AGENDA

207th ENGINEERS CANADA BOARD MEETING

April 7, 2021 | 11:00am – 2:00pm ET

Virtual delivery | Zoom details are provided via outlook calendar invitation

Please refer to the Board Policy Manual and Bylaw

1.	**Opening**
	1.1 Call to order and approval of agenda – J. Boudreau *THAT the agenda be approved and the President be authorized to modify the order of discussion.*
	1.2 Declaration of conflict of interest - (attachment pages 2 to 3)
2.	**Board business/required decisions**
	2.1 2020 audited financial statements – D. Gelowitz (attachment pages 4 to 46) *THAT the Board recommend to the Members, for approval at the 2021 Annual Meeting of Members, the 2020 audited financial statements, on recommendation of the FAR Committee.*
	2.2 Corporate risk profile – D. Gelowitz (attachment pages 47 to 75) *THAT the Board approve the corporate risk profile, on recommendation of the FAR Committee.*
3.	**Other business**
4.	**Next meetings**
	Board meetings
	• May 28-29, 2021 (Virtual) • June 14-15, 2021 (Virtual - TBD) • October 1, 2021 (Ottawa, ON) • December 13, 2021 (Ottawa, ON) • February 25, 2022 (Ottawa, ON)
	Committee meetings
	• FAR Committee: May 12, 2021 (virtual) • HR Committee (2021-2022): May 29, 2021 (virtual) • June 14, 2021 (all 2021-2022 committees)
5.	**In-camera sessions**
	5.1 Board Directors, Direct Reports, CEO Group Advisor, and staff *THAT the meeting move in-camera and be closed to the public at the recommendation of the Board. The attendees at the in-camera session shall include Board Directors, the Engineers Canada CEO, the chairs of the CEAB and CEQB, the CEO Group Advisor to the Board, the Secretary, and the Governance Administrator.*
	5.2 Board Directors and CEO *THAT the meeting move in-camera and be closed to the public at the recommendation of the Board. The attendees at the in-camera session shall include Board Directors and the Engineers Canada CEO.*
	5.3 Board Directors only *THAT the meeting move in-camera and be closed to the public at the recommendation of the Board. The attendees at the in-camera session shall include Board Directors.*
6.	**Closing** (motion not required if all business has been completed)

Board support document

Conflicts of interest

Board members and members of Board committees have an ongoing obligation to identify and disclose actual, reasonably perceived, and potential conflicts of interest. These obligations are set out in case law and are also codified in statute, under the *Canada Not-for-profit Corporations Act* ("CNCA").

While not expressly defined in the CNCA, a conflict of interest is understood to comprise any situation where:

a) an individual's personal interests, or
b) those of a close friend, family member, business associate, corporation, or partnership in which the individual holds a significant interest, or a person to whom the individual owes an obligation, could influence their decisions and impair their ability to:
    i. act in the best interests of the corporation, or
    ii. represent the corporation fairly, impartially, and without bias.

Conflicts of interest exist if a director's decision could be, or could appear to be, influenced. *It is not necessary that influence actually takes place.* In cases where directors are in an actual, perceived, or potential conflict of interest, they are required to disclose the conflicting interest to the Board[1] or, in the case where membership approval is sought, to the members,[2] as well as abstain from voting.

Handling conflicts of interest

Directors may use the following checklist when faced with a situation in which they think they might have an actual, perceived, or potential conflict of interest.

Step 1 - Identify the matter or issue being considered and the potential conflicting situation in which you are involved.

E.g. There is an item before the Board requiring discussion and a decision that involves potential litigation between Engineers Canada and the engineering regulator with whom you are licensed. Whether or not you are in a conflict of interest is not automatic—it will depend upon the personal circumstances of each director.

Step 2 – Assess whether a conflict of interest exists or may exist.

In assessing whether you have an actual, reasonably perceived or potential conflict of interest, it may be helpful to ask yourself the following questions:

- ☐ Would I, or anyone associated with me benefit from, or be detrimentally affected by my proposed decision or action?
- ☐ Could there be benefits for me in the future that could cast doubt on my objectivity?
- ☐ Do I have a current or previous personal, professional, or financial relationship or association of any significance with an interested party?

[1] Section 141(1) and (2) of the CNCA
[2] Section 141(9)(a) of the CNCA

- Would my reputation or that of a relative, friend, or associate stand to be enhanced or damaged because of the proposed decision or action?
- Do I or a relative, friend, or associate stand to gain or lose financially in some way?
- Do I hold any personal or professional views or biases that may lead others to reasonably conclude that I am not an appropriate person to deal with the matter?
- Have I made any promises or commitments in relation to the matter?
- Have I received a benefit or hospitality from someone who stands to gain or lose from my proposed decision or action?
- Am I a member of an association, club, or professional organization, or do I have particular ties and affiliations with organizations or individuals who stand to gain or lose by my proposed decision or action?
- Could this situation have an influence on any future employment opportunities outside my current duties?
- Could there be any other benefits or factors that could cast doubts on my objectivity?
- Am I confident of my ability to act impartially in the best interests of Engineers Canada?

What perceptions could others have?

- What assessment would a fair-minded member of the public make of the circumstances?
- Could my involvement on this matter cast doubt on my integrity or on Engineers Canada's integrity?
- If I saw someone else doing this, would I suspect that they have a conflict of interest?
- If I did participate in this action or decision, would I be happy if my colleagues and the public became aware of my involvement?
- How would I feel if my actions were highlighted in the media?

Step 3 – Is the duty to disclose triggered?

If, in assessing the situation, you determine that you are in an actual, potential, or reasonably perceived conflict of interest, your duty to disclose is triggered. Directors disclosing a conflict must make the disclosure at the meeting at which the proposed contract or transaction is first considered and should request to have the disclosure entered into the minutes of the meeting.[3]

Disclosure must be made of the nature and extent of the interest that you have in the contract or transaction (or proposed contract or transaction).[4] The limited case law dealing with the nature and scope of the disclosure required by a conflicted director suggests that disclosure must make the other directors fully informed of the real state of affairs (e.g. what your interest is and the extent of the interest).[5] It will rarely suffice to simply declare that you have a conflict of interest.

Step 4 – What next?

Subject to limited exceptions, the general rule is that a conflicted director cannot vote on the approval of a proposed contract or transaction, even where their interest is adequately disclosed.[6] Further, as a best practice, they should leave the room and not participate in the salient part of the Board meeting.

3 Section 141(1) of the CNCA
4 Section 141(1) and 141(9)(b) of the CNCA
5 *Gray v. New Augarita Porcupine Mines Ltd.,* 1952 CarswellOnt 412 (Jud. Com. of Privy Coun.)
6 Section 141(5) of the CNCA

Back to agenda

BRIEFING NOTE: For decision

2020 audited financial statements	2.1
Purpose:	To recommend the 2020 audited financial statements to the Members for approval
Link to the strategic plan:	Board responsibility 5: Ensure the CEO maintains and acts on a robust and effective risk management system which reflects the Board's risk tolerance level and directs Board approved mitigation strategies
Motion(s) to consider:	*THAT the Board recommend to the Members, for approval at the 2021 Annual Meeting of Members, the 2020 audited financial statements, on recommendation of the FAR Committee.*
Vote required to pass:	Simple majority
Transparency:	Open session
Prepared by:	Derek Menard, Director, Finance
Presented by:	Dwayne Gelowitz, Director from Saskatchewan, and Chair of the FAR Committee

Problem/issue definition

- The *Canada Not-for-profit Corporations Act* (CNCA) requires that the corporation's financial statements be placed before the Members at every annual meeting.
- The 2020 audit was performed in February 2021, after the close of year-end.

Proposed action/recommendation

- The Finance, Audit, and Risk (FAR) Committee proposes that the Board recommend the audited financial statements as presented, for Members' approval at the 2021 AMM.

Other options considered

- None. To comply with the CNCA requirements, the Members must receive the financial statements not less than 21 days and not more than 60 days before the annual meeting is held.

Risks

- Failure to approve the audited financial statements, by recommending them to the Members, would be a breach of the CNCA.

Financial implications

- None.

