaries and benefits expense.

13. Financial risk management:

Engineers Canada is exposed to various financial risks resulting from both operational and investment activities. Engineers Canada's management addresses the situation by having different related policies such as the Reserves Policy, the Financial Commitments and Payment Policy, amongst others. Engineers Canada also outsources the management of its investment portfolio to an outside firm.

(a) Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Engineers Canada is exposed to market risk with respect to its investments, as disclosed in note 5.

ENGINEERS CANADA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2017

13. Financial risk management (continued):

(b) Foreign currency risk:

Engineers Canada is exposed to foreign currency risk with respect to U.S. currency holdings and investments in U.S. and international equity mutual funds. As at December 31, 2017, \$576 USD (2016 \$898 USD) currency was held along with U.S. equity and international equity mutual fund balances are disclosed in note 5.

(c) Credit and interest and rate risk:

Engineers Canada is exposed to credit and interest rate risk with respect to its interest-bearing investments. The bond mutual funds held by Engineers Canada are disclosed in note 5 and bear interest at fixed rates and Engineers Canada is therefore, exposed to the risk resulting from interest rate fluctuations. Engineers Canada's other financial assets and financial liabilities do not bear significant amounts of interest at fixed rates and therefore do not comprise any significant interest rate risk exposure to Engineers Canada. Engineers Canada does not use derivative financial instruments to reduce its interest rate risk exposure.

(d) Liquidity risk:

Liquidity risk is the risk that Engineers Canada will be unable to fulfill its obligations on a timely or cost effective manner. Engineers Canada manages its liquidity risk by monitoring its operating requirements. Engineers Canada prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

There has been no change to the risk exposures from 2016.



Engineers Canada

**Audit Planning and Findings Report
For the year ended December 31, 2017**

KPMG LLP

Prepared on March 12, 2018 for the Audit Committee meeting on March 21, 2018

kpmg.ca/audit

The contacts at KPMG in connection with this report are:

ANDREW NEWMAN

Lead Audit Engagement Partner

Tel: 613-212-2877

Mobile: 613-291-1492

andrewnewman@kpmg.ca

KIRSTEN GILES

Audit Senior Manager

Tel: 613-212-3658

Mobile: 613-897-0030

kgiles@kpmg.ca

Table of contents

Executive summary – planned approach	3
Highly talented team	4
Audit approach	5
Materiality	7
Executive summary – audit findings	8
Financial statement presentation and disclosure	9
Adjustments and differences	10
Appendices	11

At KPMG, we are **passionate** about earning your **trust**. We take deep **personal accountability**, individually and as a team, to deliver **exceptional service and value** in all our dealings with you.

At the end of the day, we measure our success from the **only perspective that matters – yours**.

Executive summary – planned approach

Audit and business risk

Our audit is risk-focused. In planning our audit we have taken into account key areas of focus for financial reporting.

See page 5

KPMG team

The KPMG team will be led by Andrew Newman and Kirsten Giles. They will be supported by local office partners. Subject matter experts will be involved to ensure our approach is appropriate and robust. Our audit involves KPMG partners and offices across Canada.

Key Engineers Canada key team members

The key management contact relevant to the Engineers Canada audit is Jorge Monterrosa, Practice Lead, Finance and Administration. KPMG will work alongside Jorge as the key management team member to meet KPMG and management's audit objectives.

Effective communication

We are committed to transparent and thorough reporting of issues to senior management and the Board of Directors. We have planned our work to closely co-ordinate and communicate with KPMG partners and offices.

This Audit Planning and Findings Report should not be used for any other purpose or by anyone other than the Audit Committee. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Planning Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Audit Materiality

Materiality has been determined based on the current year total expenses and was set at \$260,000 for the year ending December 31, 2017.

See page 7

Independence

We are independent and have extensive quality control and conflict checking processes in place. We provide complete transparency on all services and follow Audit Committee approved protocols.

Current developments

There are no new relevant accounting or auditing changes to be brought to your attention at this time.

Highly talented team

Team member	Background / experience	Discussion of role
 <p>Andrew Newman, FCPA, FCA Lead Audit Engagement Partner Tel: (613) 212-2877 andrewnewman@kpmg.ca</p>	<ul style="list-style-type: none"> Andrew has over 25 years of experience serving not-for-profit organizations. Andrew is KPMG Canada's National Leader, Education, and leads Ottawa's Public Sector practice. Andrew is also Vice-Chair of the Public Sector Accounting Board of Canada. 	<ul style="list-style-type: none"> Andrew will be responsible for the quality and timeliness of our work and the conclusions reached by the engagement team. He will provide the overall direction for audit and related services, and will have frequent and direct contact with Engineers Canada. Andrew will help ensure Engineers Canada receives the full benefit of our audit and specialist resources on a timely and effective basis.
 <p>Kirsten Giles Audit Senior Manager Tel : (613) 212-3658 kgiles@kpmg.ca</p>	<ul style="list-style-type: none"> Kirsten is a key member of KPMG's public sector audit practice group in Ottawa. She has worked for over ten years exclusively on not-for-profit and registered charitable organization audits, and will supervise the completion of fieldwork and staff. This is Kirsten's first year serving Engineers Canada. 	<ul style="list-style-type: none"> Kirsten will work closely with Andrew in developing and executing the audit strategy. She will be responsible for the direct supervision and management of the audit, the development of the detailed audit approach in consultation with Andrew, the identification of financial reporting and operational efficiency issues, as well as the detailed review of the audit. Kirsten will be on site regularly during the audit period and will be your main point of contact throughout the year.

Audit approach

Areas of Audit Focus

The following accounts have been identified as significant accounts, and our audit work will be focused on these items that represent the majority of assets, liabilities, revenues and expenses for Engineers Canada.

Significant account	Comments
Cash	Cash has a material balance and funds all operations. KPMG will perform substantive tests of details, including confirmation of balances.
Investments	Investments represent over 2/3 of total assets and fund internally restricted reserves as well as short term cashflow requirements. KPMG will perform substantive tests of detail including confirmation of balances.
Accounts payable and accrued liabilities	These accounts are material and there is an underlying risk that accounts payable balances are not complete and amounts owed are not included. KPMG will perform substantive tests of details, including examining supporting documents and verification of subsequent payment of invoices.
Accounts receivable, regulatory assessment and affinity and insurance revenues	Accounts receivable and select revenue captions have material balances. KPMG we will perform substantive tests of detail and analytical procedures including expectation testing.
Salaries and benefits expense	Salaries and benefits represent approximately 50% of total expenses and the balance is material. KPMG will perform analytical procedures including performing expectation testing.
Finance and administration and affinity and insurance expenses	These expense balances are material and combined with salaries and benefits, represent 75% of the position of general operations. KPMG will perform substantive tests of detail including vouching select transactions to supporting documentation.

These areas of audit focus may be revised because of new transactions or events at Engineers Canada, or changes in systems, people or structure, and/or the results of our audit procedures. We will communicate any changes to the Audit Committee in our Audit Findings section of this report.

Audit approach

Professional standards presume the risk of fraudulent revenue recognition and the risk of management override of controls exist in all companies.

The risk of fraudulent revenue recognition can be rebutted, but the risk of management override of control cannot, since management is typically in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Professional requirements	Why	Our audit approach
Fraud risk from revenue recognition	This is a presumed fraud risk.	This risk has been rebutted on the basis that Engineers Canada does not sell goods or services as its main line of business, that there are no expectations of financial performance from third parties and most revenues are verifiable from an audit perspective.
Fraud risk from management override of controls	This is a presumed fraud risk.	As the risk is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include testing of journal entries and other adjustments, performing a retrospective review of estimates and evaluating the business rationale of significant unusual transactions.

Materiality

The determination of materiality requires professional judgment and is based on a combination of quantitative and qualitative assessments including the nature of account balances and financial statement disclosures.

The first step is the determination of the amounts used for planning purposes as follows:

Materiality determination	Comments	Amount
Metrics	Relevant metrics include net assets, total revenue or expenses.	
Benchmark	Based on expenses for the year. This benchmark is consistent with the prior year.	\$11,201,126
Materiality	Determined to plan and perform the audit and to evaluate the effects of identified misstatements on the audit and of any uncorrected misstatements on the financial statements. The corresponding amount for the prior year's audit was \$200,000.	\$260,000
% of Benchmark	The corresponding percentage for the prior year's audit was 2%	2.3%
Performance materiality	Used 75% of materiality, and used primarily to determine the nature, timing and extent of audit procedures. The corresponding amount for the prior year's audit was \$150,000.	\$195,000
Audit Misstatement Posting Threshold (AMPT)	Threshold used to accumulate misstatements identified during the audit. The corresponding amount for the previous year's audit was \$10,000	\$13,000

Professional standards require us to re-assess materiality at the completion of our audit based on period-end results or new information in order to confirm whether the amount determined for planning purposes remains appropriate. Our assessment of misstatements, if any, in amounts or disclosures at the completion of our audit will include the consideration of both quantitative and qualitative factors.

Executive summary – audit findings

Purpose of this report

The purpose of this Audit Findings Report is to assist you, as a member of the Board of Directors, in your review of the results of our audit of the financial statements of Engineers Canada as at and for the year ended December 31, 2017.

Changes from the Audit Plan

There were no significant changes regarding our audit from the Audit Plan outlined in this report.

Adjustments and differences

We did not identify differences that remain uncorrected.

We identified one adjustment that was communicated to management and subsequently corrected in the financial statements.

Finalizing the audit

As of March 12, 2018, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Completing our final review procedures;
- completing our discussions with the Audit Committee;
- obtaining evidence of the Board's approval of the financial statements.

We will update the Board, and not solely the Chair (as required by professional standards), on significant matters, *if any*, arising from the completion of the audit, including the completion of the above procedures. Our auditors' report will be dated upon the completion of any remaining procedures.

Control and other observations

We did not identify any control deficiencies that we determined to be significant deficiencies in ICFR.

Financial statement presentation and disclosure

The presentation and disclosure of the financial statements are, in all material respects, in accordance with Engineers Canada's relevant financial reporting framework. Misstatements, including omissions, if any, related to disclosure or presentation items are in the management representation letter included in the Appendices.

We also highlight the following:

Form, arrangement, and content of the financial statements	Adequate
---	----------

Adjustments and differences

Adjustments and differences identified during the audit have been categorized as “Corrected adjustments” or “Uncorrected differences”. These include disclosure adjustments and differences. Professional standards require that we request of management and the audit committee that all identified differences be corrected.

Corrected adjustments

We assisted management in determining the appropriate treatment of expenses to be funded by unrestricted net assets that were initially recorded directly to net assets but subsequently reflected as expenses in the financial statements. The combined entries amounted to \$385,484.

Uncorrected differences

We did not identify differences that remain uncorrected.

Appendices

Appendix 1: Audit quality and risk management

Appendix 2: Required communications

Appendix 3: Current developments

Appendix 1: Audit quality and risk management

KPMG maintains a system of quality control designed to reflect our drive and determination to deliver independent, unbiased advice and opinions, and also meet the requirements of Canadian professional standards.

Quality control is fundamental to our business and is the responsibility of every partner and employee. The following diagram summarises the six key elements of our quality control systems.

Visit our [Audit Quality Resources](#) page for more information including access to our audit quality report, [Audit quality: Our hands-on process](#).

- Other controls include:
 - Before the firm issues its audit report, Engagement Quality Control Reviewer reviews the appropriateness of key elements of publicly listed client audits.
 - Technical department and specialist resources provide real-time support to audit teams in the field.
- We conduct regular reviews of engagements and partners. Review teams are independent and the work of every audit partner is reviewed at least once every three years.
- We have policies and guidance to ensure that work performed by engagement personnel meets applicable professional standards, regulatory requirements and the firm's standards of quality.



- All KPMG partners and staff are required to act with integrity and objectivity and comply with applicable laws, regulations and professional standards at all times.
- We do not offer services that would impair our independence.
- The processes we employ to help retain and develop people include:
 - Assignment based on skills and experience;
 - Rotation of partners;
 - Performance evaluation;
 - Development and training; and
 - Appropriate supervision and coaching.
- We have policies and procedures for deciding whether to accept or continue a client relationship or to perform a specific engagement for that client.
- Existing audit relationships are reviewed annually and evaluated to identify instances where we should discontinue our professional association with the client.

Appendix 2: Required communications

In accordance with professional standards, there are a number of communications that are required during the course of our audit. These include:

- **Engagement letter** – the objectives of the audit, our responsibilities in carrying out our audit, as well as management’s responsibilities, are set out in the engagement letter and any subsequent amendment letters as provided by management.
- Audit planning report – included with the audit findings in this report
- **Required inquiries** – professional standards require that during the planning of our audit we obtain your views on risk of fraud and other matters. We make similar inquiries to management as part of our planning process; responses to these will assist us in planning our overall audit strategy and audit approach accordingly
- **Management representation letter** – we will obtain from management certain representations at the completion of the annual audit. In accordance with professional standards, copies of the representation letter will be provided to the Audit Committee
- **Audit findings report** – at the completion of our audit, we will provide a report to the Audit Committee
- **Annual independence letter** – at the completion of our audit, we will provide a letter to the Audit Committee
- **CPAB Big Four Firm Public Report (November 2016)** – Please refer to http://www.cpab-ccrc.ca/Documents/Annual%20Reports/CPAB_2016_Big_Four_Inspections_Report_EN.pdf
- **CPAB 2016 Big Four Public Report: Highlights for Audit Committees** – Please refer to http://www.cpab-ccrc.ca/Documents/Annual Reports/CPAB_2016_Big_Four_Highlights_EN.pdf

Appendix 3: Current developments

Current Developments, created by the KPMG Public Sector and Not-for-Profit Practice, summarizes regulatory and governance matters impacting charities and not-for-profit organizations today, or expected to impact over the next few years. We provide this information to help not-for-profit organizations understand upcoming changes and challenges they may face in their industry. We attach this summary to every audit plan and audit findings report that we provide to our public sector and not-for-profit clients. Some of these developments may not impact your organization directly but we believe it is important for audit committee members of charities and not-for-profit organizations to understand what is happening in the sector.

Annual Accounting, Tax and Risk Update for Not-for-Profit Organizations

KPMG is holding its Annual Accounting, Tax & Risk Update for Not-for-Profit Organizations on April 12, 2018 at the KPMG office in downtown Ottawa. The seminar will cover current accounting, tax, technology and risk issues, including some of those discussed below, in greater detail to provide not-for-profit organizations and charities with guidance on new standards, regulations and best practices. This event consistently attracts over 100 executives, financial officers and Board members from the Ottawa and area not-for-profit and charity community.

Audit Committee members are also invited to attend this session. If you wish to have your name included on the invite list, please e-mail Stacey McMillan at samcmillan@kpmg.ca

Registered Charities: CRA's Charity Education Project

In the fall of 2017, Canada Revenue Agency announced the implementation of its Charity Education Project (CEP) initiative, as a complement to its traditional audit program. Per the CRA announcement the CEP program is "*designed to conduct in-person visits with registered charities, providing them with information and assistance in understanding these obligations*". A CEP visit by a CRA Charity Education Officer will include information sharing on the charity's purpose and activities, a review of the charity's books and records and T3010 information return, and a summary of findings and recommendations prepared by the Charity Education Officer. The registered charity will be requested to sign the summary of findings and recommendations to indicate their agreement with it.

CRA plans to perform 500 CEP visits per year. We are aware of registered charities receiving notification that they have been selected for a CEP visit in January 2018. At KPMG, we will be tracking these initial visits at our clients to identify patterns in CRA's approach and in their findings and recommendations, to assist our clients in preparing for future CRA visits.

To paraphrase Shakespeare's "A rose by any other name would smell as sweet"; a CRA visit by any other name smells like an audit. We encourage our registered charity clients who receive a CEP request letter to contact us to discuss how to prepare for CRA's visit and to prepare a response to the summary of findings and recommendations.