Benefits

- Members will remain informed on the financial position of the organization, and Engineers Canada remains in compliance with CNCA requirements.

Consultation

- The FAR Committee met on December 1, 2020 with KPMG LLP, the public accountants (re-appointed by the Members in 2020), to discuss the proposed audit plan.
- The FAR Committee met with the KPMG auditors on March 17, 2021 to review the draft financial statements and the audit findings report.

Back to agenda

Next steps (if motion approved)

- Draft 2020 audited financial statements to be circulated to the Members with the AMM agenda book.

Appendices

- **Appendix 1:** 2020 draft audited financial statements
- **Appendix 2:** 2020 audit findings report

Financial Statements of

ENGINEERS CANADA

And Independent Auditors' Report thereon

Year ended December 31, 2020

INDEPENDENT AUDITORS' REPORT

To the Members of Engineers Canada

Opinion

We have audited the financial statements of Engineers Canada, which comprise:

- the statement of financial position as at end of December 31, 2020
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of Engineers Canada as at December 31, 2020, and its results of operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian Accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

We are independent of Engineers Canada in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these ethical requirements.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing Engineers Canada's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Engineers Canada or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Engineers Canada's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Engineers Canada's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Engineers Canada's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Engineers Canada to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

(date)

ENGINEERS CANADA

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash (note 3)	$ 2,296,701	$ 4,263,039
Amounts receivable (note 4)	1,156,038	1,150,874
Prepaid expenses and deposits	122,009	109,413
	3,574,748	5,523,326
Investments (note 5)	12,717,703	6,591,605
Tangible capital assets (note 6)	644,899	687,742
	$ 16,937,350	$ 12,802,673
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	$ 565,559	$ 409,250
Deferred contributions	119,729	10,534
	685,288	419,784
Deferred lease inducement (note 8)	480,992	570,841
Net assets (note 9):		
Internally restricted:		
Four-year rolling operational reserve	–	4,000,000
Contingency reserve	2,500,000	–
Legal contingency reserve	1,500,000	1,325,000
Strategic priorities reserve	2,000,000	–
Invested in tangible capital assets	407,736	407,896
Unrestricted	9,363,334	6,079,152
	15,771,070	11,812,048
Commitments (note 10)		
Impact of COVID-19 (note 11)		
	$ 16,937,350	$ 12,802,673

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director _____ Director

ENGINEERS CANADA

Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Revenue:		
National programs (note 12)	$ 9,526,001	$ 11,361,095
Corporate services	3,195,446	3,152,276
Unrealized gain in investments	507,902	651,071
Investment income	243,097	192,583
Outreach	100,667	104,667
	13,573,113	15,461,692
Expenses:		
Operating expenses:		
Accreditation	90,016	226,072
Fostering working relationships	3,760	96,314
Services and tools	13,875	47,007
National programs	1,438,491	921,663
Advocating to the Federal government	52,087	37,807
Research and regulatory changes	4,904	11,024
International mobility	31,479	43,530
Promotion and outreach	272,839	350,585
Diversity and inclusion	138,088	212,651
Protect official marks	111,043	115,598
Secretariat services	420,405	837,517
Corporate services (note 13)	6,654,889	6,758,945
	9,231,876	9,658,713
Excess of revenue over expenses before the undernoted	4,341,237	5,802,979
Projects spending:		
Accreditation improvement project	137,184	113,482
International Mobility - IIDD one-time project	95,506	–
Services and tools - competency-based assessment	147,715	217,779
Service and tools - NMDB	1,810	–
Corporate services - space program	–	9,819
Secretariat services - GSPC project	–	69,161
	382,215	410,241
Excess of revenue over expenses	$ 3,959,022	$ 5,392,738

See accompanying notes to financial statements.

ENGINEERS CANADA

Statement of Changes in Net Assets

Year ended December 31, 2020, with comparative information for 2019

	Four-year rolling operational reserve (note 9)	Contingency (note 9)	Legal contingency reserve (note 9)	Strategic priorities reserve (note 9)	Invested in tangible capital assets	Unrestricted	2020	2019
Balance, beginning of year	$ 4,000,000	$ –	$ 1,325,000	$ –	$ 407,896	$ 6,079,152	$ 11,812,048	$ 6,419,310
Transfer between reserves	(4,000,000)	2,500,000	175,000	2,000,000	–	(675,000)	–	–
Excess of revenue over expenses	–	–	–	–	–	3,959,022	3,959,022	5,392,738
Amortization of tangible capital assets	–	–	–	–	(109,136)	109,136	–	–
Additions to intangible capital assets	–	–	–	–	66,293	(66,293)	–	–
Amortization of leasehold inducement	–	–	–	–	42,684	(42,684)	–	–
Balance, end of year	$ –	$ 2,500,000	$ 1,500,000	$ 2,000,000	$ 407,737	$ 9,363,333	$ 15,771,070	$ 11,812,048

See accompanying notes to financial statements

ENGINEERS CANADA

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 3,959,022	$ 5,392,738
Items not involving cash:		
Amortization of tangible capital assets	109,136	223,174
Amortization of lease inducement	(89,849)	(87,453)
Change in net unrealized gain on investments	(507,902)	(651,071)
Change in non-cash operating working capital:		
Increase in amounts receivable	(5,164)	(17,930)
Decrease (increase) in prepaid expenses and deposits	(12,596)	251,748
Increase (decrease) in accounts payable and accrued liabilities	156,309	(2,449,782)
Increase (decrease) in deferred contributions	109,195	(22,466)
	3,718,151	2,638,958
Investing activities:		
Net purchases of investments	(5,618,196)	(181,410)
Additions to tangible capital assets	(66,293)	(23,696)
	(5,684,489)	(205,106)
Increase (decrease) in cash	(1,966,338)	2,433,852
Cash, beginning of year	4,263,039	1,829,187
Cash, end of year	$ 2,296,701	$ 4,263,039

See accompanying notes to financial statements.

ENGINEERS CANADA

Notes to Financial Statements

Year ended December 31, 2020

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) Revenue recognition:

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

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

Revenues for provincial assessment and annual per capita fees are recognized when the constituent members have been invoiced and are included in corporate services revenue on the statement of operations. Revenues from affinity programs are recognized when the amount becomes collectible according to the terms of the arrangement. These amounts are included in national program revenues on the statement of operations.

Investment 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.

ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Significant accounting policies (continued):

(b) Financial instruments (continued):

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.

(c) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. When a capital 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 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

(d) Deferred lease inducement:

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

ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Significant accounting policies (continued):

(e) Allocated expenses:

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

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

(f) 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.

(g) 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% (2019 - prime rate less 2.75%).

Line of credit

Engineers Canada has a line of credit allowing it to borrow up to $500,000 (2019 - $500,000) at an interest rate of prime plus 1%. This line of credit is subject to annual renewal. There was no outstanding balance as at December 31, 2020 or 2019.

ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

4. Amounts receivable:

	2020	2019
Affinity and insurance programs	$ 1,122,700	$ 1,066,930
Government remittances receivable	31,917	43,542
Due from others	1,421	–
Due from members	–	40,402
	$ 1,156,038	$ 1,150,874

5. Investments:

	2020 Fair value	2020 Cost	2019 Fair value	2019 Cost
Bond funds	$ 6,751,823	$ 6,620,175	$ 2,808,348	$ 2,782,805
Canadian equity funds	2,250,483	1,920,985	1,227,674	917,074
International equity funds	1,462,289	1,052,313	889,546	664,741
U.S. equity funds	2,253,108	1,468,107	1,666,037	1,078,764
	$12,717,703	$11,061,580	$ 6,591,605	$ 5,443,384

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

6. Tangible capital assets:

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Furniture, fixtures and equipment	$ 203,292	$ 194,010	$ 9,282	$ 9,471
Computer hardware	390,630	317,941	72,689	38,887
Leasehold improvements	1,062,612	499,684	562,928	639,384
	$ 1,656,534	$ 1,011,635	$ 644,899	$ 687,742

Cost and accumulated amortization at December 31, 2019 amounted to $1,765,565 and $1,077,823, respectively. During the year, Engineers Canada disposed of tangible assets with a cost and accumulated amortization of $175,324.

ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

7. Accounts payable and accrued liabilities:

	2020	2019
Operating	$ 161,360	$ 235,880
Accrued liabilities	122,130	5,595
Payroll related accruals	241,009	126,889
Secondary Professional Liability insurance premiums repayable to members	41,060	40,886
	$ 565,559	$ 409,250

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	$ 290,995	$ 279,846	$ 570,841
Less: amortization	44,768	45,081	89,849
Balance, end of year	$ 246,227	$ 234,765	$ 480,992

9. Net assets:

Engineers Canada's overall objective with regard to its net assets is to ensure stability for the delivery of on-going programs and services, to fund strategic initiatives and to mitigate the financial impact of risks to its operations and achievement of strategic objectives. Engineers Canada manages its net assets by establishing restricted funds and committing amounts in the internally restricted net assets for anticipated future strategic priorities, contingencies, legal defense, 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)

Year ended December 31, 2020

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. Engineers Canada's net assets invested in its capital assets is equal to their net book value less the corresponding lease inducement.

Engineers Canada is not subject to externally imposed capital requirements and it adopted a new overall strategy with respect to net assets that took affect in 2020.

(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 Contingency Reserve is to mitigate the financial impact of the risk of future unexpected, negative events that could have a significant, adverse impact on the operations, revenues, and expenses of Engineers Canada. This reserve has a target level of $2,500,000.

The Legal Reserve is to ensure that funds are available in case of legal challenge, to provide funds to cover deductibles for insurances, and to assist the Engineering Regulators where it is determined 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 Regulators. This reserve has a target level of $1,500,000.

The Strategic Priorities Reserve is to provide funds for planned strategic initiatives, and to respond to future risks and investment needs in the performance, accessibility, and security of its information technology assets. This reserve has a target level of $2,000,000.

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)

Year ended December 31, 2020

10. Commitments:

Engineers Canada leases equipment and office space under operating leases which expire in April 2024 and June 2026. The future rental payments over the next five years and thereafter, including operating costs and taxes, are as follows:

2021	$ 664,671
2022	683,829
2023	683,829
2024	681,658
2025	680,934
Thereafter	340,467
	$ 3,735,388

11. Impact of COVID-19:

In March of 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. The situation is fluid and the ultimate duration and magnitude of the impact on the economy and on all aspects of operations are unknown.

Management has been forthright in undertaking certain strategies and actions to respond to the COVID-19 outbreak. The health and safety of all staff has been reinforced as the priority for Engineers Canada, and management invoked a work-from-home regime, suspended domestic and international travel, and shifted all face-to-face meetings to digital methods. Management is confident that it will be effective in mitigating the effects of COVID-19 on operations.

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditors' report which provide additional evidence relating to conditions that existed at year-end. Management has assessed the financial impacts and there are no additional adjustments required to the financial statements at this time.

The ultimate duration and magnitude of COVID-19's impact on Engineers Canada's operations and financial operations is not known at this time. These impacts could include a decline in future cash flows, changes to the value of assets and liabilities and the use of accumulated net assets to sustain operations. An estimate of the financial effect of COVID-19 is not predictable at this time.

ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

12. National programs:

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 program and secondary professional liability insurance based on the purchase of goods and services by the members of Engineers Canada's various provincial and territorial member associations.

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 92% (2019 - 99%) of the national program 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 75% (2019 - 85%) of the national program revenues; and
- on-going with no fixed expiry date which accounts for 17% (2019 - 14%) of the national program revenues.

13. 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 are $193,946 (2019 - $194,370), which are included in corporate services expense.

14. 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 due to currency, interest rate and other pricing risks. Engineers Canada is exposed to market risk with respect to its investments, as disclosed in note 5.

ENGINEERS CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

14. Financial risk management (continued):

(b) Foreign currency risk:

Engineers Canada is not exposed to significant foreign currency risk as it does not hold significant cash or investments denominated in foreign currencies.

(c) Interest rate risk:

Engineers Canada is exposed to 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.

(e) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Engineers Canada is exposed to credit risk in the event of non-payment by its counterparties in connection with its accounts receivable. In order to mitigate its credit risk, Engineers Canada has entered into long-term agreements for the majority of its receivables, employs credit policies and monitors collection. Refer to note 12 for further details of the significant counterparty agreements. An allowance for doubtful accounts is established based on factors surrounding the credit risk of specific members, historical trends and other information. At December 31, 2020, the allowance for doubtful accounts was $Nil (2019 - $Nil).

15. Comparative information:

Certain 2019 comparative information has been reclassified to conform to the financial statement presentation for 2020.

Back to agenda

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Engineers Canada

Audit Findings Report
for the year ended December 31, 2020

KPMG LLP

Prepared on March 3, 2021 for the
Finance, Audit and Risk Committee
meeting on March 17, 2021

kpmg.ca/audit

KPMG

Back to agenda

Table of contents

Back to agenda

KPMG contacts

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Executive summary

Purpose of this report[1]

The purpose of this Audit Findings Report is to assist you, as a member of the audit committee, in your review of the results of our audit of the financial statements as at and for the year ended December 31, 2020. This Audit Findings Report builds on the Audit Plan we presented to the Finance, Audit and Risk Committee.

What's new in 2020

There have been significant changes in 2020 which impacted financial reporting, and our audit that were acknowledged in the audit plan, and the findings are summarized in this report:

- COVID-19 pandemic – See pages 6-7
- New CAS auditing standards – See page 8

Changes from the audit plan

There have been no significant changes regarding our audit from the Audit Planning Report previously presented to you.

Finalizing the audit

As of February 22, 2020, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

– Completing our discussions with the Finance, Audit and Risk Committee;
– Completion of select file review of audit procedures;
– Confirmation and disclosure of transfers between net asset fund balances;
– Completion of subsequent event audit procedures and file review over auditing accounting estimates;
– Obtaining evidence of the Board's approval of the financial statements
– Receipt of the signed representation letter;
– Completion of subsequent event audit procedures up to the Audit Report date.

We will update the committee 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.

Adjustments and differences

There were no corrected or uncorrected differences identified as a result of our audit.

Significant accounting policies and practices

There have been no initial selections of, or changes to, significant accounting policies and practices to bring to your attention.

[1] This Audit Findings Report is intended solely for the information and use of Management, the Finance, Audit and Risk Committee, and the Board of Directors and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings 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.

Back to agenda

Executive summary (cont)

Control deficiencies

We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting.

Independence

We are independent of Engineers Canada in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.

What's new in 2020

COVID-19 pandemic

In the Audit Planning Report, we communicated additional areas of focus arising from the impacts of the COVID-19 pandemic. We adapted our audit to respond to the continued changes in Engineer Canada's environment, including the impacts on financial reporting.

Area of Impact	Key Observations
Financial reporting impacts	— We considered impacts to financial reporting due to COVID 19 pandemic and the increased disclosures needed in the financial statements as a result of the significant judgements. — In areas of the financial statements where estimates involved significant judgements, we evaluated whether the method, assumptions and data used by management to derive the accounting estimates, and their related financial statement disclosures were still appropriate per the relevant financial reporting framework given the changed economic conditions and increased estimation uncertainty – See page 7 — The areas of the financial statements and the audit most affected included: o Financial risks and Going concern assessment: Increased emphasis on whether COVID has created additional financial risks to the entity and whether there is doubt on the ability of the entity to continue as a going concern. o Disclosures – See the COVID-19 note in the financial statements for required disclosure around COVID-19 for the December 31, 2020 financial statements
Internal control over financial reporting	— Along with the Engineer Canada's remote working environment, the financial reporting impacts above necessitated certain changes to internal control over financial reporting — As a result of the changes to the components of internal control over financial reporting due to the COVID-19 pandemic, we: o Evaluated the design of the new relevant controls implemented in the control environment, the entity's risk assessment process, information and communication, and monitoring components of internal control over financial reporting o Evaluated the design of control activities to identify events and conditions that may cast significant doubt on Engineer Canada's ability to continue as a going concern. We also determined whether such control activities were implemented.

COVID-19 pandemic

In the Audit Planning Report, we communicated additional areas of focus arising from the impacts of the COVID-19 pandemic. We adapted our audit to respond to the continued changes in Engineer Canada's environment, including the impacts on financial reporting.