As a matter of good governance, we also encourage all registered charities to do the following on a regular basis:

- 1) Review the charity's operations to verify that activities directly support their charitable objectives. Consider the level of time and resources invested in fundraising or political activities, as these are two activities that CRA monitors.
- 2) Verify that the charity's T3010 Charity Information Return is accurate and that it strategically and faithfully represents the activities and operations of the charity. Verify that the T3010 published on the CRA's website agrees with the submitted return.
- 3) Assess the charity's accumulated reserves, surpluses and net assets, including the purpose for having them and support for the amounts. Consider developing a Board-approved "net asset reserve policy" documenting the purpose and amount of reserves in the context of organization risks and strategic plan.

KPMG will continue to monitor this situation and will provide updates to you. We are available for further discussion on this significant issue for registered charities.

Tax-Exempt Status of Not-for-Profit Organizations

Over the past few years, the income tax-exempt status of not-for-profit organizations and the activities that should be eligible for this exemption have been the subject of significant political and public debate.

This debate intensified with the CRA's Non-Profit Organization Risk Identification Project (the "NPORIP") looking at entities claiming the exemption from income tax under Paragraph 149(1)(l) of the Income Tax Act of Canada, and the release of their report in 2014. The report emphasized three main risk areas which in the eyes of CRA would disqualify a not-for-profit organization from claiming the income tax exemption:

- having individual activities not related to their not-for-profit objectives; or earning non-incidentual profits from individual activities
- using income to provide personal benefits to members
- maintaining excessive accumulated reserves, surpluses or net assets

In 2014, the Government of Canada announced its intention to hold public consultations with not-for-profit organizations on these issues, led by the Department of Finance. The election of a new government in fall 2015 appears to have delayed progress on this issue. While the official mandate letter of the Minister of Finance includes providing clarity on the activities of not-for-profit organizations, the Department of Finance has provided no indication as to when, or if, it expects to begin public consultations with the not-for-profit community on the issues surrounding the tax-exempt status of not-for-profit organizations.

In the interim, CRA has not performed specific audits of the income tax-exemption status of not-for-profit organizations to our knowledge. However, CRA continues to perform regular HST and payroll compliance audits of not-for-profit organizations and charities. As part of these audits, CRA has included questions relating to the accumulated surplus/net assets/reserves of the audited organization, and is seeking documented evidence of purpose, future plans and governance oversight related to these balances.

KPMG encourages the Boards and management of not-for-profit organizations, and of charities, to continue to prepare their organizations for the anticipated changes to tax legislation and regulations. Not-for-profit organizations should review and consider their not-for-profit or charitable objectives, strategic plans, risk assessments, financial results and operational practices in the context of the aforementioned risk areas identified by CRA. In particular, not-for-profit organizations should develop a written, approved Board policy relating to their net assets, accumulated surpluses and/or reserves explicitly documenting the reasons for maintaining these balances, how the amounts were calculated and quantified, and how the amounts will ultimately be used. Boards should also demonstrate and document their oversight of this policy on an annual basis.

KPMG continues to monitor this situation closely and will continue to update you and all of our NPO audit clients.

Commodity Tax Considerations

The GST/HST is constantly evolving. The kinds and pace of the changes affecting your organization will depend on your status and activities, and may result from new legislative and regulatory rules, court cases, and changes in the CRA's administrative policies. In addition, major organization changes, such as reorganizations, cessation of activities, major capital projects, new relationships (e.g., shared service arrangements), and new revenue generating activities may have significant GST/HST implications.

The Canada Revenue Agency (CRA) continues to increase its focus on public service bodies (e.g., municipalities, universities, colleges, hospitals, schools, associations, charities, non-profits etc.) for purposes of conducting GST/HST audits. These audits may be undertaken by GST/HST audit teams dedicated to the public sector or by auditors attached to the CRA's GST/HST Refund Integrity Unit. Many organizations have undergone audits over the past couple of years. Based on our work with audited organizations, we offer the following general observations on the impact of the CRA's ongoing focus on the public sector:

The CRA has been focusing on documentation, cost sharing and buying group arrangements, grants and sponsorships, as well as the allocation of inputs between taxable and exempt activities for input tax credit purposes (e.g. the filing of a Section 211 election and claiming of input tax credits on the use of real property).

The CRA has not consistently been applying audit offsets (e.g., allowing unclaimed input tax credits or rebates) that would help minimize the impact of any assessments.

Proposed assessments based on sampling and alternative valuation or allocation methodologies conducted by CRA auditors should be reviewed as fair and reasonable alternatives may be available that could significantly reduce an GST/HST assessment.

The CRA is required to communicate the amount and basis for a proposed to the registrant, and should allow the registrant a reasonable amount of time to review and respond to the assessment (i.e., generally 30-days). It is entirely appropriate to carefully review and question a proposed assessment. Our experience is that proposed assessments can often be significantly reduced at the audit stage. If a Notice of Assessment is issued, you will have 90 days to file a Notice of Objection with the CRA.

It is important that you have a plan in place for a GST/HST audit, including having a fixed point of contact for the auditor. Planning and managing the audit is as important as having the appropriate policies and procedures.

Organizations that have undergone significant changes in operations are more likely to be selected for an audit. Many of these organizations are completing compliance reviews by indirect tax professionals in advance of a potential GST/HST audit to verify that the GST/HST is being appropriately handled. A proactive approach can reduce compliance costs and the time needed to deal with CRA auditors.

Our experience with GST/HST auditors has varied from audit to audit. However, in each case, the taxpayer has the burden of proof. The best approach is to be prepared in advance of receiving that audit notification from CRA.

Reporting Requirements in the United States

Over the past few months, tax reform in the United States has received substantial media coverage, and could have significant impacts on Canadian business and individuals with activities and investments in the United States. Given this current environment, it is prudent for Canadian charities and not-for-profit organizations to consider whether they have any reporting obligations in the United States, which is dependent on their U.S. sources of revenue and activities.

For example, Canadian registered charities may be required to file the Form 990: Return of Organizations Exempt From Income Tax, depending on whether the Canadian charity is recognized as a U.S. public charity or a U.S. private foundation and depending on the total gross receipts that the Canadian charity receives from U.S. sources (including individual and corporate donations). The Internal Revenue Service (IRS) assumes that a Canadian registered charity is the equivalent of a U.S. private foundation

unless it applies to the IRS to be recognized as a public charity. Normally, a Canadian registered charity receiving more than \$25,000 in gross receipts from sources within the United States will have a requirement to submit the Form 990 to the IRS.

The Form 990 reporting requirements are significantly more extensive than the Canadian reporting requirements. The Form 990 can easily be more than 50 pages long and includes an 8-page detailed questionnaire on the organization's governance, operations and activities, and very detailed information on the organization's donors, activities outside of the United States, grants provided to other entities inside/outside the United States, executive compensation, and related party transactions. The Form 990 is a Canadian registered charity's only public document in the United States and is available on the IRS information website.

We encourage all of our charity and not-for-profit clients to review their activities and sources of revenue on a regular basis to determine whether they have U.S. reporting requirements.

Cyber Security – Prevention and Response

Organizations are subject to increasing amounts of legislative and public pressures to show they are managing and protecting their information appropriately. Simultaneously, the threats from cyber criminals and hacktivists are growing in scale and sophistication. Organizations are also increasingly vulnerable as a result of technological advances and changing working practices including remote access, cloud computing, mobile technology and services on demand. The financial and reputational costs of not being prepared against a cyber-breach could be significant. Not-for-profit organizations are at particular risk due to the information they maintain, including research data, personal data, and health and financial information. The reputational risk of this information not being adequately protected can often outweigh the financial consequences of a breach.

Cyber Security is not solely about information technology; it is fundamentally an operational and governance issue. Not-for-profit organizations should document their assessment of operational threats, implement preventative safeguards against a cyber-attack, and create a comprehensive response plan to a cyber-breach. Every organization should have a Computer Security Incident Response Team (CSIRT) consisting of individuals from many areas of the organization, including those involved in finance, human resources, procurement, customer/member relations, upper management and Board members. Key elements to consider in developing your cyber plans include:

- Assessing the likelihood and intensity of a cyber-attack, based on the value of your information and your public profile
- Assessing your organization's vulnerabilities to a cyber-attack
- Preparing your people, processes, infrastructure and technology to prevent a cyber-attack from being successful
- Detecting, responding and reporting a cyber-breach within your organization
- Initiating your cyber response plan, including containing and investigating the cyber breach
- Recovering from a cyber-breach and resuming business operations
- Reporting on the cyber breach, including informing authorities and affected individuals, as required by legislation and industry common practices.
- Doing a "lessons learned" process to identify improvements

Not-for-profit organizations need to review their operations from the perspective of cyber risks, preventative measures against an attack and response plans for breaches. Of particular importance is the cyber response plan as most experts believe that it is now a matter of when, not if, a cyber-breach occurs. A proper cyber response plan includes the following elements:

- 1) Define sensitive data and information -- what is important to your organization and of value to hackers
- 2) Identify cyber breach scenarios – perform a Threat Risk Assessment of threats, vulnerabilities and likelihood of exploitation
- 3) Assess detection and response capabilities – what is your organization’s capability to manage an incident (CSIRT structure and effectiveness, required performance metrics, business resumption, internal/external communication protocols)
- 4) Develop and refresh your organization’s response plan – Identify a target state and address gaps, including time to discover, time to manage, severity of post-mortem reviews
- 5) Test and improve response plan – develop a testing strategy that includes key internal and external CSIRT responders (event simulations, live testing)

We encourage all not-for-profit organizations and charities to develop their cyber response plans and discuss them at the Board level.

Fraud Risk in Charities and Not-for-Profit Organizations

You only have to read the local and national news to understand the significant, adverse impact that a fraudulent or illegal act can have on an entity’s financial position, on-going operations and public reputation. For charities and not-for-profit organizations, a fraudulent or illegal act can be absolutely devastating not only because of their reliance on public financial support but also their need to maintain public confidence and trust in their activities. With social media, and the 24-hour continuous news cycle, the financial, operational and reputational risk of a fraud on a charity or not-for-profit organization has never been higher.

Therefore, fraud risk management is now a very important element of an organization's overall governance and risk management. To protect against the risk of fraud, Boards and management need to maintain a robust fraud risk management program designed to address the core objectives of prevention, detection and response.

Prevention starts with having a heightened awareness of fraud including the key indicators that a fraud may have occurred, an understanding of the profile of a fraudster and what may drive otherwise good people to do bad things. In addition to a heightened awareness of fraud, conducting regular fraud risk assessments allows charities and not-for-profit organizations to identify the key fraud risks they are facing and what they need to do to mitigate these risks.

Detecting fraud can be difficult, so in addition to implementing and monitoring detection controls, it is critical for organizations to provide a mechanism for employees, volunteers and the public at large to report incidents of alleged fraud or wrongdoing to the Board.

An organization’s response to a fraud is critical in mitigating potential damage, including reputational harm. As such, it is important to have a response plan in place before a fraud occurs, including investigation and communication protocols.

Boards and management of charities and not-for-profit organizations are beginning to incorporate fraud awareness in their training programs to increase fraud awareness, and to develop a greater understanding of the key organizational elements of a robust fraud risk management program.

The COSO Framework: Demonstrating Sound Management Practices and Internal Controls

Charities and not-for-profit organizations are facing increasing pressures and challenges from various internal and external stakeholders, who are demanding greater transparency and accountability. Chief among these is a heightened level of scrutiny and higher expectations on charities and NPOs to demonstrate sound stewardship, accountability, and achievement of results. This includes being able to demonstrate that resources are managed in a cost-effective manner and that funding received is used to maximize the achievement of the organization's mandate.

A charity's or not-for-profit organization's ability to clearly demonstrate sound management and use of funding and the achievement of objectives are of direct interest to donors, funders, partners, stakeholders and beneficiaries, and increasingly to the Canadian general public. This, combined with a general increase in competition for scarce resources, can compound the challenges experienced by charities and not-for-profit organizations.

In this environment, your organization will be asked to demonstrate that it is using and managing funds in an economical and efficient way and that it maintains a solid control environment supporting management decisions made by the organization. National charities and not-for-profit organizations are beginning to formally adopt the "COSO Framework" of management practices and internal controls to respond to their stakeholder demands. The COSO Framework is an internationally recognized framework for the assessment of management practices and internal controls in all types of entities.

The main reason that the COSO Framework is gaining acceptance in the charity and not-for-profit sector is that it considers internal controls from the perspective of achieving organizational objectives categorized into three areas:

- Effectiveness and efficiency of operations, at the entity-wide and divisional/program levels
- Reliability of financial and non-financial reporting to internal and external stakeholders
- Compliance with applicable laws and regulations

In the current environment of transparency and accountability, charities and not-for-profit organizations must not only achieve, but also explicitly demonstrate, their performance in these three areas. COSO provides a methodology to develop and maintain an effective system of internal control that reduces, to an acceptable level, the risk of not achieving these objectives.

The COSO Framework identifies five core components (Control Environment, Risk Assessment, Control Activities, Information & Communication, and Monitoring Activities) and seventeen key principles within these five components that are required for an effective system of internal control. The Framework is fully scalable to an organization's size, structure, funding sources, or mandate.

The Framework provides a recognized baseline against which existing management practices can be documented and assessed to confirm existing sound practices and identify areas for improvement to strengthen an organization's internal control structure and prioritize efforts and resources to the areas of most significance. As a recognized management control framework, an assessment of internal controls against COSO will also serve to provide both internal and external stakeholders with additional confidence in the stewardship, accountability and overall control environment of the organization.

Accounting Standards Board: Accounting Standards for Not-for-Profit Organizations

The Accounting Standards Board of Canada (“AcSB”) is responsible for setting the accounting standards that your organization is required to apply in preparing the general purpose financial statements. **There are currently no new or revised accounting standards approved by the Board that we anticipate will have a significant impact on your financial statements in the next year.** Below, we provide a summary of the status of the Board’s deliberations on the future of accounting standards for not-for-profit organizations (including charities). KPMG will continue to update you as these deliberations progress.

The AcSB included not-for-profit organizations in its issued-for-comment draft strategic plan for 2016–2021. The proposed core strategy includes maintaining a separate set of accounting standards for areas unique to not-for-profit organizations while continuing to direct them to Part II of the CPA Canada Handbook - Accounting for non-unique areas (such as employee future benefits and financial instruments). The AcSB formed a not-for-profit advisory committee (the “Committee”) to provide input into this process and approved a three phase project plan.

At their September 2017 meeting, the AcSB approved the issuance of three new accounting standards, subject to final drafting and a written ballot:

Section 4433, to replace Section 4431, Tangible Capital Assets Held by Not-for-Profit Organizations;

Section 4434, to replace Section 4432, Intangible Assets Held by Not-for-Profit Organizations; and

Section 4441, to replace Section 4440, Collections Held by Not-for-Profit Organizations.

The AcSB expects to officially issue the final accounting standards in the second quarter of 2018, with an effective date of fiscal years beginning on or after January 1, 2019, with earlier application permitted. Key aspects of these new standards include:

Tangible Capital Assets:

Overall, there will be direction to not-for-profit organizations to apply accounting standards for private enterprises in accounting for tangible capital assets, except where guidance is included in Section 4433. In particular:

- Section 3061 Property, Plant and Equipment would be used as the guidance to report:
 - the capitalization, amortization and disposal of tangible assets – largely similar with the current practice
 - componentization for tangible capital assets – new concept for Not-For-Profit Organizations. This would require significant capital assets being accounted and amortized on a component basis. For example, a building could be split into structure, roof, HVAC, elevators etc. and each component could be amortized over different useful lives.
- Section 3110 Asset Retirement Obligations related to recognition, measurement and disclosure of liabilities for long lived assets and;
- Section 3063 Impairment of Long-Lived Assets for disclosure requirements related to impairment, including partial impairment, of long lived assets. Impairment adjustments will be to either fair value or replacement cost based on a list of indicators which will be provided as guidance for decision making.

Intangible Capital Assets:

The new accounting standard will provide guidance related to intangible assets such as goodwill, trademarks and software. Reference is made to Section 3064 Goodwill and Intangible Assets, for the capitalization, amortization and disposal of such assets and Section 3063 Impairment of Long-Lived Assets, for impairment disclosures.