Area of Impact	Key Observations
Materiality	— We considered impacts to financial reporting on both the determination and the re-assessment of materiality for the audit of the financial statements. — Materiality remained at $950,000 per the audit planning report.
Risk Assessment	— We performed a more thorough risk assessment specifically targeted at the impacts of the COVID 19 pandemic, including an assessment of fraud risk factors (i.e., conditions or events that may be indicative of an incentive/pressure to commit fraud, opportunities to commit fraud, rationalizations of committing fraud).
Working remotely	— We used virtual work rooms, video conferencing, and internally shared team sites to collaborate in real-time, both amongst the audit team as well as with management. — We increased our professional skepticism when evaluating electronic evidence received and performed additional procedures to validate the authenticity and reliability of electronic information used as audit evidence.
Direction and Supervision of the audit	— The manager, senior manager and partner were actively involved in determining the impact that the COVID-19 pandemic had on the audit (as discussed above). — The managers and partner implemented new supervision processes to deal with working in a remote environment, and our audit approach allowed us to manage the audit using meaningful milestones and frequent touch points.

New auditing standards

The following new auditing standards that are effective for the current year had an impact on our audit.

Standard	Key observations
CAS 540, Auditing Accounting Estimates and Related Disclosures	— The new standard was applied on all estimates within the financial statements that had a risk of material misstatement due to estimation uncertainty and not just "key estimates", "critical accounting estimates", or "estimates with significant risk". — The granularity and complexity of the new standard along with our interpretation of the application of that standard necessitated more planning and discussion and increased involvement of more senior members of the engagement team. — We performed more granular risk assessments based on the elements making up each accounting estimate such as the method, the assumptions used, the data used and the application of the method. The accounting estimates identified as having estimation uncertainty and requiring further audit efforts were membership receivable and membership revenues. — We considered the potential for management bias. — We assessed the degree of uncertainty, complexity, and subjectivity involved in making each accounting estimate to determine the level of audit response; the higher the level of response, the more persuasive the audit evidence was needed.

Back to agenda

Financial statement presentation and disclosure

Misstatements, including omissions, if any, related to financial statement presentation and disclosure items are in the management representation letter.

We also highlight the following:

Form, arrangement, and content of the financial statements	Adequate. The financial statements are prepared using Canadian Accounting Standards for Not-for-Profit Organizations.

Back to agenda

Adjustments and differences

Differences and adjustments include disclosure and presentation differences and adjustments.

Professional standards require that we request of management and the audit committee that all identified differences be corrected. We have already made this request of management.

Uncorrected differences

We did not identify differences that remain uncorrected.

Corrected adjustments

We did not identify any differences that were corrected by management.

Back to agenda

Audit Plan Debrief - Timeline

We provide a summary debrief of items included in the Audit Plan presented to the Finance, Audit and Risk Committee to aid in discussion on changes to or deviations from the Audit Plan. We provide a comparison of the planned timeline presented and agreed-upon at the Finance, Audit and Risk Committee meeting to the actual dates of performance and delivery.

Audit work and deliverable description	Planned date	Date delivered or performed
Interim audit fieldwork to be performed by KPMG	December 14-16, 2020	N/A
Draft audit plan sent to Management for review and approval	November 17, 2020	November 17, 2020
Presentation of audit planning report to the Finance, Audit and Risk Committee	December 1, 2020	December 1, 2020
KPMG to provide a list to management of client prepared documents and work papers	December 14, 2020	December 21, 2020
Management to provide signed bank and investment confirmations	January 8, 2021	January 8, 2021
Engineers Canada to complete the close of the December 31, 2020 year-end books and records	January 15, 2021	January 15, 2021
Management to provide required working papers to KPMG based on year-end audit work paper requirements listing	On or before February 5, 2021	February 3-5, 2021
Remote audit fieldwork to be performed by KPMG	February 8 - 12, 2021	February 8 - 12, 2021
Draft financial reporting deliverables prepared by KPMG and provided to management	March 3, 2021	March 4, 2021
Presentation of draft financial statements and audit findings to the Finance, Audit and Risk Committee	March 17, 2021	Scheduled for March 17, 2021
KPMG to provide final draft deliverables (financial statements and audit findings report) in English and French	March 19, 2021	Scheduled for March 19, 2021
Board of Directors meeting for approval of the financial statements	April 7, 2021	Scheduled for April 7, 2021
KPMG to provide draft of tax return to Engineers Canada for review	April 27, 2021	Scheduled for April 27, 2021
Audit debrief between KPMG and Management, noting any areas of focus or additional audit services going forward	May 2021	To be scheduled for May 2021

Back to agenda

Audit Plan Debrief - Audit Fees

We provide a summary debrief of items included in the Audit Plan presented to the Finance, Audit and Risk Committee to aid in discussion on changes to or deviations from the Audit Plan. We will discuss matters that could impact our professional fees that were acknowledged at the December 9, 2020 Finance, Audit and Risk Committee meeting and inform the Finance, Audit and Risk Committee of any revisions to our audit fees.

Matters that could impact our fees	Our observations
Audit readiness	Based on the planned audit timeline above, there were some delays in the delivery of certain audit requests but these delays are not indicative of a lack of audit readiness of Engineers Canada but rather the impact of a virtual audit for the first time. There was ultimately no impact on meeting the reporting deadlines for the Finance, Audit and Risk Committee.
Availability of client team members	Key Engineers Canada team members were available and responsive to the Audit team on a timely manner throughout the audit.
Identification of control deficiencies	No significant control deficiencies were identified during fieldwork.
Significant changes in the nature or size of operations	There were no significant changes in the nature or size of the operations noted in the audit plan, nor were there any significant changes noted throughout the audit.
Changes in the timing of the audit work	There were no significant deviations to the timing of our audit work than from what was agreed-upon in the audit plan.
Significant one-time transactions	We did not note any significant one-time transactions entered into relating to the December 31, 2020 financial statements.
Finance, Audit and Risk Committee meeting attendance	We attended two Finance, Audit and Risk Committee meetings as planned.
Auditing accounting estimates	As documented above, we performed required procedures over auditing accounting estimates for the December 31, 2020 year-end. During the year-end audit, we performed initial risk assessment procedures for all potential accounting estimates and concluded that there were no applicable accounting estimates that met the definition per the new auditing standards.
COVID-19	As discussed in the audit plan, there were additional efforts required to support the environment of a remote audit and associated risks, as well as the impact of COVID-19 on Engineers Canada relevant to the audit. Our additional efforts consisted of additional time incurred as a result of a remote audit, understanding of processes impacted by remote work arrangements, evaluation of inherent risks, and completion of mandatory working papers.

Revisions to Audit fees:

As a result of the additional efforts as a result of COVID-19 and auditing estimates as mentioned above our professional fee will be increased by $1,000, for a total revised fee of $21,800. All other professional fees remain appropriate for the audit of the financial statements for Engineers Canada.

Back to agenda

Appendices

Content

Appendix 1: Other Required Communications

Independent Auditor's Report

The signed auditor's report will be provided upon the approval of the financial statements of the Board, receipt of the signed management representation letter from management and completion of all required audit procedures.

Engagement terms

A copy of the engagement letter has been provided to the Finance, Audit and Risk Committee.

Reports to the audit committee

We have provided our audit planning report to the Finance, Audit and Risk Committee on December 9, 2020.

Representations of management

A copy of the management representation letter is provided by management. We will obtain from management the signed representations at the completion of the audit.

Audit Quality in Canada

The reports available through the following links were published by the Canadian Public Accountability Board to inform audit committees and other stakeholders about the results of quality inspections conducted over the past year:

- CPAB Audit Quality Insights Report: 2020 Interim Inspection Results
- CPAB Audit Quality Insights Report: 2019 Annual Inspections Results

Visit our **Audit Quality Resources page** for more information including access to our **Transparency report**

Appendix 2: Current Developments

Current Developments, created by the KPMG Public Sector and Not-for-Profit Practice, summarizes some of the regulatory, operational and governance developments impacting public sector, charitable and not-for-profit organizations. We provide this summary to inform our clients of changes that they may impact their organization, and the trends we see in the industry based on our discussions with the management and Board members of our clients.