Collections

The new accounting standard formalizes common practice to encourage consistency between entities. The new standard includes the following changes:

- That collections be recorded on the Statement of Financial Position at either cost or a nominal value. Careful selection of cost or nominal value will be important as consistency in methodology will be required for all collections.
- That when disposed of, the difference between the carrying value and proceeds will be accounted for as either a restricted contribution or unrestricted contribution depending on the facts and circumstances.
- Enhanced note disclosure requirements

Transitional Provisions

Overall transitional provisions are anticipated to be:

- Prospective application for Sections 4433 and 4434 with relief for the allocated cost of tangible capital assets to their component categorization for existing capital assets, and an adjustment to opening net assets for partial impairments at the date of application of the new standard.
- Retroactive application for Section 4441 with relief for those deciding to record collections at cost.

The AcSB has proposed an effective date for implementation of years commencing on or after January 1, 2019. These transition provisions are subject to confirmation when the standard is officially issued.

kpmg.ca/audit



KPMG LLP, an Audit, Tax and Advisory firm (kpmg.ca) and a Canadian limited liability partnership established under the laws of Ontario, is the Canadian member firm of KPMG International Cooperative ("KPMG International").

KPMG member firms around the world have 174,000 professionals, in 155 countries.

The independent member firms of the KPMG network are affiliated with KPMG International, a Swiss entity. Each KPMG firm is a legally distinct and separate entity, and describes itself as such.

© 2017 KPMG LLP, a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.



Briefing note

For Board decision

Approval of Engineers Canada Board Policy Manual		Agenda number: 4
Purpose:	To provide up-to-date policies for the Board that reflect the new governance model and codify expectations and accountability for all participants.	
Motion(s) to consider:	THAT the Board approve the revised policies and Table of Contents for the new Board Policy Manual	
Vote required to pass:	<input type="checkbox"/>	Simple majority
	<input checked="" type="checkbox"/>	Two-thirds majority (refer to articles 5.7 and 5.8 of the bylaw .)
Authority:	The Board is responsible for maintaining policies for the governance and oversight of the organization.	
Transparency: <i>(all meetings, debates, and decisions shall be open, except for certain subject matters as described in GP-7.1)</i>	<input checked="" type="checkbox"/>	open session
	<input type="checkbox"/>	In camera, reason (check all that apply):
	<input type="checkbox"/>	The security of the property of the organization
	<input type="checkbox"/>	Personal matters about an identifiable individual
	<input type="checkbox"/>	The proposed or pending acquisition of assets by the organization
	<input type="checkbox"/>	Labour relations or employee negotiations
	<input type="checkbox"/>	Litigation or potential litigation
	<input type="checkbox"/>	The receiving of advice that is subject to solicitor-client privilege
<input type="checkbox"/>	Another matter as the Executive Committee or Board determines	
Prepared by:	Stephanie Price	
Presented by:	Sarah Devereaux	

1. Problem/issue definition

In May 2017, the Board passed a motion approving the recommendations from the Report of the May 6-7, 2017 Governance Workshop. Recommendation #7 was to do a complete edit of the Board Manual to:

- Remove all references to Carver and replace unique Carver terms with more generally accepted vocabulary
- Express all policy in positive terms, not negative terms

The Governance Committee has partially completed this work, and is presenting individual policies for approval today. The following policies are presented for approval:

	Policy Name	Status	Old Policy Number
1.	Introduction and Background	n/a title only	
1.1	History	New	
1.2	Guiding principles	New	
1.5	About this manual	New	
2.	Definitions	Revised	n/a
3.	Reporting Structure	New	
4.	Role of the Board	New	GP-2
4.1	Board responsibilities	New	GP-2
4.2	Directors' responsibilities	Revised	GP-3.1
4.3	Code of conduct	Revised	GP-3
4.4	Confidentiality policy	Formatting changes	GP-3.0.1
4.4.1	Oath of office	Formatting changes	GP-3.0.2
4.5	CEO Group advisor to the Board	Revised	GP-3.2
4.6	Accountable to the Board	New	
4.9	President's role	Revised	GP-5
5.	Executive Duties and Limitations	New	EL
5.1	Relationships with the engineering regulators	Revised	EL-2
5.2	Treatment of staff and volunteers	Revised	EL-1
5.3	Financial condition	Revised	EL-3
5.4	Communication and support to the Board	Revised	EL-7
5.5	Asset protection	Revised	EL-4
5.6	Planning	Revised	EL-5
5.7	Compensation and benefits	Revised	EL-6
5.8	National position statements	Revised	EL-8
5.9	Image protection	Revised	EL-10
6.	Engineers Canada Board Committees and Task Forces	n/a title only	
6.1	Board committees	Revised	GP-8 GP-9
6.4	Audit committee terms of reference	Formatting changes	GP-9.2
6.5	Compensation committee terms of reference	Formatting changes	GP-9.4
6.6	Executive committee terms of reference	Formatting changes	GP-9.1
6.6.1	Executive Committee Nomination and Election Process	Formatting changes	GP-9.1.1
6.8	Governance committee terms of reference	Formatting changes	GP-9.3
6.9	Canadian Engineering Accreditation Board (CEAB) Terms of Reference	Formatting changes	GP-9.5
6.10	Canadian Engineering Qualifications Board (CEQB) Terms of Reference	Formatting changes	GP-9.6
7.	Board Policies	n/a title only	
7.1	Board, committee and other volunteer expenses	Formatting changes	GP-10
7.6	Reserve funds	Formatting changes	GP-14

All policies are shown in the attached documentation. Policies not presented for approval today are still in draft format and will be presented at subsequent Board meetings.

The complete table of contents for the Engineers Canada Board Policy Manual, as foreseen at this time, is shown below. Items not yet ready for approval are greyed out.

1. Introduction and Background
 - 1.1 History
 - 1.2 Guiding principles
 - 1.3 Purpose of Engineers Canada
 - 1.4 Three-Year Strategic Plan
 - 1.5 About this manual
2. Definitions
3. Reporting Structure
4. Role of the Board
 - 4.1 Board responsibilities
 - 4.2 Directors' responsibilities
 - 4.3 Code of conduct
 - 4.4 Confidentiality policy
 - 4.4.1 Oath of office
 - 4.5 CEO Group advisor to the Board
 - 4.6 Accountable to the Board
 - 4.7 Monitoring of CEO
 - 4.8 Board development and assessment
 - 4.9 President's role
 - 4.10 Annual agenda process
5. Executive Duties and Limitations
 - 5.1 Relationships with the engineering regulators
 - 5.2 Treatment of staff and volunteers
 - 5.3 Financial condition
 - 5.4 Communication and support to the Board
 - 5.5 Asset protection
 - 5.6 Planning
 - 5.7 Compensation and benefits
 - 5.8 National position statements
 - 5.9 Image protection
6. Engineers Canada Board Committees and Task Forces
 - 6.1 Board committees
 - 6.2 Process to appoint representatives to the CEAB and the CEQB
 - 6.3 Role of directors on CEAB and CEQB
 - 6.4 Audit committee terms of reference
 - 6.5 Compensation committee terms of reference
 - 6.6 Executive committee terms of reference
 - 6.6.1 Executive Committee Nomination and Election Process
 - 6.7 Finance committee terms of reference
 - 6.8 Governance committee terms of reference
 - 6.9 Canadian Engineering Accreditation Board (CEAB) Terms of Reference
 - 6.10 Canadian Engineering Qualifications Board (CEQB) Terms of Reference

- 7. Board Policies
 - 7.1 Board, committee and other volunteer expenses
 - 7.2 Board linkage with Regulators
 - 7.3 Board linkage with Canadian Federation of Engineering Students
 - 7.4 Board linkage with National Council fo Deans of Engineering and Applied Science
 - 7.5 Board linkage with other organizations
 - 7.6 Reserve funds
 - 7.7 Investment policy
 - 7.8 Record retention policy and schedule
 - 7.9 Whistleblower policy and procedure
- 8. Issues Policies
 - 8.1 Emerging disciplines policy
 - 8.2 Diversity and inclusion
- 9. Board-approved documents
 - 9.1 Accreditation Criteria and Procedures report
 - 9.2 National position statements
 - 9.3 Qualifications Board guidelines

Policies which are rescinded as of this date:

Policies rescinded as of this date:	Covered by:
E Engineers Canada's Purpose	Purpose of Engineers Canada (contained in the <i>Articles of Continuance</i> and repeated in Policy 1.3)
E-1 Regulatory Excellence	Three-Year Strategic Plan (repeated in Policy 1.4)
E-2 Confidence in the Profession	Three-Year Strategic Plan (repeated in Policy 1.4)
E-3 Sustainability of the Profession	Three-Year Strategic Plan (repeated in Policy 1.4)
E-4 Protection of the Engineering Terms	Three-Year Strategic Plan (repeated in Policy 1.4)
BMD Global Board Management Delegation	Reflected within Policy 4.1 Board Responsibility
BMD-1 Unity of Control	Reflected within Policy 4.1 Board Responsibility
BMD-2 Accountability of the Chief Executive Officer	Reflected within Policy 4.6 Accountable to the Board
BMD-3 Delegation to the Chief Executive Officer	Reflected within Policy 4.1 Board Responsibility
EL-9 Accreditation and Qualifications Board	Reflected within Policy 4.6 Accountable to the Board
GP Global Governance Process	
GP-1 Governing Style	
GP-7 Special Rules of Order	Covered in Bylaw 5.3 (2) and <i>Robert's Rules</i>
GP-7.1 Process for In Camera Session	To be covered by future description of board processes
GP-11.1 Linkages Committee Terms of Reference	
GP-13 Governance Succession Planning	Reflected within Policy 4.2 Directors' Responsibilities

2. Proposed action/recommendation

- It is recommended that the Board approve the policies and the proposed Table of Contents (attached)
- The Governance Committee shall continue to work on outstanding policies and present new ones as they are ready

3. Other options considered:

The Governance Committee considered seeking approval only when all policies were completed. This approach was rejected since operating without policies creates a risk for the organization.

4. Risks

Operating without well-defined and published policies creates confusion and potential risk (liability) if there were to be any conflict with directors, direct reports of the Board or volunteers.

5. Financial implications

n/a

6. Benefits

- Engineering regulators:
 - Provides clarity of roles, responsibilities and expectations
- Members of the Board, CEO and Chairs of AB and QB:
 - Provides clarity of roles, responsibilities and expectations

7. Consultation

The Governance Committee has worked in concert with the Governance, Strategic Planning and Consultation project team to ensure alignment of intent in all policies.

8. Next steps (if motion approved)

- Carver policy manual to be removed from the Engineers Canada website
- Approved policies and table of contents to be posted on Engineers Canada website
- Governance Committee to continue work on outstanding policies

9. Appendices

Table of Content and policies for approval are attached.

Table of Contents

- 1. Introduction and Background**
 - 1.1 History
 - 1.2 Guiding Principles
 - 1.3 Purpose of Engineers Canada
 - 1.4 Three-Year Strategic Plan
 - 1.5 About this manual

- 2. Definitions**

- 3. Reporting Structure**

- 4. Role of the Board**
 - 4.1 Board responsibilities
 - 4.2 Directors' responsibilities
 - 4.3 Code of conduct
 - 4.4 Confidentiality policy
 - 4.4.1 Oath of office
 - 4.5 CEO Group advisor to the Board
 - 4.6 Accountable to the Board
 - 4.7 Monitoring of CEO
 - 4.8 Board development and assessment
 - 4.9 President's role
 - 4.10 Annual agenda process

- 5. Executive Duties and Limitations**
 - 5.1 Relationships with the engineering regulators
 - 5.2 Treatment of staff and volunteers
 - 5.3 Financial condition
 - 5.4 Communication and support to the Board
 - 5.5 Asset protection
 - 5.6 Planning
 - 5.7 Compensation and benefits
 - 5.8 National position statements
 - 5.9 Image protection

- 6. Engineers Canada Board Committees and Task Forces**
 - 6.1 Board committees
 - 6.2 Process to appoint representatives to the CEAB and the CEQB
 - 6.3 Role of directors on CEAB and CEQB
 - 6.4 Audit committee terms of reference
 - 6.5 Compensation committee terms of reference

- 6.6 Executive committee terms of reference
- 6.6.1 Executive Committee Nomination and Election Process
- 6.7 Finance committee terms of reference
- 6.8 Governance committee terms of reference
- 6.9 Canadian Engineering Accreditation Board (CEAB) Terms of Reference
- 6.10 Canadian Engineering Qualifications Board (CEQB) Terms of Reference

7. Board Policies

- 7.1 Board, committee and other volunteer expenses
- 7.2 Board linkage with Regulators
- 7.3 Board linkage with the Canadian Federation of Engineering Students
- 7.4 Board linkage with the National Council of Deans of Engineering and Applied Science
- 7.5 Board linkage with other organizations
- 7.6 Reserve funds
- 7.7 Investment policy
- 7.8 Record retention policy and schedule
- 7.9 Whistleblower policy and procedure

8. Issues Policies

- 8.1 Emerging disciplines policy
- 8.2 Diversity and inclusion

9. Board-approved documents

- 9.1 Accreditation Criteria and Procedures report
- 9.2 National position statements
- 9.3 Qualifications Board guidelines

1 Introduction and Background

1.1 History

<i>Date of adoption: Date (Motion #?)</i>	<i>Review period: Annual</i>
<i>Date of latest amendment: Date (Motion #?)</i>	<i>Date last reviewed: Date</i>

The engineering regulators formed the Dominion Council of the Association and Corporation of Professional Engineers of Canada in 1936 with adoption of a Constitution for its governance, to act as a unifying body for the eight provincial associations then regulating the engineering profession. At that time a “Committee on Consolidation” led the organization and developed its mandate.

In 1965 Letters Patent were issued to incorporate The Canadian Council of Professional Engineers (CCPE) for the purpose of establishing and maintaining a bond between all associations. The first directors were named in these Letters Patent, and they assumed responsibility for the governance of the organization. The CCPE was succeeded by Engineers Canada in 2007.

The Engineers Canada Board (“the Board”) acts on behalf of the engineering regulators (“the regulators”), who are the owners of Engineers Canada, to govern the organization.

For clarity, the term “Engineers Canada” as used in this manual includes the Board and all its committees including the Canadian Engineering Accreditation Board (CEAB) and Canadian Engineering Qualifications Board (CEQB), as well as the Chief Executive Officer (CEO), staff and operational committees of Engineers Canada.

1 Introduction and Background

1.2 Guiding Principles

Date of adoption: Date (Motion #?)

Date of latest amendment: Date (Motion #?)

Review period: Annual

Date last reviewed: Date

The Guiding Principles are statements that inform and guide decision-making at Engineers Canada. They embody the corporate culture and clarify what is most important. In times of ambiguity they point to the preferred course of action. They refer to “How” things should be done, not “What” needs to be done. The Guiding Principles are:

1. Serve the needs of the regulators.

- Achieve a balance between serving the needs of individual regulators and strengthening the collective interest:
 - through dialogue, and
 - as determined collaboratively by the regulators.
- Regulators own the relationship and the dialogue with individual license holders of the profession.
- Demonstrate the link between Board direction, the Purpose of Engineers Canada, and the needs of the regulators.

2. Ensure transparency and accountability in the decision-making process.

- Ensure that the process is clear and transparent.
- Actively engage all affected parties in the process.
- Ensure that all comments and guidance provided during consultations are considered during the process.
- Share supporting background and rationale for final decisions with all affected parties.

3. Encourage the commitment and engagement of the regulators.

- Proactively develop and maintain a national understanding of and consensus on the issues affecting the regulators and the profession.
- Provide regulators with an effective forum for collaboration and consensus-building to understand, prioritize and advance the collective requirements of the regulators.

4. Enable diversity and inclusion in the Canadian engineering profession.

1 Introduction and Background

1.5 About this manual

Date of adoption: Date (Motion #?)

Date of latest amendment: Date (Motion #?)

Review period: Annual

Date last reviewed: Date

This Engineers Canada governance manual has been developed on the basic principles of policy governance. The Board of directors sets policies, delegates implementation and monitors the results.

The objectives of this manual are:

1. To serve as the direction to all volunteers and staff on governance style;
2. To serve as a reference on Engineers Canada's organizational policies and structure; and
3. To provide related documents developed by Engineers Canada.