We attach this summary to our audit plans and audit findings reports that we provide to the Finance, Audit and Risk Committees of our public sector, not-for-profit and charity clients. Some of these developments may not impact your organization directly but we believe it is important for management and Committee members of charities and not-for-profit organizations to understand what is happening in the broader public, not-for-profit and charity sector.

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

KPMG held its Annual Accounting, Tax & Risk Update for Not-for-Profit Organizations remotely on **November 5, 2020**. The seminar covered current accounting, tax, technology and risk issues, including some of those discussed below, in greater detail providing 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 virtually attend our 2021 session. If you wish to have your name included on the invite list going forward, please e-mail Vanessa Hundert at vhundert@kpmg.ca.

Return to Work Assurance

Returning to the physical workplace is a complex yet integral part of Organizations' recovery from the pandemic. Various considerations around health and safety will need to be considered when developing any return to work (RTW) strategy. However, the changing implications of COVID-19 make it challenging for organizations to navigate this landscape on their own.

Organizations have established several processes to help ensure that employee's health and safety risks are clearly understood and effectively managed. However, are these processes complete and do they continue to adapt to the evolving state of the pandemic? In this environment, there are still many questions left unanswered, but here is what we do know:

- Leaders will play an active role in managing mental health
- The municipalities guidelines for reopening will differ from other municipalities
- There will be frequent changes in requirements
- Best practices will evolve over a year or more, not in a matter of weeks
- There will be regional disparity in approaches
- There will be outbreaks of COVID-19 in the workplace
- The 9 to 5 workday will be challenged
- Technology will contribute to the solution and will permanently alter the workplace but will need time to evolve.

KPMG has developed a comprehensive people-centric *RTW Playbook*, which takes into account 23 different elements that need to be considered in order to bring staff and relevant stakeholders back to work, safely. The framework starts with a COVID-19 task force, and ends with case response procedure. Each of the 23 elements in the RTW Playbook has several action items tagged, providing a basis for a comprehensive RTW management system.

In order to help organizations, navigate through this rapidly changing landscape, KPMG has developed the **Return to Work (RTW) Management Systems Framework**.

KPMG's RTW Management Systems Framework and related assurance will increase the Government of Canada's level of confidence over the comprehensiveness of its RTW program, by alignment to industry leading practices. Ultimately our framework will focus on the following categories aligned to the RTW framework:

- Governance;
- Planning and program design;
- Workforce preparation;
- Implementation and operations; and,
- Monitoring, maintenance and improvement.

The RTW framework and assurance provides management and executives with the "playbook" to implement RTW and the framework to manage and monitor, with the level of dashboard reporting to allow for dynamic and agile management actions.

Our approach consists of performing a current state assessment, gap analysis and RTW implementation roadmap, in order to support the implementation of appropriate management activities, and ultimately monitor and track successes. Our approach also offers several tools, including the RTW Dashboard, which is used as a reporting tool to assess and track all or portions of the Government of Canada's return to work management system, and the KPMG Workforce Safeguard App. For more information on Return to Work Assurance, please contact your relevant KPMG professional.

Government Subsidy Programs

The Government of Canada offers various subsidy programs to Organizations that meet various criteria and characteristics. Various programs continue to receive frequent and further information on eligibility, extensions to programs, and restrictions. As your trusted advisors, we are here to help. Because every Organization is unique, our experienced professionals can assist you with establishing that the methodology you use to determine eligibility – which can often be subjective – is consistent with similar organizations in your sector and across Canada.

Canada Emergency Wage Subsidy:

Eligible employers for the CEWS include but are not limited to corporations (other than a public institution), individuals, agricultural organizations, certain aboriginal businesses, registered charities, Canadian amateur athletic organizations, chambers of commerce, boards of trade, labour organizations and certain non-profits.

The subsidy will now focus on active employees that are not on leave. A transitional form of prescribed subsidy will be available for employees that continue to be on leave in September forward.

In July 2020, the CEWS program was significantly changed. The following is a summary of the changes that may be applicable to your organization:

- Additional claim periods ending November 21, 2020 (9 four-week periods in total);
- Application deadline extended to January 31, 2021
- Many other new elections, changes to definitions and new options to maximize claims

With very frequent and potential significant changes and updates occurring relating to CEWS, please continue to communicate with your KPMG professional for real-time updates, and opportunities where we are able to help.

Temporary Wage Subsidy:

Organizations are eligible for the Temporary Wage Subsidy (TWS) who have a Canada Revenue Agency (CRA) payroll program account as of March 18, 2020, who paid remuneration to an eligible employee from March 18 – June 19, 2020, and who meet the business requirements per CRA. The subsidy correlates to 10% of the remuneration paid to an employee, up to a maximum amount.

With very frequent and potential significant changes and updates occurring relating to TWS, please continue to communicate with your KPMG professional for real-time updates, and opportunities where we are able to help.

Canada Emergency Response Benefit:

The Canada Emergency Response Benefit (CERB) gives financial support to employed and self-employed Canadians who are directly affected by COVID-19. Recent updates to the CERB consist of the extension from 4 months to 6 months, and the ability to repay amounts where the qualifications were not met. The CERB stopped on October 3, 2020.

Canada Emergency Business Account:

The Canada Emergency Business Account (CEBA) program provides interest-free loans of up to $40,000 to eligible small businesses and not-for-profit organizations, with terms of repayment of the balance done prior to December 31, 2022, resulting in loan forgiveness of 25% of the original loan balance. Recent updates to the CEBA consist of significant expansion of eligibility criteria.

Conditions may be contained in loan agreements that risk lacking consistency of the criteria provided by the Government of Canada. Organizations should ensure that loan agreements have been reviewed closely. With very frequent and potential significant changes and updates occurring relating to CEBA, please continue to communicate with your KPMG professional for real-time updates, and opportunities where we are able to help.

Auditing Accounting Estimates:

As acknowledged earlier in this report, the new auditing standard over accounting estimates is in effect for audits of Organizations with year-ends on or after December 15, 2020. As a result of the revised methodology for auditing estimates, audit engagement teams globally will apply one methodology when auditing accounting estimates, including fair value accounting estimates, and related disclosures. Canadian Auditing Standards define an accounting estimate as a monetary amount for which the measurement in accordance with the requirements of the applicable financial reporting framework, is subject to estimation uncertainty.

Accounting estimates vary widely across Organizations and are required to be made by management when the monetary amounts cannot be directly observed. The process of determining accounting estimates involves selecting and applying a method using assumptions and data, which requires judgment by management and can give rise to complexity in measurement. The effects of complexity, subjectivity or other inherent risk factors on the measurement of these monetary amounts affects their susceptibility to misstatement. Similar to the variation among different Organizations, the degree to which an accounting estimate is subject to estimation uncertainty will also vary significantly. Examples of accounting estimates consist of, but are not limited to:

- Inventory obsolescence;
- Amortization of property and equipment;
- Valuation of financial instruments;
- Outcome of pending litigation;
- Revenue recognized for long-term contracts;
- Impairment of long-lived assets or property of equipment held for disposal;
- Warranty obligations

Key concepts in this revised standard focus on assessment of risks, and the goal of your KPMG team is to obtain sufficient appropriate audit evidence about whether accounting estimates and related disclosures in the financial statements are reasonable in the context of the applicable financial reporting framework.

With the new accounting standards, organizations will be required to perform self-assessments of all applicable accounting estimates relevant to your Organization and support the determination and methodology of the calculation of all accounting estimates. In auditing accounting estimates, your KPMG team will work with management to complete the following:

- Understand the Organization and its environment, including internal controls over financial reporting;
- Understand the process, including understand the process by which each accounting estimate is developed, understand the nature and extent to which management uses the work of specialists of third parties (other than specialists), understand how management understandings and addresses estimation uncertainty, and understand the elements of an estimate

Based on the understanding we have obtain from management, we will determine the components of the accounting estimate, perform a retrospective review and assess risk. The revision to our methodology includes as well the following considerations:

- Identification and addressing any management bias;
- Consideration of additional risk factors when assessing whether an estimate gives rise to a risk of material misstatement;
- Determination of components of an estimate and consideration of their differing risks;
- Identification and linkage of risk considerations of the methods, assumptions and data;
- Identification of individual items that contribute to risks individually, or in combination, and determination of our audit response for each applicable element;
- Performance of a retrospective review for all significant accounts and applicable disclosure for identification of a relevant assertion for an accounting estimate in the current year;
- Performance of an aggregate risk assessment

Cyber Security – Adapting to the 'new normal'

COVID-19 has forced us to transform the way we work — projects which might have taken a year have been driven through in weeks. Pragmatism has become the rule, and organizations have likely taken security risks that they might never have accepted in other circumstances. The dust is still settling, but some major themes are emerging: we're already seeing rapid expansions of digital commerce channels as consumer behaviours shift, in addition to dealing with a workforce that has grown accustomed to a flexible and remote work environment.

At the same time, cyber criminals have shown themselves ruthless and entrepreneurial in exploiting fear, uncertainty and doubt over COVID-19 — repurposing phishing and attack infrastructure to build out COVID-19 fake websites and scams. With a larger attack surface due to the increased use of online tools, opportunity for malicious activity is abound.

Organizations need to demonstrate that they can protect the heart of the transformed business with an agility of thought and action that recognizes the pace and speed at which cyber criminals operate. These issues must be handled proactively and can no longer be an after-thought. Cyber security is now becoming the key business enabler. Members of Audit Committees should be asking management fundamental questions such as:

- Are we doing enough to reduce our cyber risk to an acceptable level?
- Is our organization fully prepared to detect, respond and react to a cyber-attack of any kind?
- As we shifted to remote interaction with employees and customers, have we done it securely without relaxing our security or increasing our exposure?

Lean:

Approach

Our innovative audit approach, Lean in Audit™, further improves audit value and productivity to help deliver real insight to you. Lean in Audit is process oriented, directly engaging organizational stakeholders and employing hands-on tools, such as walkthroughs and flowcharts of actual financial processes.

By embedding Lean techniques into our core audit delivery process, our teams are able to enhance their understanding of the business processes and control environment within your organization – allowing us to provide actionable quality and productivity improvement observations.

Any insights gathered through the course of the audit will be available to both engagement teams and management. For example, we may identify control gaps and potential process improvement areas, while management has the opportunity to apply such insights to streamline processes, inform business decisions, improve compliance, lower costs, increase productivity, strengthen customer service and satisfaction and drive overall performance.

How it Works

Lean in Audit employs three key Lean techniques:

- Provide basic Lean training and equip our teams with a new Lean mindset to improve quality, value and productivity;
- Perform interactive workshops to conduct walkthroughs of selected financial processes providing end-to-end transparency and understanding pf process and control quality and effectiveness;
- Quick and pragmatic insight report including immediate quick win actions and prioritized opportunities to realize benefit

Current Environment Adaptation

In the current environment, Organizations are working entirely remotely, and we have tailored our methodology on the delivery and facilitation of interactive workshops to accommodate for current in-person restrictions. We are happy to inform our clients that we offer Lean in Audit workshops facilitated remotely, through the use of Microsoft Teams or Skype for Business. In facilitating workshops remotely, we are able to obtain the same high-quality level of process information, and document the process live with the help of your teams.

Please reach out to your KPMG professional on more information on remote-workshops and to schedule workshops for your audit processes.

Audit response to COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial market and social dislocating impact. As such enhanced contingency and subsequent events procedures are warranted.

Audit response:

- Management will be required with the audit team to customize language for an Impact of COVID-19 note.
- An assessment for any financial indicators of financial implications was undertaken and documented by management and reviewed by the audit team.
- An additional required note to the financial statements will be included for all year-ends that occurred subsequent to the start of the pandemic per our Canadian Auditing Standards. An example of the financial statement note is as follows:

X. Impact of COVID-19:

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic. This has resulted in significant financial, market and societal impacts in Canada and around the world.

From the declaration of the pandemic to the date of approval of these financial statements, the [Organization] implemented the following actions in relation to COVID-19:

- *[management's documentation of relevant impacts]*

As a result of these actions, the [Organization] experienced decreases in recognition of [applicable revenues] and related costs during the year and subsequent to year end.

(a) Subsequent events related to COVID-19:

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditor's report that provide additional evidence relating to conditions that existed as at year-end. Management has assessed the financial impacts and there are no additional adjustments required to the financial statements.

(b) Impact of COVID-19 on financial risks:

The ultimate duration and magnitude of COVID-19's impact on the [Organization]'s operations and financial position is not known at this time. These impacts could include a decline in future cash flows, changes to the value of assets and liabilities, and the use of accumulated net assets to sustain operations. An estimate of the financial effect of the pandemic on the [Organization] is not practicable at this time.

Please visit our COVID-19 website for resources. This site is being updated daily based on information being released by Federal, Provincial and Municipal news releases.

Not-for-Profit Organizations Accounting Update

New Accounting Standards

In March 2018, the Accounting Standards Board issued "*Basis for Conclusions – Accounting Standard Improvements for Not-for-Profit Organizations*" resulting in the introduction of three new handbook section in the Accounting Standards for Not-for-Profit Organizations – Part III of the Handbook:

– Section 4433, Tangible capital assets held by not-for-profit organizations
– Section 4434, Intangible assets held by not-for-profit organizations
– Section 4441, Collections held by not-for-profit organizations

The amendments are effective for financial statements beginning on or after January 1, 2019. The implementation of these changes is to be applied prospectively and included in the financial statements.

Appendix 3: Lean in Audit™

An innovative approach leading to enhanced value and quality

Our innovative audit approach, Lean in Audit, further improves audit value and productivity to help deliver real insight to you. Lean in Audit is process oriented, directly engaging organizational stakeholders and employing hands-on tools, such as walkthroughs and flowcharts of actual financial processes.

By embedding Lean techniques into our core audit delivery process, our teams are able to enhance their understanding of the business processes and control environment within your organization – allowing us to provide actionable quality and productivity improvement observations.

Any insights gathered through the course of the audit will be available to both engagement teams and management. For example, we may identify control gaps and potential process improvement areas, while management has the opportunity to apply such insights to streamline processes, inform business decisions, improve compliance, lower costs, increase productivity, strengthen customer service and satisfaction and drive overall performance.

How it works

Lean in Audit employs three key Lean techniques:

1. Lean training

Provide basic Lean training and equip our teams with a new Lean mindset to improve quality, value and productivity.

2. Interactive workshops

Perform interactive workshops to conduct walkthroughs of selected financial processes providing end-to-end transparency and understanding of process and control quality and effectiveness.

3. Insight reporting

Quick and pragmatic insight report including immediate quick win actions and prioritized opportunities to realize benefit.

Appendix 4: Audit and Assurance Insights

Our latest thinking on the issues that matter most to audit committees, Boards and Management.

Featured insight	Summary	Reference
Audit & Assurance Insights	Curated thought leadership, research and insights from subject matter experts across KPMG in Canada.	**Learn more**
The business implications of coronavirus (COVID 19)	Resources to help you understand your exposure to COVID-19, and more importantly, position your business to be resilient in the face of this and the next global threat.	**Learn more**
	Financial reporting and audit considerations: The impact of COVID-19 on financial reporting and audit processes.	**Learn more**
	KPMG Global IFRS Institute - COVID-19 financial reporting resource center.	**Learn more**
Accelerate 2020	Perspective on the key issues driving the audit committee agenda.	**Learn more**
IFRS Breaking News	A monthly Canadian newsletter that provides the latest insights on international financial reporting standards and IASB activities.	**Learn more**
Momentum	A quarterly Canadian newsletter which provides a snapshot of KPMG's latest thought leadership, audit and assurance insights and information on upcoming and past audit events – keeping management and board members abreast on current issues and emerging challenges within audit.	**Sign-up now**
Board Leadership Centre	Leading insights to help board members maximize boardroom opportunities.	**Learn more**

kpmg.ca/audit

BRIEFING NOTE: For decision

Corporate risk profile	2.2
Purpose:	To approve the new corporate risk profile
Link to the strategic plan:	Board responsibility 5: Ensure the CEO maintains and acts on a robust and effective risk management system which reflects the Board's risk tolerance level and directs Board-approved mitigation strategies
Motion to consider	*THAT the Board approve the corporate risk profile, on recommendation of the FAR Committee.*
Vote required to pass:	Simple majority
Transparency:	Open session
Prepared by:	Mélanie Ouellette, Manager, Strategic and Operational Planning Stephanie Price, Executive Vice President, Regulatory Affairs
Presented by:	Dwayne Gelowitz, Director from Saskatchewan, and Chair of the FAR Committee