The governance manual and its policies are available on the public side of Engineers Canada's website, and a pdf version is made available to all volunteers and staff of Engineers Canada. The policies are the subject of continuous review by the Engineers Canada Board of Directors and the manual is updated following any Board-approved deletions, additions, or revisions.

The Engineers Canada Board has adopted this manual to define the governance style of Engineers Canada and the responsibilities of key stakeholders. This manual collects the policies and procedures developed by the Board. The policies outlined herein recognize that the role of the Board is to give strategic leadership to the organization by representing the Regulators, setting policy and direction, and monitoring organizational performance while delegating administrative responsibilities to the chief executive officer (CEO).

2 Definitions

Date of adoption: Date (Motion #?)

Date of latest amendment: Date (Motion #?)

Review period: Annual

Date last reviewed: Date

In this manual, the following expressions shall have the following meanings:

- “Advisor” means the chair of the CEO Group, or their designate. The CEO Group advisor is a member of the Board but has no voting rights.
- “Annual Meeting” means the annual meeting of the members (the twelve engineering regulators) held pursuant to the *Canada Not-for-profit Corporations Act*.
- “Auditor” means the chartered professional accountant appointed annually in accordance with the By-law.
- “Board” means the governing body of Engineers Canada comprised of Directors and the CEO Group Advisor.
- “Board members” mean the Directors, appointed in accordance with the By-law, and the CEO Group Advisor.
- “Budget” means the annual budget of Engineers Canada.
- “By-law” means the rules governing Engineers Canada created pursuant to the *Canada Not-for-profit Corporations Act*.
- “CEO Group” means the group comprised of the senior staff officer of each of the Regulators, and also includes the CEO of Engineers Canada.
- “President” means the presiding officer of the Board.
- “Chief Executive Officer” or “CEO” means the senior staff officer of Engineers Canada. The CEO reports to the Board and is responsible for the performance of the organization.
- “Committee” means a group of people appointed by the Board or the Executive Committee to provide the Board with advice, options and implications on a specific matter for Board decision.
- “Director” means an individual with voting rights elected by the Members (the Regulators) pursuant to the By-law and the *Canada Not-for-profit Corporations Act*.
- “Engineering Regulators” or simply “Regulators” means the twelve associations, as designated by provincial or territorial statute, which govern the practice of engineering in Canada. The Regulators are the owners of Engineers Canada and are also known as the Members pursuant to the By-law and the *Canada Not-for-profit Corporations Act*. For clarity, the term “Regulators” is preferred.
- “Governance” means the process by which the Directors, acting on behalf of the Engineering Regulators, who are the owners of the organization, cause Engineers Canada to achieve what it should and avoid what is unacceptable. As implemented through policies that set out the manner in which the Board operates, including its philosophy, accountability and discipline.
- “Members” means the classes or groups of members that Engineers Canada is authorized to establish pursuant to the *Canada Not-for-profit Corporations Act* and the Engineers Canada Articles of Continuance. The Members are the twelve Engineering Regulators and they are the owners of Engineers Canada. For clarity, the term “Regulators” is preferred.
- “Officers” means the President, the President-elect, the Past President, the CEO, the Secretary and such other officers as the Board may from time to time by resolution.

- “Owners” means the twelve Engineering Regulators, also known as the Members pursuant to the By-law and the *Canada Not-for-profit Corporations Act*. For clarity, the term “Regulators” is preferred.
- “Policy” means a position, value or perspective that underlies action. Policies may be adopted, amended or repealed as per the By-law.
- “Processes” means any operational activities including activities, practices, methods, technology, conduct, systems, and other operational decision areas.
- “Quorum” means the minimum number of Directors or Committee members required to conduct business.
- “Regulator” means an Engineering Regulator, as designated by provincial or territorial statute. The Regulators are the owners of Engineers Canada and are also known the Members pursuant to the By-law and the *Canada Not-for-profit Corporations Act*. For clarity, the term “Regulators” is preferred.
- “Three Year Strategic Plan” means the plan prepared by the Board in consultation with the Regulators which directs what the organization is to achieve over a three-year period.
- “Task Force” means a group of individuals appointed by the Board to consider a specific matter. A task force ceases to exist as soon as its task(s) is (are) complete.

3 Reporting Structure

Date of adoption: Date (Motion #?)

Date of latest amendment: Date (Motion #?)

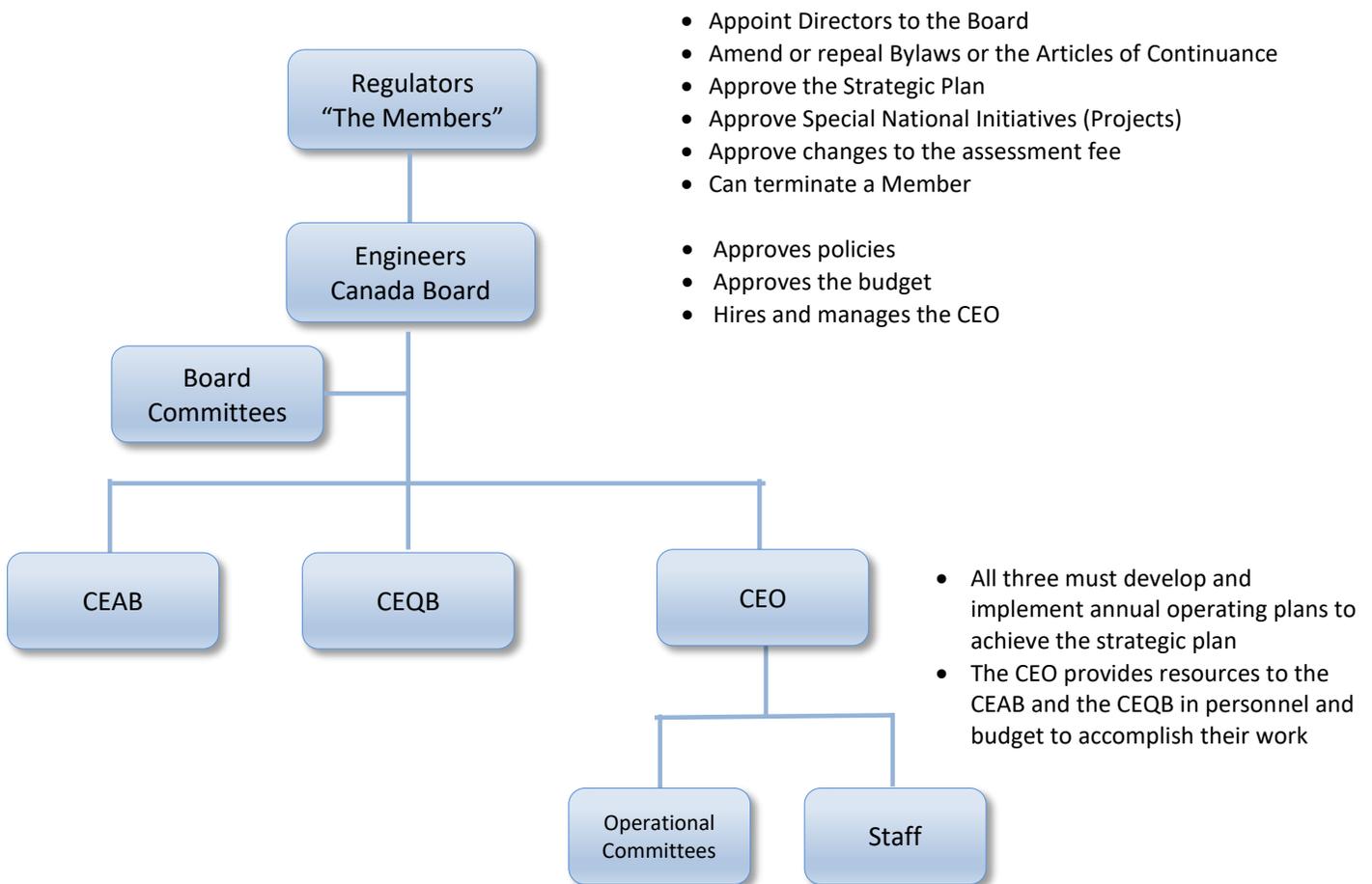
Review period: Annual

Date last reviewed: Date

The Regulators are the owners of Engineers Canada, referred to as the Members in the By-laws.

The Board of Directors governs on behalf of the Regulators, and oversees Engineers Canada operations.

The CEO and the chairs of the CEAB and the CEQB are accountable to the Board, and report to the Board. The Board monitors their performance and assesses their competence based on regular reporting.



4 Role of the Board

Date of adoption: Date (Motion #?)

Date of latest amendment: Date (Motion #?)

Review period: Annual

Date last reviewed: Date

The Board will conduct its activities in a manner that emphasizes strategic leadership, proactivity, long term impacts, and a clear distinction between the Board and staff roles and responsibilities.

4 Role of the Board

The Board will conduct its activities in a manner that emphasizes strategic leadership, proactivity, long term impacts, and a clear distinction between the Board and staff roles and responsibilities.

4.1 Board responsibilities

Date of adoption: Date (Motion #?)

Review period: Annual

Date of latest amendment: Date (Motion #?)

Date last reviewed: Date

The responsibilities of the Board of Engineers Canada are:

- To provide ongoing strategic direction for Engineers Canada as a whole.
- To ensure appropriate financial and risk management is in place at all times to protect the organization.

The Board shall ensure that Engineers Canada achieves its purposes in a manner that meets the expectations of the regulators. To achieve this goal in collaboration with the regulators, the Board shall:

1. Hold itself, Directors and its direct reports accountable by:
 - 1.1. Establishing and using competency profiles for Directors and all committee chairs, as well as for the Board as a whole.
 - 1.2. Managing the CEO and committee chairs through the use of competency profiles, and performance measurement against the achievement of the operational and strategic plans.
2. Sustain a process to engage with regulators through regular communication that facilitates input, evaluation and feedback.
3. Provide ongoing, appropriate strategic direction:
 - 3.1. Develop an annually updated, three-year strategic plan that considers emerging trends and challenges.
 - 3.2. Ensure that annual operational plans and budgets are developed that specify the actions and resources necessary to achieve the strategic plan
 - 3.3. Ensure the use and continuous improvement of a process to track, report and when necessary correct, performance against set objectives of:
 - 3.3.1. The strategic plan, and
 - 3.3.2. Operational plans
4. Ensure the development and periodic review of Board policies.

5. Ensure the CEO maintains and acts on a robust, effective risk management system which reflects the Board's risk tolerance level, and directs Board-approved mitigation strategies.
6. Provide orientation of new members and continuing Board development to Directors, and others who work closely with the Board.

4 Role of the Board

The Board will conduct its activities in a manner that emphasizes strategic leadership, proactivity, long term impacts, and a clear distinction between the Board and staff roles and responsibilities.

4.2 Directors' responsibilities

Date of adoption: Date (Motion #?)

Review period: Annual

Date of latest amendment: Date (Motion #?)

Date last reviewed: Date

In order to fulfill their purpose as a board, individual Directors shall:

1. Know the business of Engineers Canada.
2. Be informed of issues affecting, or likely to affect Engineers Canada and the Regulators.
3. Abide by all terms of the Code of Conduct.
4. Contribute to the Board's decision-making process by:
 - a. Discussing all matters freely and openly at Board meetings.
 - b. Working towards achieving a consensus which respects divergent points of view.
 - c. Respecting the rights, responsibilities and decisions of the Regulators.
 - d. Participating actively in the work of the Board including by serving on committees or task forces.
5. Each director to be responsible for bringing the views and concerns of their Regulator to the Board and to make sure that all points are considered and understood within the course of discussion, and to be responsible for bringing the views, concerns and decisions of the Board to their Regulator.
6. Directors shall be knowledgeable of the rules, regulations, policies and procedures governing the Regulator that nominated/elected them.
7. Directors shall be informed and knowledgeable about issues at their Regulator.
8. Directors shall review their Regulator's council/board briefing books and the minutes of all council/board meetings, and attend council/board meetings.
9. Directors shall advise their Regulator of issues to be discussed by the Board and seek input so as to be able to communicate their Regulator's position to the Board.
10. Directors shall be fully aware of the Board's *Confidentiality Policy*.

4 Role of the Board

The Board will conduct its activities in a manner that emphasizes strategic leadership, proactivity, long term impacts, and a clear distinction between the Board and staff roles and responsibilities.

4.3 Code of conduct

Date of adoption: Date (Motion #?)

Date of latest amendment: Date (Motion #?)

Review period: Annual

Date last reviewed: Date

1. The Board shall conduct itself in an ethical, professional and lawful manner. This includes proper use of authority and appropriate decorum. Board members and members of Board committees shall treat one another and staff members with respect, co-operation and a willingness to deal openly on all matters.
2. Board members and members of Board committees recognize that they have no individual authority over the organization except as specifically delegated by the Board.
3. Board members and members of Board committees must act honestly and in good faith with a view to the best interests of the corporation in accordance with s. 148 of the [Canada Not-for-profit Corporations Act](#).
4. Directors shall discharge their duties honestly and in good faith and in accordance with s. 148 of the [Canada Not-for-profit Corporations Act](#).
5. Directors have an ongoing obligation to disclose conflicts of interest in accordance with s. 141 of the [Canada Not-for-profit Corporations Act](#).
6. Board members and members of Board committees shall not use their Board position to obtain employment at Engineers Canada for themselves, family members, or close associates. Board members must resign from the Board before applying for employment with Engineers Canada.
7. Board members and members of Board committees shall not attempt to exercise individual authority over the CEO or staff unless authorized by the Board.
8. Board members and members of Board committees shall not interact with the public, press or other entities or speak on behalf of the Board except to repeat explicitly stated Board decisions unless authorized by the Board.
9. Board members and members of Board committees, except the CEO, will not express individual judgments of performance of the CEO or staff other than during participation in Board deliberations.
10. Board members and members of Board committees shall be familiar with the incorporating documents, by-law, policies and legislation governing Engineers Canada as well as the rules of

procedure and proper conduct of meetings so that decisions of the Board may be made in an efficient, knowledgeable and expeditious fashion.

11. Board members and members of Board committees will support the legitimacy and authority of Board decisions regardless of their personal position on the issue, and shall not discuss the varying opinions of individual members in accordance with s. 147 of the [Canada Not-for-profit Corporations Act](#).
12. Board members and members of Board committees shall participate in Board educational activities that will assist them in carrying out their responsibilities.
13. Board members shall attend meetings on a regular and punctual basis and be properly prepared to participate in Board deliberations.
14. Board members and members of Board committees shall ensure that unethical activities not covered or specifically prohibited by the foregoing or any other legislation are neither encouraged nor condoned and are reported.
15. A Board member or a member of a Board committee who is alleged to have violated this Code of Conduct shall be informed in writing and shall be allowed to present his or her views of such alleged breach at the next Board meeting. The complaining party must be identified. If the complaining party is a Board member, he or she and the respondent Board member shall recuse themselves from any vote upon resolution or censure or other action by the Board. Board members that are found to have violated the Code of Conduct may be subject to the following sanctions and/or discipline:
 - a. requirement to discontinue or modify his or her conduct giving rise to the complaint;
 - b. resign his or her position as a Board or committee member;
 - c. a report to the Board member's Regulator;
 - d. termination of position on the Board or the committee with or without notice; or
 - e. such other reasonable and prudent sanction as appropriate in the circumstances.
16. Upon appointment, Board members and members of Board committees shall sign an acknowledgment of the Confidentiality Policy.
17. Upon appointment, Directors shall sign the Oath of Office.

4 Role of the Board

The Board will conduct its activities in a manner that emphasizes strategic leadership, proactivity, long term impacts, and a clear distinction between the Board and staff roles and responsibilities.

4.4 Confidentiality policy

Date of adoption: Date (Motion #?)

Review period: Annual

Date of latest amendment: Date (Motion #?)