Problem/issue definition

- The previous risk reporting system has been in place since 2015. There were 38 strategic and operational risks in the risk register, under two categories:
  - **Engineers Canada Board risks**: external and strategic risks that might lead to a change in organizational priorities. Identifying and monitoring these risks was the responsibility of the Board, who delegated their in-depth review to its committees.
  - **Operational risks**: external and internal risks that might impact the organization's ability to achieve the current strategic plan. The CEO managed these risks, with oversight from the Board.
- A good risk management process should follow similar steps:

- Previously, much of the focus and efforts were on the monitoring and reporting stage, whereas the higher value-added work is during the identification, analysis and response, as well as evaluation stages. The following gaps were also identified. The risk management process:
  - Was not concrete for Board Directors, and the layout was difficult to understand;
  - Did not foster integration in decision-making process; and,
  - Did not incorporate an evaluation step to determine if a risk should be retired.

Proposed action/recommendation

- FAR recommends that:
  - FAR be the only Board committee to review the risk register on an ongoing basis;
  - When necessary, Board briefing notes refer to pre-established risks;
  - Board's quarterly review of the risk register be replaced with an annual review of the corporate risk profile; and,
  - All new risks that arise be first brought to FAR prior to going to the Board.

The new corporate risk profile (the "profile") is an integrated record of how Engineers Canada manages and integrates risks in its decision-making process at all levels. The profile comprises two sections:

I. **Roles and responsibilities:** states expected roles and responsibilities for involved parties.
II. **Risk register:** includes the templates describing all risks, their evaluation, and controls, and a heat map.

The definition of risk **likelihood** was slightly modified to provide more clarity. Also, as the previous definition of the risk **impact** did not allow for objective evaluation, two criteria are now used to evaluate the degree of impact for each risk:

- **The scope of the impact:** how many purposes or strategic priorities would be affected.
- **The type of controls or actions** that would be necessary to recover, if the risk were to be realized.

Risks were also consolidated under broader categories that are either typically used by organizations to manage risks or specific risks to Engineers Canada. A new template was developed for each risk, which includes the following new features:

- **Target:** long-term risk-reduction objectives, tied with existing or additional controls;
- **Trend:** how long the risk has been on the register and score;
- **Current situation:** high-level record of why Engineers Canada is facing this risk, so that any new Board directors can quickly be brought up to speed;
- **Risk statements** are now broken down in **potential event** and **potential consequences** to ensure a broader consideration of all events and consequences;
- **Existing controls:** current actions in place to mitigate the risk;
- **Evidence** lists all of the measures currently in place to monitor the success of activities;
- **Residual risks** are either risks that Engineers Canada does not have control over, or risks that could be addressed with additional controls;
- **Risk tolerance and additional controls** will be reviewed by the Board annually to decide if additional controls should be adopted or if the risk is tolerated. If the Board adopts additional

controls, the CEO would incorporate them in the planning and budgeting process for the following year. Once operationalized, these additional controls would be moved to the existing controls category.

Other options considered:

- No other options were considered, as this new process is meant to reflect the direction provided by FAR and the Board.

Risks

- Not proceeding with the adoption of this risk management system will prevent the Board from improving its risk management process, which the Board has identified is necessary.

Financial implications

- There are no additional costs associated with the proposed risk management system as this initiative was undertaken by staff within existing financial resources.

Benefits

- Engineers Canada has an improved, in-depth, and transparent risk management system for tracking and reporting strategic and operational risks.

Consultation

- The FAR Committee developed this proposal over the course of several meetings, with additional Directors in attendance as observers.
- External consultations were not conducted as this is an internal document.

Next steps

- The CEO will include additional requested controls into the planning and budgeting process.
- FAR will review the risk register along with the budget in August, before the budget is submitted to the Board in October.
- Starting in October, authors of briefing notes will refer to risks, as appropriate, for items “for decision”.
- The corporate risk profile will be reviewed annually by FAR and provided to the Board for information at their April meeting. See Appendix 1 section 4 “Schedule” for proposed annual risk management activities.

Appendices

- **Appendix 1**: Corporate risk profile

Corporate Risk Profile

This corporate risk profile establishes Engineers Canada's risk management approach for both strategic and operational risks.

1. BACKGROUND

Engineers Canada serves the Regulators and upholds the honour, integrity, and interests of Canadian engineering by supporting consistent high standards in regulation, encouraging the growth of the profession in Canada, and inspiring public confidence. Our work is focussed on ten core purposes, as established by Engineers Canada's Members, the Engineering Regulators:

1. Accrediting undergraduate engineering programs.
2. Facilitating and fostering working relationships between and among the Regulators.
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 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.

We are not a regulatory body, but we support Regulators in fulfilling their mandates. Risk management is how we proactively and transparently demonstrate that we are anticipating opportunities and threats and are addressing or have plans to address their consequences.

2. INTEGRATED RISK MANAGEMENT PROCESS

The corporate risk profile comprises two sections:

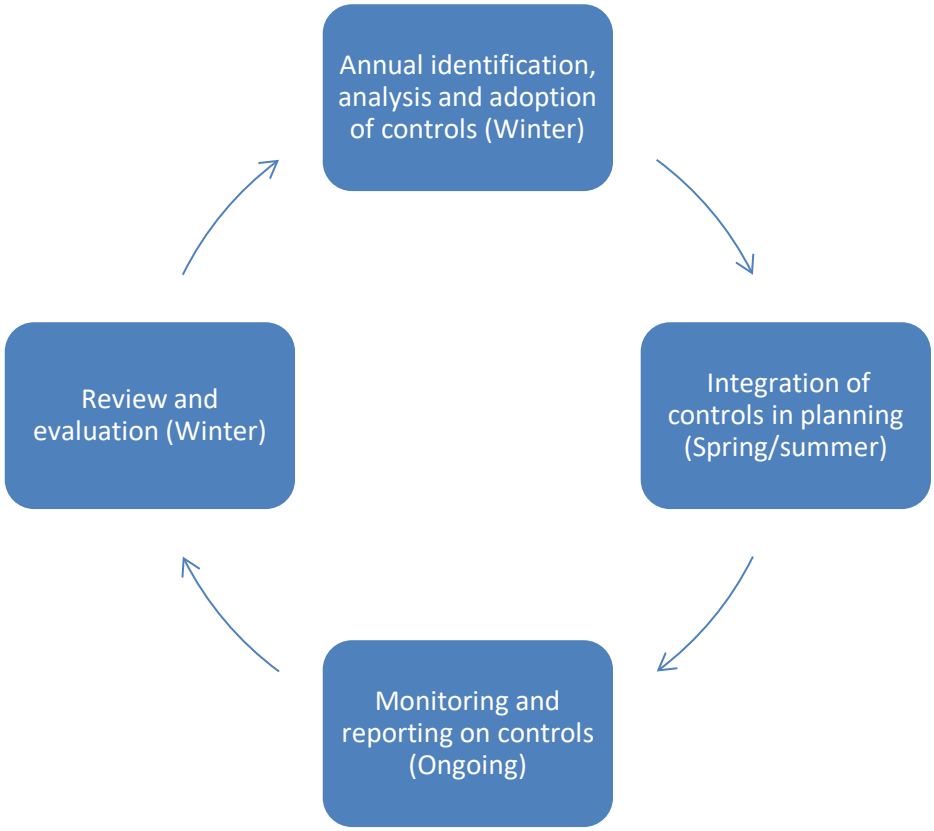
I. **Roles and responsibilities:** states expected roles and responsibilities for involved parties.
II. **Risk register:** includes the templates describing all risks, their evaluation, and controls, and a heat map.