Date last reviewed: Date

1. Board members and members of Board committees have a duty to maintain confidentiality with respect to all confidential information that come into their knowledge or possession in the course of performing their duties.
2. Confidential information includes:
 - a. Unpublished financial information
 - b. Personal information with respect to employees or volunteers
 - c. Any information discussed “in camera” at Board or committee meetings
 - d. Data entrusted to Engineers Canada by external parties
 - e. Any item marked as confidential either verbally or in written form
3. The duty to maintain confidentiality does not apply to information that is already in the public domain.
4. Board members and members of Board committees must take reasonable steps to ensure that confidential information that comes into their knowledge or possession is not improperly disclosed or used. This includes properly securing the source or location of the information in their possession or control.
5. Board members and members of Board committees must not use confidential information for their own advantage or for the gain or advantage of others.
6. Board members and members of Board committees will return any confidential information in their possession or control upon ceasing to be a Board member or at the request of the Board.
7. Board members and members of Board committees will be proactive in identifying and reporting any breach of this policy.
8. Board members and members of Board committees are bound by this duty of confidentiality during their term as a Board member and this duty continues after their term ends.
9. An acknowledgement of the *Confidentiality Policy* (below) must be signed by prospective Board members and members of Board Committees before they assume their role.

Acknowledgment of Confidentiality Policy

I acknowledge that I have read and understood this *Confidentiality Policy* and agree to conduct myself in accordance with it.

Signature _____

Name _____

Date _____

4.4.1 Oath of office

Each Director shall sign an Oath of Office upon appointment.

I, the undersigned, hereby:

- a) Consent to being elected and to acting as director of Engineers Canada, such consent to take effect immediately and to continue in effect until I give written notice revoking such consent or until I otherwise cease to be a director.
- b) Consent to the holding of meetings of the Board by means of such telephone, electronic or other communication facilities as permit all persons participating in the meetings to communicate with each other simultaneously and instantaneously.
- c) Consent to receiving information electronically, and acknowledge my responsibility to ensure that Engineers Canada has my up-to-date email address at all time.
- d) Certify that I am eighteen years of age or older, that I do not have the status of a bankrupt and that I have not been declared incapable by a court in Canada or in another country.
- e) Declare that I will conduct myself in accordance with Engineers Canada's by-law, policies, and Board decisions and with the *Canada Not-for-Profit Corporations Act*;

Signature _____

Name _____

Date _____

4 Role of the Board

The Board will conduct its activities in a manner that emphasizes strategic leadership, proactivity, long term impacts, and a clear distinction between the Board and staff roles and responsibilities.

4.5 CEO Group advisor to the Board

Date of adoption: Date (Motion #?)

Date of latest amendment: Date (Motion #?)

Review period: Annual

Date last reviewed: Date

The Board is comprised of Directors and a CEO Group Advisor (“the Advisor”) collectively referred to as Board Members. The responsibilities of Directors are set out in Section 4.1.

1. The CEO Group Advisor’s purpose is to provide a key linkage between Engineers Canada and the CEO Group.
2. The Advisor shall be a member of the CEO Group, selected by that group.
3. The Advisor may delegate a representative to attend on his/her behalf.
4. In order to fulfill their purpose, the Advisor shall
 - a) Know the business of Engineers Canada.
 - b) Be informed of issues affecting, or likely to affect, Engineers Canada and the CEO Group.
 - c) Participate actively in the work of the Board including by serving on committees or task forces.
 - d) Contribute to the Board’s decision-making process by:
 - i. Discussing all matters freely and openly at Board meetings.
 - ii. Working towards achieving a consensus which respects divergent points of view and is in the collective interest of Engineers Canada and the Regulators.
 - iii. Respecting the rights, responsibilities and decisions of Regulators and other organizations.
5. The Advisor shall communicate the views, activities, decision and plans of the CEO Group to the Board and communicate the same to the CEO Group.

4 Role of the Board

The Board will conduct its activities in a manner that emphasizes strategic leadership, proactivity, long term impacts, and a clear distinction between the Board and staff roles and responsibilities.

4.6 Accountable to the Board

Date of adoption: Date (Motion #?)

Date of latest amendment: Date (Motion #?)

Review period: Annual

Date last reviewed: Date

The Board assigns portions of the Three-Year Strategic Plan to the CEO and the chairs of the CEAB and the CEQB, and monitors their performance based on regular reporting.

The terms of reference of the CEAB and the CEQB are contained in Sections 6.8 and 6.9.

4 Role of the Board

The Board will conduct its activities in a manner that emphasizes strategic leadership, proactivity, long term impacts, and a clear distinction between the Board and staff roles and responsibilities.

4.9 President's role

Date of adoption: Date (Motion #?)

Date of latest amendment: Date (Motion #?)

Review period: Annual

Date last reviewed: Date

The President ensures the integrity of the Board's process and represents the Board to outside parties.

1. The President must ensure that the Board behaves consistently within its own rules and those legitimately imposed upon it from outside the organization including:
 - a. Directing the Board deliberations so they are timely, fair, orderly, thorough and efficient; and
 - b. Endeavoring to establish Board consensus on issues and objectives
2. The President chairs Board meetings.
3. The President represents the Board to outside parties.
4. The President may delegate these authorities, but remains accountable for their use.
5. The President can attend meetings of all Board committees as a non-voting ex-officio member, except for the Audit Committee.
6. The President is accountable to the Board.
7. The President provides the link between the Board and the CEO. The President is the only person authorized to speak for the Board.

5 Executive Duties and Limitations

Date of adoption: Date (Motion #?)

Date of latest amendment: Date (Motion #?)

Review period: Annual

Date last reviewed: Date

The CEO is responsible and accountable for achieving the deliverables of Engineers Canada's Three-Year Strategic Plan as developed by the Board in consultation with the Regulators. The Board recognizes that it leads by giving the strategic direction and setting distinct policies that govern the actions of the CEO in achieving that strategic direction.

All Board authority delegated to staff is delegated through the CEO, so that all authority and accountability of staff is the responsibility of the CEO. Where authority and accountability has been delegated to staff, the Board authorizes the CEO to make all decisions required to develop and administer the activities within the policy direction which has been set by the Board. The Board will receive regular progress reports on any delegated area from the CEO.

The chief executive officer (CEO) shall not:

1. Cause or allow any practice, activity, decision, or organizational circumstance which is either unlawful, imprudent or in violation of commonly accepted business and professional ethics, or in conflict with the regulatory role of the engineering regulators.
2. Perform, allow, or cause any actions to occur which are contrary to the policies which have been set by the Board.
3. Disclose to the public confidential information leading to Board decisions.

In addition the CEO shall:

4. Be accountable to the Board.
5. Keep the Board informed and supported in its work.
6. Develop plans for periodic Board approval for both planned and emergency succession of the CEO and other key positions.
7. Be committed to ethical, businesslike and lawful conduct, including the proper use of authority and appropriate decorum when acting as CEO of Engineers Canada.
8. Declare and avoid conflicts of interest.
9. Provide the administrative mechanism for official communication between the Board, all committees (including the CEAB and the CEQB) and task forces; and
10. Ensure that all items which are to be approved by the Board and which are administrated by the CEO, are brought to the Board on a timely basis.
11. Maintain a register of key risks of the corporation with regular monitoring and updates to the Board.
12. Act as the Secretary of the Board, or assign a staff person to do so.

5 Executive Duties and Limitations

5.1 Relationships with the engineering regulators

Date of adoption: Date (Motion #?)

Review period: Annual

Date of latest amendment: Date (Motion #?)

Date last reviewed: Date

The CEO shall ensure conditions, procedures and decisions which contribute to productive relations with engineering regulators and which are aligned with the roles of the engineering regulators.

Further, without limiting the scope of the above statement, the CEO shall ensure that:

1. Regulators have easy access to clear information about their rights and responsibilities as owners and members.
2. The methods used to collect, review, store and transmit Regulator information protect against improper access.
3. Consultation with stakeholders is conducted in accordance with the Consultation Policy.
4. Regulator comments and complaints are responded to fairly, consistently, respectfully, and in a timely manner.
5. Regulators are advised in a timely manner about issues that Engineers Canada is aware of which may impact the profession and/or the Regulators.

5 Executive Duties and Limitations

5.2 Treatment of staff and volunteers

Date of adoption: September 15, 2014 (Motion #2323)

Review period: Annual

Date of latest amendment: September 25, 2017 (Motion #3333)

Date last reviewed: Date

The CEO shall ensure that working conditions for staff and volunteers under the CEO's authority are fair, dignified, safe, organized and clear, and meet legislative requirements.

Further, without limiting the scope of the above statement, the CEO shall ensure that the following are in place:

1. Clear and objective expectations and assessment of performance for staff.
2. Written human resource policies that:
 - a. clarify expectations and working conditions for staff,
 - b. provide for effective handling of grievances, and
 - c. protect against wrongful conditions such as harassment, nepotism, and grossly preferential treatment for personal reasons.
 - d. Protect workers when, acting in good faith, they report unethical, unlawful, or unprofessional conduct
3. An effective staff education and development process
4. Staff and volunteers are acquainted with their rights under this policy when, acting in good faith and that they report unethical, unlawful, or unprofessional conduct.
5. A safe physical work environment for staff.
6. Plans for emergency situations.

5 Executive Duties and Limitations

5.3 Financial condition

Date of adoption: Date (Motion #?)

Date of latest amendment: Date (Motion #?)

Review period: Annual

Date last reviewed: Date

With respect to ongoing financial conditions and activities, the CEO shall ensure fiscal security and adherence to the priorities established in the Three-Year Strategic Plan.

Further, without limiting the scope of the above statement, the CEO shall ensure that:

1. Funds are only borrowed in accordance with the Board's Borrowing Policy and to provide credit facilities for overdraft protection and corporate credit cards.
2. Payroll is processed on normal timelines and debts are paid in a timely fashion.
3. Receivables are not written off without having first aggressively pursued payment after a reasonable grace period.
4. Tax payments and other government ordered payments and reports are filed accurately and in a timely fashion.
5. Land or buildings are not acquired, encumbered or disposed of and that no subsidiary corporations are created or purchased without explicit Board approval.
6. Maintain Restricted Reserve funds at levels established by the Board and only use these funds where a plan exists to restore the reserves to target levels within three years of them falling below mandated levels.
7. Funds which are not immediately required for operations are invested in accordance with the Investment Policy
8. Non-invested funds are held in secure instruments, including insured checking accounts.
9. Designate appropriate administrative signing authority
10. Operate with internal financial controls that prevent and ensure against late, inaccurate or misleading reporting
11. Advise the Board on material changes in the financial position or expenditure in a timely manner
12. Provide the Board with financial statements at each major meeting of the Board in February, May and September in a board approved format.

5 Executive Duties and Limitations

5.4 Communication and support to the Board

Date of adoption: Date (Motion #?)

Date of latest amendment: Date (Motion #?)

Review period: Annual

Date last reviewed: Date

The CEO shall ensure that the Board is informed and supported in its work. Further, without limiting the scope of the above statement, the CEO shall ensure that:

1. The Board has reasonable administrative support for Board activities including, but not limited to resources supporting the work of the Accreditation Board and the Qualifications Board in accordance with the Three-Year Strategic Plan.
2. Progress reporting required by the Board is submitted in a timely, accurate and understandable fashion:
 - a. Annual competency assessment
 - b. Performance reporting which shows measurable progress on achieving the strategic plan, including reports at each board meeting (February, May and September) on:
 - Progress on Strategic Plan
 - Goals set by EC as a result
 - Programs contributing towards achievement of those goals
 - Progress (% complete, if applicable), and
 - Status (on track, some disruption, major disruption),
 - Financial Updates including:
 - Approved budget
 - Spend to date
 - Current forecast
 - Variance
 - Progress on Projects Funded from Reserves including:
 - Project description
 - Project budget
 - Progress to date (including financial and status)
3. The Board is aware of staff and volunteer policies, procedures and employee engagement levels as reported annually.
4. The Board is aware of any actual or anticipated non-compliance with policies including when, in the CEO's opinion, the Board is not in compliance with its own policies.
5. The Board is aware of any incidental information it requires, including anticipated media coverage, threatened or pending lawsuits, and material or publicly visible external and internal changes or events, including changes in executive personnel.
6. No individual Board members are favoured or privileged over others, except when (a) fulfilling individual requests for information or (b) responding to Officers or Committees duly charged by the Board.

5 Executive Duties and Limitations

5.5 Asset protection

Date of adoption: Date (Motion #?)

Date of latest amendment: Date (Motion #?)

Review period: Annual

Date last reviewed: Date

The CEO shall ensure that corporate assets are protected, adequately maintained and not unnecessarily risked.

Further, without limiting the scope of the above statement, the CEO shall ensure that:

1. The organization is insured against theft and casualty losses and against liability and travel-related losses to Board members, volunteers, employees or the organization itself.
 - a. The Board is aware of any material changes to the above insurance coverage.
2. The organization, its Board, volunteers, or staff is not unnecessarily exposed to claims of liability.
3. Uninsured personnel do not have access to material amounts of funds.
4. Funds are received, processed and disbursed subject to sufficient controls that meet the standards of the Canadian accounting practices.
5. The organization has a disaster plan that includes both mitigation and recovery.
6. Purchases are not made without due consideration to quality, after-purchase service, value for dollar, and opportunity for fair competition.
7. Purchases are not made without normally prudent protection against conflict of interest.
8. Intellectual property, information or files are not exposed to loss or significant damage.

5 Executive Duties and Limitations

5.6 Planning

Date of adoption: Date (Motion #?)

Review period: Annual

Date of latest amendment: Date (Motion #?)

Date last reviewed: Date

The CEO shall ensure that an annual operating plan and budget are in place that allocate resources in a way that aligns with the Board's Three-Year Strategic Plan and that ensures fiscal security.

Further, without limiting the scope of the above statement, the CEO shall ensure that:

1. Planning takes into account both financial and personnel resources.
2. Planning safeguards the fiscal soundness of future years and ensures the building of organizational capability sufficient to achieve the strategic direction in future years.
3. A credible projection of revenues and expenses, separation of capital expenditures and operational expenses, cash flow projections, and disclosure of planning assumptions is used in fiscal planning.
4. The budget is presented in a format approved by the Board.
5. A plan which anticipates and prepares for the replacement and addition of the organization's capital needs is in place.
6. Succession planning processes are in place to facilitate operations during key personnel transitions and ensure operation of the organization in all areas over the long term.
7. Planning is coordinated with the Chairs of the CEAB and the CEQB to ensure that they have adequate resources to deliver their portions of the Board's Three-Year Strategic Plan.
8. Restricted Reserve Funds levels required by Board Policy are maintained at appropriate levels
9. Planning includes funding for the Board's direct use including, but not limited to, Board training and development and Board and committee meetings
10. Funds are not expended in any fiscal year beyond what has been approved in the budget, unless the Board has approved the additional expenditure.

5 Executive Duties and Limitations

5.7 Compensation and benefits

Date of adoption: Date (Motion #?)

Date of latest amendment: Date (Motion #?)

Review period: Annual

Date last reviewed: Date

The CEO shall safeguard fiscal integrity and public image with respect to employment, compensation and benefits to employees, consultants, contract workers and volunteers.

Further, without limiting the scope of the above statement, the CEO shall ensure that:

1. His or her benefits are only changed as is consistent with changes to benefits packages for all other employees.
2. No promises of implied permanent or guaranteed employment are made.
3. Compensation and benefits do not deviate materially from the geographic or professional market for the skills employed.
4. No obligations over a longer term than revenues can be safely projected are created.
5. Pension benefits are not established or changed.
6. Expense reimbursement levels are consistent with those of comparable organizations.
7. The Board is informed of material changes in staff compensation or benefits.

5 Executive Duties and Limitations

5.8 National position statements

Date of adoption: Date (Motion #?)

Date of latest amendment: Date (Motion #?)

Review period: Annual

Date last reviewed: Date

When developing or changing formal statements of the public position of Engineers Canada, including National Position Statements or other policies, the CEO shall ensure that their development is based on adequate research and consultation.

Further, without limiting the scope of the above statement, the CEO shall ensure that public positions are developed with:

1. Input of regulators through a transparent process.
2. Consideration of relevant research findings and literature.
3. Advice to the Board of any contentious issues related to the proposed position.
4. Board approval prior to release.
5. Confirmation that all public position statements are current, have a renewal date and are revised or rescinded prior to their renewal date.

5 Executive Duties and Limitations

5.9 Image protection

Date of adoption: Date (Motion #?)

Date of latest amendment: Date (Motion #?)

Review period: Annual

Date last reviewed: Date

The CEO shall protect the organization's public image, credibility, and its ability to achieve the strategic direction set by the Board. Accordingly, the CEO shall:

1. Not alter the organization's name or identity in any way.
2. Only develop or continue collaborative or sponsorship relationships with organizations whose principles and practices are compatible with the purposes of Engineers Canada and other values expressed in the Board's policies.
3. Not permit presentations to be made to the media, which portray as Board policy information that is contrary to Board positions set out in Board policy.

6 Engineers Canada Board Committees and Task Forces

6.1 Board committees

Date of adoption: Date (Motion #?)

Date of latest amendment: Date (Motion #?)

Review period: Annual

Date last reviewed: Date

The Board shall appoint committees and task forces as it considers necessary to serve the interests of Engineers Canada and its Regulators. It may delegate any authority it deems necessary for a committee or task force to perform its function. The Board shall determine the terms of reference for all committees and task forces they have appointed.

Board committees and task forces may be populated by board members, other volunteers or any combination thereof. Staff shall provide support to board committees and task forces, but they are not members and shall have no vote.

Board committees shall not speak or act for the Board except when formally given such authority for specific and/or time-limited purposes.

The CEO monitors the performance of Board committees and task forces for compliance with their delegated authority where staff has a role with the activities.

All committee or task force members shall abide by the same Code of Conduct as governs the Board.

Except as defined in written Terms of Reference, no Committee or task force has authority to commit the funds or resources of Engineers Canada.

All committees will submit written minutes of their meetings and proceedings to all Board directors.

A Board committee or task force that has helped the Board create a policy will not then be assigned to monitor compliance with that policy.

The Board Committees are as follows:

- Audit Committee
- Compensation Committee
- Executive Committee
- Finance Committee
- Governance Committee
- Canadian Engineering Accreditation Board (CEAB)
- Canadian Engineering Qualifications Board (CEQB)

The current task forces of the Board are as follows:

- Nominations Task Force
- Funding Task Force

6 Engineers Canada Board Committees and Task Forces

6.4 Audit committee terms of reference

Date of adoption: Date (Motion #?)

Date of latest amendment: Date (Motion #?)

Review period: Annual

Date last reviewed: Date

The Audit Committee enhances the Board's effectiveness and efficiency in fulfilling its external and direct inspection monitoring responsibilities for fiscal policy.

Purpose/Products

1. A transparent process of review and disclosure that enhances stakeholder confidence in the organization's financial reporting.
2. An effective Board relationship with the external financial auditor which enables professional, independent audit services.
3. Options and implications for Board decision regarding selection of an auditor, including but not limited to the independence of potential auditors.
4. Understanding by the auditor of the Board's requirements for an external examination of compliance with the financial policies.
5. An opinion for the Board's decision of the appropriateness of the scope in the auditor's proposal, including areas of audit risk, timetable, deadlines and materiality limits, and of the projected audit fee.
6. An opinion for the Board, based on evidence required of the external auditor, as to whether the independent audit of the organization was performed in an appropriate manner.
7. An annual report to the Board highlighting the committee's review of the audited financial statements and any other significant information arising from their discussions with the external auditor.
8. An annual report to the Annual Meeting of Members to include:
 - The Board's recommendation concerning the audited financial statements
 - A summary of the auditors' observations together with Engineers Canada management response for Engineers Canada Board consideration; and,
 - The Board's recommendation for the appointment of the auditors.
9. A report by the auditors on the appropriateness of the spending by the Board, the Board committees and Board officers. The report shall be provided to the Board at its spring meeting.
10. Current information for the Board on significant new developments in accounting principles or relevant rulings of regulatory bodies with implications for the Board's fiscal policies.

Authority

The Committee's authority enables it to assist the Board in its work, while not interfering with Board holism.

The Committee has no authority to change or contravene Board policies.

The Committee has no authority to spend or commit other organization funds, unless such funds are specifically allocated by the Board.

The Committee has authority to use staff resource time normal for administrative support around meetings.

The Committee does not have authority to instruct the CEO or any other staff member, other than to request information required in the conduct of its duties, unless such authority has been delegated by the Board.

The Committee has the authority to meet independently with the organization's external auditors.

Composition

The Committee's composition shall enable it to function effectively and efficiently.

On an annual basis, the Board shall appoint Committee members as follows:

- One Director as the Committee Chair
- Two other Directors
- One representative with a professional accounting designation

As necessary to complete the workload of the committee, the Board may appoint additional members.

No Directors of the Executive Committee shall be named to the Audit Committee.

Committee members who are also Directors may serve a maximum of three one- year terms.

The Board shall maintain sufficient continuity and develop future capacity in its Committee appointments.

In the event of a vacancy prior to the conclusion of the term, the Board may fill the vacancy by appointment for the duration of the term. In the event that a member of the Audit Committee is temporarily unable to serve, an alternate may be appointed by the Board to act in the member's absence.

The Committee Chair plus another two members of the Committee who are representatives from the Board and/or the regulators constitute a quorum.

Committee members shall be financially literate (possess the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to those that could be reasonably expected to be encountered at Engineers

Canada), or acquire such financial literacy within a reasonable period of time after appointment to the Committee.

6 Engineers Canada Board Committees and Task Forces

6.5 Compensation committee terms of reference

Date of adoption: Date (Motion #?)

Date of latest amendment: Date (Motion #?)

Review period: Annual

Date last reviewed: Date

The Compensation Committee enhances the Board’s effectiveness and efficiency regarding the determination of a fair and objective total rewards package for the CEO.

Purpose/Products

The Committee provides information needed by the Board to determine the CEO compensation in accordance with “CEO Compensation”, including:

1. A cumulative summary of regular monitoring data provided during the year and the Board’s recorded acceptance or non-acceptance of the reports.
2. A comparison of year-to-year performance regarding achievement of the strategic and operational plans.
3. The executive market conditions.

Authority

- The Committee’s authority enables it to assist the Board in its work, while not interfering with Board holism.
- The Committee has no authority to change or contravene Board policies.
- The Committee has no authority to spend or commit other organization funds, unless such funds are specifically allocated by the Board.
- The Committee has the authority to recruit or contract external resources to assist with its work within the budget allocated by the Board.
- The Committee has authority to use staff resource time normal for administrative support around meetings within the budget allocated by the Board.
- The Committee does not have authority to instruct the CEO or any other staff member, other than to request information required in the conduct of its duties.

Composition

The Committee consists of the voting members of the Executive Committee chaired by the past-President.

- Four (4) Directors constitute a quorum.

6 Engineers Canada Board Committees and Task Forces

6.6 Executive committee terms of reference

Date of adoption: Date (Motion #?)

Date of latest amendment: Date (Motion #?)

Review period: Annual

Date last reviewed: Date

The Executive Committee enhances the Board's effectiveness and efficiency regarding matters of an urgent nature and meeting agendas.

Purpose/Product

Preparations which enhance the Board's ability to conduct its business in a productive manner and to make decisions on urgent matters, including:

1. Decisions on behalf of the Board, only in urgent situations when it is not feasible to convene a quorum of the Board.
2. Alternatives and options for the Board's consideration on any matter referred to the Committee by the Board.
3. Advice to the president on agenda development as delegated by the Board.
4. Determining Board representation at meetings and conferences of other organizations.
5. Recommendations for membership of Board committees and task forces.

Authority

The Committee has no authority to change Board policies.

The Committee has authority to spend funds required for travel to meetings if meetings are required but the Committee has no authority to spend or commit other organization funds.

The Committee has authority to use staff resource time normal for administrative support around meetings.

Composition

The Committee's composition shall enable it to function effectively and efficiently. The Executive Committee shall be comprised of:

- The President, the President-elect and the Past President;
- One Director from APEGA;
- One Director from OIQ;
- One Director from PEO;
- One Director from PEGNL, Engineers Nova Scotia, Engineers PEI or Engineers & Geoscientists NB;
- One Director from Engineers & Geoscientists MB or APEGS;

- One Director from EGBC, Engineers Yukon or NAPEG;
- One Director from any Member; and
- Two non-voting advisors, being the CEO of Engineers Canada and a representative of the CEO Group.

The President, the President-elect and the Past-President, shall be members of the Executive Committee and shall occupy three (3) of the seats described in 3.1 above, based on the region or province in which their respective regulators are located.

The Committee is elected by the Board during the open portion of the annual Board meeting from within the current Engineers Canada Board in accordance with the nomination and election procedures described below.

A vacancy occurring in the Committee prior to the next annual meeting of the Board shall be filled by the Board. The Board shall maintain the composition set out above.

At least four (4) voting members of the Executive Committee constitute a quorum.

6.1.1 Executive Committee Nomination and Election Process

The Board has a fair and transparent process to nominate and elect its members to the Executive Committee in keeping with requirements set out in the by-law.

Introduction

The Board shall elect the members to the Executive Committee annually at the spring Board meeting.

The Executive Committee holds office for the period from the close of the Annual Meeting of Members until the close of the next Annual Meeting of Members.

Eligibility

To serve as a member of the Executive Committee, a Director shall have either one year remaining in his/her term of office or have been nominated to serve for the ensuing year.

To serve as the President-elect, a Director shall have either three years remaining in his/her term of office or have been nominated to serve for the ensuing three years.

All candidates for election shall provide:

- A declaration of interest form (Appendix A), and
- A curriculum vitae that will be provided to the Board.

Nomination Procedures

The Past President shall act as the Nominating Committee and shall:

- Maintain an impartial position.
- Attempt to ensure that sufficient nominations are received.
- Ask each region if they would like to designate one of their Directors as a member of the Executive Committee, prior to announcing the slate of candidates.
- Prior to the spring Board meeting, at least:

- two months in advance – issue a call for nominations to each Director, referencing this policy.
- two weeks in advance – receive nominations and
- confirm receipt of the documents required in section 2.3.
- confirm that the Director has been elected or is nominated to serve the required term.
- one week in advance – provide the Board with the slate of candidates and their curricula vitae.

Where no nominations are received for a position, the Board shall determine whether to fill the position and, if so, how the position will be filled.

Voting

Proxy votes are not permitted.

Scrutineers

The Board will appoint two persons to act as scrutineers, typically the CEO and the President of the Regulator where the meeting is held.

The scrutineers shall distribute, collect and count the ballots for each election.

Conduct of Elections

The chair of the Nominating Committee shall conduct the elections. If the chair of the Nominating Committee is unavailable or unwilling to conduct the elections, the Board shall appoint another Board member to act as chair and conduct the elections.

Positions shall be filled in the following order: President-elect, Regional Directors, Director-at-large.

If only one candidate is nominated for a position, the position shall be filled by acclamation.

If more than one candidate is nominated for a position, election for the position shall be by secret ballot.

Each candidate for a position, in alphabetical order by last name, may address the Board:

- Candidates for President-elect, for a maximum of five minutes, and
- Candidates for other positions, for a maximum of two minutes.
- Each Director may cast one vote for each position.
- In the event of two candidates for a position, the President will cast a second vote for one candidate and place the vote in a sealed envelope.
- If one candidate receives a majority of the votes, that candidate shall be declared elected.
- In the event, only following discard of abstentions or spoiled ballots, of a tie in the number of votes received as determined by the scrutineers during counting, the scrutineers shall open the sealed envelope and use the vote therein.
- In the event of three or more candidates for a position, the President and Past President shall each cast a second vote for all but one of the candidates and place the votes in sealed envelopes.
- If one candidate receives a majority of the votes, that candidate shall be declared elected. If no candidate is elected on the first ballot, the candidate receiving the lowest number of votes is

removed and new ballots are successively presented, until a candidate receives a majority of the votes.

- In the event, only following discard of abstentions or spoiled ballots, of a tie in the number of votes received by two or more candidates as determined by the scrutineers during counting, such that one candidate cannot be dropped from the next round of balloting, the scrutineers shall firstly open the President’s sealed envelope and use the votes therein. If one candidate can still not be removed from the next round, the scrutineers shall open the Past President’s sealed envelope and use the votes therein. If it is still not possible to remove one candidate, the result will be declared deadlocked and one or more further rounds of voting with all remaining candidates on the ballot will take place until the deadlock is broken.
- The scrutineers will report the name of the successful candidate to the chair. The scrutineers will not report the vote totals or whether the sealed envelopes were used.
- The chair will announce the successful candidate, being the candidate that received a majority of votes cast.
- The candidate(s) not elected for President-elect will be asked if they will stand for election to the remaining Regional Director positions (assuming they meet the criteria for Regional Director) or for the Director-at-large position.
- In the event that a region declines to appoint a Director for the Regional Director position, all Directors from that region are eligible to stand for election for the Regional Director position.
- All Directors are eligible to stand for election for the Director-at-large position.
- When the election is complete, the chair will request a motion to destroy the ballots.

APPENDIX A DECLARATION OF INTEREST FORM

Date: ____

To: Chair, Nominating Committee

I, _____, am pleased to confirm that I am placing my name into nomination for election to the Engineers Canada Executive Committee for the position of:

President-elect _____

Other Director _____

I have attached my curriculum vitae, for distribution to the Board.

Term of Office

___ I have been elected as a director to serve the required term, or

___ I have been nominated by my regulator for an additional period to enable me to serve the term of office I am seeking.

If elected, I would be pleased and honoured to serve the Board.

(Candidate Signature) (Date)

6 Engineers Canada Board Committees and Task Forces

6.8 Governance committee terms of reference

Date of adoption: Date (Motion #?)

Date of latest amendment: Date (Motion #?)

Review period: Annual

Date last reviewed: Date

The Governance Committee enhances the Board's effectiveness and efficiency on matters relating to effective governance principles and policies.

Purpose/Products

The Governance Committee identifies practices and resources and plans for the education of Directors and other stakeholders regarding governance.

1. An evaluation of the effectiveness of the governance model for serving the interests of Engineers Canada regulators annually by the annual meeting.
2. Options for a Governance Action Plan based upon the Board's monitoring of its compliance with its policies and, if applicable, feedback from external governance expertise annually by the fall meeting.
3. Board orientation process and materials updated annually at the spring meeting.
4. A report of best practices for the application of policy governance in Engineers Canada annually at the spring meeting.
5. Options for Board education for improving governance annually at the spring meeting.
6. A plan for the education of stakeholders regarding the Board's governance system and practices annually at the spring meeting.
7. Responses and advisories to concerned stakeholders drafted for the Board's consideration.
8. Review of new policies for consistency with existing policies and governance system.
9. Where changes are proposed to Board committee Terms of Reference, the Governance Committee shall seek input from the relevant committee.

Authority

The Committee has the following authority:

- To make changes to Board policies, such as the correction of typographical and grammatical errors, to ensure the consistent use of terminology and plain language, and to update references. All such changes shall be ratified by the Board at its next meeting.
- To request information from Engineers Canada staff persons as required for the efficient conduct of its purposes.
- To use staff resource time as required for administrative support of the Committee.

Composition

The composition of the Governance Committee ensures continuity.

The Committee is comprised of:

- A chair (the past President of the Board or designate)
- Four (4) Board Directors, one of whom is the President
- As necessary to complete the workload of the committee, the Board may appoint additional members.
- Three voting members of the Governance Committee constitute a quorum.

The Engineers Canada Board appoints the members of the Governance Committee for a one-year term. Members may be re-appointed. Reappointment of the members and staggered terms of office are desirable elements.

6 Engineers Canada Board Committees and Task Forces

6.9 Canadian Engineering Accreditation Board (CEAB) Terms of Reference

Date of adoption: Date (Motion #?)

Date of latest amendment: Date (Motion #?)

Review period: Annual

Date last reviewed: Date

The CEAB enhances the Board's effectiveness and efficiency on matters related to the accreditation of academic engineering programs.

Purpose/Products

The CEAB will produce a) information needed for the Board to make decisions on matters relating to engineering education and accreditation both in Canada and in other countries and b) assessments of academic engineering programs to determine if they meet accreditation criteria as approved by the Board.

In support of these purposes/products, the CEAB will:

- Review on a regular basis, options and implications for the updating of criteria, policies, and procedures for evaluating engineering programs for accreditation or substantial equivalency purposes.
- Undertake an evaluation of engineering programs for accreditation upon request of academic institutions and based upon the Board approved criteria.
- Determine the equivalency of accreditation systems in other countries based upon the Board approved criteria.
- Conclude negotiated international mutual recognition agreements at the education level based upon direction from the Board.
- Provide regular reports to the Board regarding the status of international mutual recognition agreements pertaining to engineering education.
- Maintain effective liaison with engineering accrediting bodies in other countries, with other professions' accrediting bodies, and with other relevant organizations.
- Provide information and, when appropriate, options and implications, to the Board on international matters relating to engineering accreditation and engineering education including implementation and maintenance of international accreditation agreements.
- Provide advice to regulators to enable more effective implementation of international agreements by the regulators.
- Provide advice regarding accreditation criteria to Canadian higher education institutions during the development of new engineering programs.

- Assure that developers of engineering accreditation systems in other countries have information regarding the Canadian engineering accreditation system.
- Assure that relevant Canadian organizations understand the Canadian engineering accreditation system.
- Accept feedback from relevant Canadian organizations regarding the Canadian engineering accreditation system.
- Assure that information relevant to other engineering accreditation and engineering education initiatives (e.g., international work) is provided to the Board, the respective Board Committee, or the CEO.
- Assure that administrators of assessed engineering programs are aware of the limitations of the assessment and their resulting responsibilities, including, but not limited to:
 - The higher education institution offering the engineering program shall adhere to all accreditation criteria and regulations, shall fully disclose with relevant documentation all aspects of the program and shall advise the AB immediately of any significant changes to its accredited program(s).
 - There is no legal right to accreditation. The AB assumes no responsibility and shall not be liable to students, graduates or any other party who may be affected by the denial, termination or revocation of accreditation.
- Assure that administrators of those programs that are assessed as being insufficient to be accredited are aware of the reasons and the process to initiate a reassessment or an appeal.

Authority

The CEAB's authority enables it to assist the Board in its work. The CEAB may:

- Accredite programs in Canada or recognize equivalencies of engineering programs in other countries in accordance with the Board's approved Criteria for Accreditation and Procedures.
- Call upon specialists and establish committees and task forces to assist in carrying out its work.
- Deal directly with organizations and individuals.
- Use staff resource time to provide administrative support for meeting and visits.
- The CEAB representative at Washington Accord meetings is authorized to vote on behalf of Engineers Canada.

Restrictions on Authorities

- The CEAB has no authority to:
 - Change Board policies.
 - Approve Criteria for Accreditation and Procedures.
 - Enter into financial agreements.
 - Spend or commit organization funds, unless such funds are specifically allocated by the Board.
 - Exercise jurisdiction over the regulators or their registration committees or boards of examiners.
 - Make representations that any graduate of an accredited program will be eligible for licensure.
 - Conduct a program accreditation prior to receipt of a request from a higher education institution.

- Conduct substantial equivalency visits of engineering programs in other countries if the cost of such visits is not borne by the higher education institution without specific permission of the Board.
- Make representation that it will identify every aspect of an assessed engineering program that does not meet its accreditation criteria and regulations.
- Permit individuals who are not members of AB to vote at AB meetings.

Composition

The CEAB's composition and operations shall ensure an appropriate representation of the profession's expertise and diversity to enable it to function effectively and efficiently.

The CEAB is composed of the chair, the vice-chair, the past-chair and one each from:

- British Columbia or the Yukon
- Alberta, the Northwest Territories or Nunavut
- Saskatchewan or Manitoba
- Ontario
- Quebec
- Atlantic Provinces

The CEAB is also composed of a minimum of six members-at-large. The total number of members is subject to the current and anticipated future number of accreditation visits.

- All members of the CEAB must be registered engineers in Canada.
- Ten members constitute a quorum.
- The chair, the vice-chair and the past chair constitute the Executive Committee of the CEAB.

Every effort will be made to reflect the diversity of the membership of the engineering profession. Consideration shall be given to maintaining a good balance between academic and non-academic representatives and to maintaining representation from various disciplines.

The CEAB Nominating Committee consists of: Engineers Canada Director (chair), the CEAB past-chair, the CEAB secretary, and the CEAB chair.

The chair of the CEAB Nominating Committee votes only to break a tie on any votes that are taken. Any committee member must be recused from committee deliberations and votes regarding matters for which there may be a perceived or real conflict of interest, including considerations of that member for a particular office or appointment.

The members of the CEAB are appointed for three years by the Board, based on recommendations of the CEAB Nominating Committee. Appointments are effective July 1 of the year of the appointment. The term of office may be extended to nine years based on three consecutive three-year terms. For a member on the Executive Committee, additional extensions to their term of office beyond nine years are permitted. The following procedure is in place to ensure that the regulators are suitably involved in the nomination process:

When the term of a member of the CEAB is due to end, the Nominating Committee may decide to recommend the member for reappointment for a further three-year term, unless this would exceed the nine-year limit identified in 5.9 above. The decision on whether or not to recommend reappointment is based on the Nominating Committee's assessment of the member's level of performance on the CEAB to date. The name of that member will be submitted to his or her home regulator. Unless the regulator

has justifiable objections, the candidate will be recommended to the Board for reappointment to the CEAB for a subsequent three-year term.

Subject to 5.9 (a), when an opening exists for an individual to be appointed by a region or province, the regulator affected will be informed of the qualifications required of that committee member. It will then be asked to put forward the name of a candidate. Unless the Nominating Committee has justifiable objections, the candidate put forward by the association/ordre will be recommended to the EC Board for appointment. The Nominating Committee may suggest candidates to the regulator for its consideration.

Subject to 5.9 (a), when an opening exists for an individual to represent the “members-at-large”, a candidate will be selected by the Nominating Committee from a list of names that may have been submitted by the regulator, other groups and individuals, and as may be identified by the nominating committee itself. The name of that candidate will be submitted to his or her home regulator. Unless the regulator has justifiable objections, the candidate will be recommended to the Board for appointment to the CEAB.

The Board, based on recommendations from the CEAB Nominating Committee, appoints the chair and the vice-chair, both for a period of one year. The chair automatically becomes past-chair following the completion of their term. The terms of office may be extended to a maximum of two years. Appointments are effective July 1 of the year of appointment. The vice-chair is normally appointed chair following his or her term as vice- chair.

In the event of a vacancy occurring on the CEAB prior to the completion of a term of office, the Executive Committee fills the vacancy by appointment. In the event that a member of the AB is temporarily unable to serve, an alternate may be appointed by Executive Committee to act in the member’s absence.

Two members of the Board and one member of the Qualifications Board may be appointed as non-voting participants to the CEAB. Terms continue to June 30.

The CEAB may invite observers to its meetings, but such observers have no vote.

The CEAB secretary is appointed by the CEO. The secretary supports the AB, and is a non- voting participant in meetings of the AB.

6 Engineers Canada Board Committees and Task Forces

6.10 Canadian Engineering Qualifications Board (CEQB) Terms of Reference

Date of adoption: Date (Motion #?)

Date of latest amendment: Date (Motion #?)

Review period: Annual

Date last reviewed: Date

The CEQB enhances the governing Board's effectiveness and efficiency on matters related to qualifications for, and the practice of, engineering.

Purpose/Products

The CEQB promotes the establishment of consistent practices and shared programs for the regulation of the practice of engineering.

Research, national guidelines and other guidance related to:

- Admissions
- Foreign credential recognition
- The professional practice examination
- Engineers-in-training
- Continuing competence and professional development
- Practice of engineering
- Sustainability and the environment
- The code of ethics
- Other issues of national importance as identified by the regulators
- All developed in cooperation with the regulators.
- The Uniform Syllabus of Examinations for candidates from other than Accreditation Board-accredited or -recognized programs.
- Information for the Board and committees, and regulators on matters pertaining to registration and the practice of engineering in Canada.
- Communication, mutual understanding and collaboration with targeted industry sectors and other employers of engineers on issues related to qualifications, licensing requirements and continuing professional development of engineers.
- Information for the Board and committees, and regulators on emerging areas of engineering practice.
- Information to the Board and committees, and the Engineers Canada regulators on trends, emergent issues and future directions related to the practice of engineering.

Authority

The CEQB's authority enables it to assist the Board in its work. The CEQB may:

- Call upon specialists and establish committees and task forces to assist in carrying out its work.
- Deal directly with organizations and individuals.
- Use staff resource time to provide administrative support for meetings.
- Approve examination syllabi.

Restrictions on Authorities

The CEQB has no authority to:

- Change Board policies.
- Enter into financial agreements.
- Spend or commit organization funds, unless such funds are specifically allocated by the Board.
- Exercise jurisdiction over the regulators or their registration committees or boards of examiners.
- Permit individuals who are not members of QB to vote at QB meetings.

Composition

The CEQB's composition and operations shall ensure an appropriate representation of the profession's expertise and diversity to enable it to function effectively and efficiently.

The CEQB is composed of a chair, vice-chair and past-chair, and nine (9) other members comprising representation as follows:

- Seven (7) members from various regions of the country including:
 - Two members from the Atlantic provinces
 - One member from Quebec
 - One member from Ontario
 - One member from Manitoba or Saskatchewan
 - One member from Alberta or the Northwest Territories and Nunavut
 - One member from British Columbia or the Yukon, and
 - Two (2) members-at-large
- All members must be engineers, registered in Canada.
- Seven (7) members, including at least one of the chair or vice-chair, constitute a quorum. The chair, vice-chair, past-chair, and the CEQB secretary constitute the Executive Committee of the CEQB. An observer from the Accreditation Board is also normally present at face-to-face meetings.

In the selection of members for the CEQB, consideration is given to appointing individuals who are serving or have served on a Board of examiners (or its equivalent) and to maintaining representation from various engineering disciplines. Every effort will be made to reflect the diversity of the membership of the engineering profession.

- The CEQB Nominating Committee consists of: Engineers Canada Director (chair), the CEQB past-chair, the CEQB secretary, and the CEQB chair.
- The Engineers Canada Board appoints the chair and the vice-chair, both for a period of one year, in consultation with the CEQB Nominating Committee. The terms of office may be extended to a maximum of two years. Appointments are effective July 1 of the year of appointment. The vice-

chair is normally appointed after having served at least one three-year term as a member of the CEQB. The vice-chair is normally appointed chair following his or her term as vice-chair.

- The past-chair of the CEQB normally serves as the observer to the Accreditation Board.

In the event of a vacancy occurring on the CEQB prior to the completion of a term of office, the Engineers Canada Board or Executive Committee fills the vacancy by appointment for the duration of the term. In the event that a member of the CEQB is temporarily unable to serve, an alternate may be appointed by the Engineers Canada Board or Executive Committee to act in the member's absence.

- Two members of the Board shall be appointed as non-voting Board representatives to CEQB.
- Each appointment shall be for a two-year term and shall expire on June 30.
- One Board representative shall be appointed each year in order to have staggered terms of appointment.
- The CEQB may invite observers to its meetings, but such observers have no vote.
- The CEAB may send an observer to QB meetings.

7 Board Policies

7.1 Board, committee and other volunteer expenses

Date of adoption: Date (Motion #?)

Review period: Annual

Date of latest amendment: Date (Motion #?)

Date last reviewed: Date

Board and committee members and other volunteers are authorized to incur expenses related to Board and committee meetings in accordance with this policy. Any other expenses to be incurred by Board and committee members must be pre-approved by the CEO.

Applicable Situations for Board and Committee Members

Board members, Board committee members and other volunteers shall be reimbursed for reasonable costs associated with travel for Engineers Canada business.

Other than the President, expenses incurred for Board directors' attendance at meetings of Regulators for which the Board director is the appointed director shall not be reimbursed.

Expenses for the President's guest (or for the guest of the President's designate when the President is unable to attend) will be reimbursed whenever the President or designate attends a Regulator annual meeting, annual general meeting, or Geoscientists Canada annual meeting where guests are invited.

Other than those situations referred to in 1.2 of this policy, travel expenses for the guest of Board members may be reimbursed for attendance at the annual general meeting and the Board retreat.

Transportation will be reimbursed as appropriate for the situation.

Airfare

Air travel will be reimbursed based for airfare and related airfare charges appropriate for the circumstances:

Travellers are encouraged to take advantage of discounted flights whenever possible, in order to minimize costs. Refundable economy cabin airfare is the maximum amount payable for travel in Canada and Continental US. Business class airfare is acceptable for overseas flights with a direct flying time of at least 6 hours.

The President may claim business class airfare reimbursement for any flights with a total daily flight time of at least six hours.

If purchased with a seat sale ticket, cancellation insurance is also eligible for reimbursement.

Only the minimum requisite travel will be reimbursed (i.e. no additional flights other than direct arrival and return with necessary stopovers) unless alternative arrangements have been authorized by the CEO.

Rail

First class rail is the maximum amount of train fare.

Taxis and Limousines

All reasonable expenses for taxis and/or airport limousines used while travelling on Engineers Canada business will be reimbursed.

Personal Vehicles

Personal vehicles may be used when overall economy is ensured.

Travellers who choose to travel by private vehicle may claim the kilometric rate in effect at the time of travel or the equivalent of the total travel cost of economy airfare, whichever is less. Additional travel expenses incurred because of the election to use a private vehicle may not be claimed unless the use of private vehicle is clearly justified.

Travellers shall be reimbursed the kilometric rate for employees of the federal public service in effect at the time of travel.

Vehicle Rentals

Car rentals including collision insurance and gasoline will be reimbursed and shall only be used in non-routine travel situations, including:

- taxi/limousine service is not available or cost effective; or
- location of the meeting is not easily accessible via public transportation from a major airport; or
- large quantities of materials are being delivered to a meeting location by the traveler; or
- situations where it is more economical to use instead of other means of transportation – i.e. short trips, or where sharing makes this alternative more attractive.

If, due to personal preference, a traveller opts to rent a vehicle instead of using other means of transport, the maximum amount payable will be the equivalent of taxi fare to and from the airport to the meeting location.

Tolls and Tickets

All parking and toll claims when vehicle travel has been authorized will be reimbursed.

Traffic violations incurred while travelling on Engineers Canada business are not eligible for reimbursement.

Accommodations

Engineers Canada will pay for accommodations directly or reimburse accommodation for costs reasonable for the situation.

Where meetings are arranged by Engineers Canada, group rates shall be secured and travellers advised accordingly. Original hotel invoices should be submitted with expense claims.

If the traveller makes arrangements to reside in accommodation other than in a hotel, reasonable expenses will be reimbursed provided the overall expenses do not exceed the cost of hotel accommodation as secured through Engineers Canada group rates, if applicable.

Meals

Reasonable expenses for meals while travelling on Engineers Canada business, including taxes and tips will be reimbursed for all meal expenses incurred directly by the traveller.

Per diem allowances will not be provided by Engineers Canada.

Gifts in lieu of accommodation or meal

If a traveller makes arrangements for private accommodation or meals, a gift may be to the host in lieu of the costs of the hotel or restaurant meal. The maximum value of the gift in lieu is \$50 per night to a maximum of \$100 shall be reimbursed.

Child Care expenses

Reasonable additional expenses for child care services are reimbursed when such services are specifically required by persons travelling on Engineers Canada business. The maximum amount payable to any traveller in a calendar year shall be limited to \$1,500.

Medical Insurance

Engineers Canada will reimburse travellers who are travelling internationally for any additional medical coverage purchased to ensure medical protection while on Engineers Canada business. Costs for shots required for international travel will also be reimbursed.

Travellers Accident Insurance

Any claim made by or on behalf of a traveller under Engineers Canada's travellers accident insurance policy for accidental injury or death must be presented to the insurer by Engineers Canada within 30 days of the accident. A claim must have medical evidence from a licensed physician selected by Engineers Canada and be in agreement with a licensed physician as selected by the insurer. Claimants must communicate and comply in a timely manner to enable Engineers Canada time to present the claim to the insurer.

Expense Claims

Expenses shall be reimbursed within 30 days of receipt of the expense claim when proper documentation including required original receipts has been provided. Claims should be made within 14 days of travel. Engineers Canada will not reimburse for claims received more than one year from the date of travel.

Claims for reasonable expenses other than those noted above must be clearly identified with a detailed explanation and accompanied by original receipts. Authorization of such expenses should be sought in advance of the expenditure wherever possible. The signing authority chart outlines the staff positions that may authorize such expenses. The president-elect shall authorize the expenses of the president.

7 Board Policies

7.6 Reserve funds

Date of adoption: Date (Motion #?)

Date of latest amendment: Date (Motion #?)

Review period: Annual

Date last reviewed: Date

The Board shall ensure financial resources are available for special operating needs of Engineers Canada. Fluctuations above and below target levels are acceptable.

The four-year rolling operational reserve target level is set at \$4,000,000.

The capital reserve must be held at a level sufficient to enable fit-up of leased facilities and other related assets at the expiry of the office lease.

The legal and liability contingency reserve target level is set at \$1,325,000. It is maintained to ensure that funds are available in various situations:

- To cover the cost of any legal challenge Engineers Canada is asked to undertake on behalf of the profession.
- To cover expenses associated with occurrences that may arise for which no budget has been established. Engineers Canada faces potential liabilities from a number of sources (i.e. employees, insurance programs, foreign academic credential assessment program).
- To cover expenses which will be incurred by the regulators where it is demonstrated that they do not have the financial resources to fund an enforcement action and/or statutory obligation that have a clear and significant impact on the other regulators.
- To assist regulators and Engineers Canada in paying the deductibles for directors and officers insurance, and for errors and omissions insurance.

The total of all reserve funds must not become so large as to threaten the not-for-profit status of Engineers Canada, nor to give the Regulators reason to question whether member assessments are excessive.



Briefing note

For Board decision

Plans to Reduce Board Size		Agenda 5
Purpose:	The Board was directed by the Members to provide a plan by May 2018 that would significantly reduce Board size by May 2020. Two plans are presented and must be approved before they can be submitted to the Members.	
Motion(s) to consider:	THAT the Board submit the attached plans giving two options to significantly reduce Board size by May 2020 to the Members.	
Vote required to pass:	<input checked="" type="checkbox"/>	Simple majority
	<input type="checkbox"/>	Two-thirds majority (refer to articles 5.7 and 5.8 of the bylaw .)
Authority:	This action was mandated by the owners.	
Transparency: <i>(all meetings, debates, and decisions shall be open, except for certain subject matters as described in GP-7.1)</i>	<input checked="" type="checkbox"/>	open session
	<input type="checkbox"/>	In camera, reason (check all that apply):
	<input type="checkbox"/>	The security of the property of the organization
	<input type="checkbox"/>	Personal matters about an identifiable individual
	<input type="checkbox"/>	The proposed or pending acquisition of assets by the organization
	<input type="checkbox"/>	Labour relations or employee negotiations
	<input type="checkbox"/>	Litigation or potential litigation
	<input type="checkbox"/>	Another matter as the Executive Committee or Board determines
Prepared by:	Stephanie Price, COO	
Presented by:	Sarah Devereaux, Director from Engineers Nova Scotia	

1. Problem/issue definition

At the May 2017 Annual Meeting of Members, a motion was passed requiring the Board to submit a plan by May 2018 to significantly reduce Board size by May 2020. The Board, through the Governance Committee, and the Governance, Strategic Planning and Consultation project consulted the regulators on four options for a reduced board size. Two of those options received broad support. Plans have been prepared to show how the Board would move from the current 22 directors to the lower number by May 2020.

2. Proposed action/recommendation

- It is recommended that the Board approve both plans and submit them to the Members via email to the Presidents and Chief Executive Officers.
- Members will decide what to do with the plans, and when and how to vote on them.

- Engineers Canada should offer to support any meeting or forum that the Members require to further discuss the issue of board size.
- A reduction in Board size would require a re-consideration of committee membership to address workload for Directors. This can only be fully considered after a decision from the Members.

3. Other options considered:

- Two other options were presented to the regulators during the consultations which received little to no support. These are:
 - 15-member board where the President-elect, President and past-President vote as independents and one director from each jurisdiction has a weighted vote
 - 16-member board with one director from each jurisdiction, plus 4 independent directors (one proposed by each larger regulator) who represent other sectors or interests (academia, industry, international engineering practice, etc.)

4. Risks

- Failure to respond to the Members' motion would pose a risk of putting the Board in conflict with the owners.

5. Financial implications

- A reduction in Board size would lead to a minor reduction in travel and hosting costs for Directors and their partners. Such a reduction would be immaterial to the overall budget (i.e. represent <10% of costs)

6. Benefits

- Engineering regulators:
 - Being responsive to Member (owner) requests will demonstrate the Board's commitment to serve the regulators.
 - Providing two options allows the Members to have a more fulsome discussion to determine their collective will.

7. Consultation

- All twelve regulators were consulted on the four options for a reduced board size during the fall 2017 consultations on governance.

8. Next steps (if motion approved)

- Distribute one plan to reduce Board size to 12 directors, and a second plan to reduce Board size to 16 directors by email to the Presidents and Chief Executive Officers.
- Offer to support any meeting or forum that the Members wish to convene to discuss the issue of board size.

9. Appendices

- Two plans for board size reduction are attached.



BOARD SIZE REDUCTION PLANS

Background

At the May 27, 2017 Annual Meeting of Members the following motion was unanimously passed, with two abstentions:

THAT the Engineers Canada Board be directed to develop a plan, for consideration by the Meeting of the Members no later than May 2018, to significantly reduce Board size by no later than May 2020.

In response to this motion, the following actions took place:

June 26-27 Board workshop: initial options for a smaller board size developed

July 11-12 CEO Group workshop: discussion and provision of an additional option

Aug 10-22 Governance Committee workshop: review and clarification of options to be considered

Sept 25 Board workshop: four options and approved to bring forward for regulator consultation

Four options were eventually developed which all offered the advantage of being smaller, and of establishing a fixed number of directors (versus the current model which grows as membership in the engineering profession grows). The options were:

<p>Option 1: 12 Directors One director per regulator Weighted voting The President has a vote A tied vote is a defeated motion</p>
<p>Option 2: 15 Directors One director per regulator Three additional executive directors: president, past-president, and president-elect who are <u>independent</u> and do not represent regulators. Weighted voting for the non-executive directors and one additional (independent) vote for each executive director.</p>
<p>Option 3: 16 Directors One director per regulator One vote per director Four independent directors, one proposed by each of the four largest regulators based on criteria set by the Board. These independent directors are approved by the full Board (and Members) and could represent other key stakeholders (academia, industry, international engineering practice, etc.)</p>
<p>Option 4: 16 Directors Modify the current model from one director per 20,000 registrants or portion thereof to one director per 14% of registrants or portion thereof (equivalent to one director per 40,442 registrants). One vote per director.</p>

These four options were presented to all regulators as part of the Fall 2017 consultations on governance improvements. Regulators were asked to select their preferred option. The voting was:

Regulator	Preferred Option	Second Choice
Engineers & Geoscientists BC	1 No weighted voting	-
Engineers Yukon	1 No weighted voting	2
APEGA	1	-
NAPEG	1 No weighted voting	-
APEGS	1 No weighted voting	-
Engineers Geoscientists MB	1 No weighted voting	1 With weighted voting
PEO	Status Quo	4
OIQ	Status Quo	-
Engineers Geoscientists NB	1	-
Engineers Nova Scotia	1	-
Engineers PEI	1	-
PEGNL	1 No weighted voting	4

Although opinions were wide-ranging, most regulators provided the input that their first preference was for a noticeably smaller Board that would not keep growing as the number of licence holders continues to grow.

Recommendations

Based on this input, the Board is providing two options for a significantly reduced board size as directed by the Members. The Members, are free to choose one, refuse both, amend one or come up with a new option.

Option One: 12 Directors, no weighted voting.

10 of 12 regulators preferred the first option provided to regulators for consideration. Four regulators preferred weighted voting; six regulators preferred NO weighted voting. Respecting that will, the first option to be recommended is one director from each jurisdiction with no weighted voting.

Option Two: 16 Directors, no weighted voted.

Several regulators expressed an interest in returning to a Board size more like what was in place prior to the Synergy project. This option is similar to Option 4 as presented to regulators, but uses rounder numbers:

<u>For those regulators representing:</u>	<u>The number of Director is:</u>
Less than 15% of all licences reported to EC:	1 Director
15-30% of all licences reported to EC:	2 Directors
More than 30%+ of licences reported to EC:	3 Directors

The resulting Board composition is:

3 Directors:	Ontario	= 3
2 Directors:	Quebec and Alberta	= 4
1 Director:	all other jurisdictions	= 9
		= 16 total Directors

For reference, the 2016 membership numbers are:

Regulator	Registrants (2016)	
Engineers Geoscientists BC	28,754	10.0%
Engineers Yukon	886	0.3%
APEGA	63,914	22.1%
NAPEG	1,729	0.6%
APEGS	11,861	4.1%
Engineers Geoscientists MB	7,414	2.6%
PEO	94,003	32.6%
OIQ	62,991	21.8%
Engineers Geoscientists NB	5,524	1.9%
Engineers Nova Scotia	6,407	2.2%
Engineers PEI	692	0.2%
PEGNL	4,662	1.6%

Planning for a smaller board size

Achieving a smaller board size by 2020 will require some adjustments. For this analysis, it is assumed that the current number of directors will be maintained up until the May 2020 Annual Meeting of Members, and reduced to either 12 or 16 as of that day.

The plan starts with the number of known directors as at March 2018, and the plan for reduction is:

	Term Ends	16-Person Board		12-Person Board	
		Action	Term Ends	Action	Term Ends
EGBC1	2019	Extend to 2020	-	Extend to 2020	-
EGBC2	2021		2021		2021
APEGA1	2019	Appoint new /reappoint in May 2019	2022	Appoint new /reappoint in May 2019	2022
APEGA2	2019	Extend to 2020	-	Extend to 2020	-
APEGA3	2020	Appoint new / reappoint one in May 2020	2023		-
APEGA4	2020				
PEO1	2021		2021		2021
PEO2	2019	Extend to 2020		Extend to 2020	-
PEO3	2019	Extend to 2020		Extend to 2020	-
PEO4	2020	Appoint new / reappoint	2023		-
PEO5	2020	Appoint new / reappoint	2023		-
OIQ1	2020		-		-
OIQ2	2021		2021		2021
OIQ3	2019	Extend to 2020	-	Extend to 2020	-
OIQ4	2020	Appoint new / reappoint in May 2020	2023		-
APEGS	2021		2021		2021
EngGeoMB	2021		2021		2021
EngYK	2021		2021		2021
NAPEG	2020	Appoint new / reappoint in May 2020	2023	Appoint new / reappoint in May 2020	2023
EngGeoNB	2020	Appoint new / reappoint in May 2020	2023	Appoint new / reappoint in May 2020	2023
EngNS	2019	Appoint new / reappoint in May 2019	2022	Appoint new / reappoint in May 2019	2022
EngPEI	2020	Appoint new / reappoint in May 2020	2023	Appoint new / reappoint in May 2020	2023
PEGNL	2021		2021		2021

In both cases, there are too many directors whose terms would end in 2021. If they all stepped down in that one year, it would result in an unacceptable loss of corporate history. On the other hand, there are too few directors whose terms would end in 2022. Depending on the elections to the President-elect

position in the intervening years, it may be necessary to extend some directors one additional year to ensure corporate history is not lost.

Workload considerations

The Engineers Canada board currently has seven (7) permanent committees, with a set number of directors required as per their Terms of Reference. Note that some committees do have more directors than what is strictly required:

Committee	# of Directors
Accreditation Board	2
Audit Committee	3
Compensation Committee ¹	~7
Executive Committee ²	~7
Governance Committee	5
Qualifications Board	2

1. The composition of the Compensation Committee is identical to the Executive Committee minus its non-voting (aka non-director) members.
2. The size of the Executive Committee varies depending on the regions that the President, past-President and President-elect represent.

Many directors currently serve on more than one committee, and could continue to do so. Therefore, with a 16-person board, it is unlikely that any committee changes would be required.

With a 12-person board, however, it may necessary to reconsider both the composition and authority of the Executive Committee. The Executive and Compensation committees could potentially consist of just the President, past-President and President-elect as long as their decisions were not so extensive as to allow them to inappropriately control the direction of the organization.



Briefing note

For Board decision

Term Limits for Directors		Agenda 6
Purpose:	This motion introduces six-year term limits for directors. Term limits support a balance between fresh viewpoints and historical experience on the Board.	
Motion(s) to consider:	<p>6.1 THAT the Board recommend to the Members that a new section 4.6 be inserted into the Bylaws reading:</p> <p>4.6 Term Limits</p> <ol style="list-style-type: none"> (1) Directors shall be elected to the Board for a term of three (3) years. (2) No Director may be elected to the Board for more than two (2) successive terms, or a lifetime maximum of six (6) consecutive years. (3) The foregoing term limits shall not apply to a Director who is elected or confirmed, as applicable, to hold office as President-elect, President or Past-President prior to the expiration of their second term, in which case they may continue on the Board until they have finished serving as Past President. (4) The Members shall have the authority to extend a Director's term beyond those described above, in extenuating circumstances, in order to ensure effective governance. <p>6.2 THAT the Board recommend to the Members that section 4.1 of the Bylaws be amended to state:</p> <p>4.1 Term Limits</p> <p>Each Member shall deliver a list of nominees, who are engineers in good standing, to the Secretary for consideration at the Annual Meeting of Members, such list to include a suggested term of 3 years.</p>	
Vote required to pass:	<input type="checkbox"/>	Simple majority
	<input checked="" type="checkbox"/>	Two-thirds majority (refer to articles 5.7 and 5.8 of the Bylaws .)
Authority:	Term limits are suggested as a governance improvement. The Board has responsibility to ensure that it governs effectively.	
Transparency: <i>(all meetings, debates, and decisions shall be open, except for certain subject matters as described in GP-7.1)</i>	<input checked="" type="checkbox"/>	open session
	<input type="checkbox"/>	In camera, reason (check all that apply):
	<input type="checkbox"/>	The security of the property of the organization
	<input type="checkbox"/>	Personal matters about an identifiable individual
	<input type="checkbox"/>	The proposed or pending acquisition of assets by the organization
<input type="checkbox"/>	Labour relations or employee negotiations	

			Litigation or potential litigation
			The receiving of advice that is subject to solicitor-client privilege
			Another matter as the Executive Committee or Board determines
Prepared by:	Stephanie Price, COO		
Presented by:	Sarah Deveraux, Director from Engineers Nova Scotia		

1. Problem/issue definition

- Term limits provide assurance that fresh viewpoints will be brought to the Board on a regular basis.
- A change in bylaws ensures that this improvement is codified and maintained.
- Establishing the same term limits for all Directors promotes procedural fairness between regulators and directors.
- Term limits support effective governance and informed decision-making.
- The Governance Committee first raised this issue for consideration by the Board during their August 2017 workshop. The issue was considered and supported by the Board and by the engineering regulators during the fall 2017 consultations on governance improvements.

2. Proposed action/recommendation

- The proposed action is to recommend a change in the bylaws to the Members.
- The Members would consider the issue via a motion at the May 2018 Annual Meeting of Members.
- If the motion is successful, the bylaws would be updated post haste.

3. Other options considered:

- No other options were considered. Many engineering regulators are or have adopted term limits and it is considered a promising practice in association governance.

4. Risks

- The average term of service on the Board over the past nine years (i.e. including all those who have departed since 2009) is 4.5 years. Codifying a longer term-limit of six years therefore does not introduce any significant new risk.

5. Financial implications

- N/A

6. Benefits

- Having regular turn-over of Board directors helps to promote a balance between fresh viewpoints and an experienced, historical perspective.
- Allowing for an additional term for directors elected as President-elect provides greater continuity of leadership.

- Including a clause for “extenuating circumstances” gives the Board and Members the flexibility to ensure that turn-over on the Board is not excessive in any given year.

7. Consultation

- All twelve regulators were consulted on the proposed term limits during the fall 2017 consultations on governance. They were unanimous in their support for this change.
- The Board confirmed their support for the change at their workshop on February 27, 2018.

8. Next steps (if motion approved)

- The Engineers Canada President to add the motion to the May 2018 agenda for the Annual Meeting of Members.
- Bylaws would be updated based on the outcome of that motion.

9. Appendices

- N/A