There are two risk levels at Engineers Canada:

- *Strategic risks* are external risks that are managed by the Engineers Canada Board; and,
- *Operational risks*: are external and internal risks that are managed by the CEO, with oversight from the Engineers Canada Board.

While there is a distinction between strategic and operational risks, we are all collectively responsible for proactively identifying, integrating, and mitigating risks. This figure summarizes our risk management process:

Figure 1.: Integrated Risk Management Process



3. ROLES AND RESPONSIBILITIES

The following individuals have specific responsibilities related to the maintenance of the corporate risk profile:

- **Engineers Canada Board** reviews the corporate risk profile annually and adopts additional controls. The Board also considers the impact of their decisions on existing risk(s) through the briefing notes that accompany all decisions presented to the Board.
- **Finance, Audit, and Risk Committee (FAR)** reviews the risk register quarterly, makes recommendations about adding risks any time a new one arises, and evaluates the corporate risk profile annually, prior to the Board's review in April.
- **Chief Executive Officer** reviews operational risks at least quarterly and incorporates Board direction regarding additional controls into operational planning and budgeting.
- **Authors of for-decision briefing notes** demonstrate to the Board how their recommendation(s) impact existing risk(s), when appropriate.

4. SCHEDULE

The following table highlights the schedule of the annual risk management process:

Month	Action
February	FAR reviews the corporate risk profile (comprised of both roles and responsibilities and the risk register).
April	Board reviews the corporate risk profile.
May	FAR reviews the risk register. FAR can consider any new risk and add them to the register when appropriate.
Spring and summer	Direct reports incorporate additional controls in the annual planning process.
August	FAR considers the risk register (with focus made on additional controls) along with the budget.
December	FAR reviews the risk register. FAR can consider any new risk and add them to the register when appropriate.

5. PROCESS TO ADD RISKS TO THE REGISTER

The following section highlights the process to add a new risk or element to an existing risk:

- **Strategic risks:** Potential strategic risks or new events related to an existing risk can be presented to FAR for its consideration by any Board Director or staff. Prior to submitting it to FAR, a briefing note should be drafted to present a rationale as to why it should be added. If the nature of the new risk or event is urgent, the FAR Chair can choose to hold a special meeting to address the issue.
- **Operational risks:** At the discretion of the CEO, any new operational risk or new events related to an existing risk can be added at any time. The CEO must inform FAR of the change at their next regularly-scheduled review.

6. RISK REGISTER

The following heat map provides an overview of the risks:

LIKELIHOOD	IMPACT				
	1 **Insignificant** If occurs, will have little or no impact on delivering strategic priority(ies) or purpose(s)	**2** **Minor** If occurs, will have an impact on delivering 1 strategic priority or 1 purpose; Engineers Canada would recover with existing controls	**3** **Moderate** If occurs, will have an impact on delivering 2+ strategic priorities or 2+ purposes; Engineers Canada would recover with existing controls	**4** **Major** If occurs, will have an impact on delivering on 2+ strategic priorities or 2+ purposes; Engineers Canada could only recover with additional controls	**5** **Severe** If occurs, will require a restructuring of the purposes, governance, finances or operations of Engineers Canada in order to recover
5 **Extremely Likely** - Almost certain to occur					
4 **Likely** - More likely to occur than not	**Governance functions (SR)**		**Sustainability of engineering regulation (SR)** **Women in engineering (SR)**		
3 **Moderate** - Fairly likely to occur		**Financial compliance (OR)**	**Client satisfaction (OR)**	**Long term financial viability (SR)**	**Accreditation (SR)**
2 **Unlikely** - Unlikely but not unforeseeable			**Corporate Compliance (OR)** **Human resources (OR)** **Reputation (OR)**	**Infrastructure and information integrity (OR)**	**National collaboration (SR)**
1 **Low** -Unlikely to occur					

ACCREDITATION (STRATEGIC RISK)

Likelihood (1-5)	3 – moderate (fairly likely to occur)	**Total**
Impact (1-5)	5 – Severe (if occurs, will require a restructuring of the purposes, governance, finances or operations of Engineers Canada in order to recover)	**15**
Target	The Board would like to reduce the likelihood to improbable by the end of the Strategic Plan in 2024.	**10**

Trend *(When was the risk first identified, what is the trend)*	This risk was first put on the register in 2017. It has consistently remained in the high-risk category since it has been put on the register.
Current situation *(How did the risk emerge)*	• Engineers Canada accredits engineering programs on behalf of Regulators so that graduates do not have to pass an entry-practice exam to meet the academic requirement for licensure, as they are deemed to possess the minimum path, content measured in accreditation units (AUs). • The 2015 introduction of graduate attribute and continual improvement (GA/CI) criteria, which are a requirement to remain part of the Washington Accord, has increased the workload of higher education institutions (HEIs) to both prepare for and maintain accreditation. • Some HEIs were under the impression that the introduction of the GA/CI criteria would lead to the elimination of input measures (currently measured in AUs) and continue to suggest that the input measures (AUs) should be eliminated. • As less than half of CEAB graduates seek licensure, some HEIs have questioned why Engineers Canada is requiring an onerous accreditation processes, and if they should continue seeking accreditation. • The Regulators have to ensure that all applicants for licensure meet the same academic requirement for licensure and establishing an evaluation methodology that is equivalent to the current accreditation system is challenging.
Potential event(s) *(What threats or opportunities could trigger the realization of this risk)*	• One or more currently accredited undergraduate engineering program elects not to pursue re-accreditation because they no longer see value. • Creation of a parallel accreditation process by HEIs and/or Regulators. • One or more Regulator(s) withdraw from the accreditation process by assigning additional academic assessment to CEAB graduates.
Potential consequences *(What could happen if the potential event(s) take(s) place*	• Regulators would have to use alternative methods to assess whether graduates are academically qualified to begin the licensure process. • Quality of engineering education could vary across jurisdictions. • Value of Engineers Canada for Regulators could diminish. • Non-CEAB graduates subject to face the uncertainty of a less-defined pathway to licensure (the possibility of failing a standardized exam) and added expense of sitting the exams. • Graduates of non CEAB-accredited Canadian undergraduate engineering programs would no longer benefit from the international academic mobility afforded to them through the Washington Accord, or the national mobility afforded by Regulators. • Employers confused about the qualifications for licensure and possibly face additional expense of supporting the additional academic preparation.

Existing controls *(Current actions to mitigate risk)*	• Application of the consultation program to all CEAB changes, involving both Regulators and HEIs. • Increased collaboration of the CEAB's Policies and Procedures Committee (P&P) with the Deans' Liaison Committee, a subcommittee of Engineering Deans Canada**.** • Accountability in Accreditation annual assessment measures the transparency and effectiveness of the accreditation process, from the point of view of Regulators, HEIs, and others. The resulting report includes recommendations for the CEAB's consideration. This will result in a means of tracking the trends and identifying potential improvements. • Proposal for a new "Learning Unit" (LU) to replace the AU which included a recommendation for a pilot project to test the use of the LU was not supported by Engineering Deans Canada and the CEAB continues to consider alternatives to the AU as a measure of the minimum path. • Recent changes intended to reduce HEI workload including: o reducing the minimum number of Accreditation Units (AUs) from 1,950 to 1,850 o adding flexibility in the visiting team schedule o the development of a web-based data management system (Tandem) to enable the submission and maintenance of accreditation documents, o increased focus on Graduate Attribute/Continual Improvement process (and less on individual data points), reducing the documentation burden on HEIs.
Evidence *(How success of the existing controls is measured)*	• Accountability in Accreditation evaluation report (published annually starting October 2021) and follow up actions. • Trends in requests for accreditation submitted by new and currently accredited programs. • Feedback from Regulators and HEIs to consultations.
Residual risk *(Remaining risks after existing control measures)*	• A certain level of dissatisfaction is to be expected between any accrediting body and the organizations seeking accreditation. • Workload remains high, contributing to the dissatisfaction of HEIs who perceive the system as inflexible. • Accreditation changes take considerable time to implement due to the reliance on volunteers to perform work and the length of the accreditation cycle. • Regulators' licensure processes continue to evolve, putting pressure on accreditation processes to remain aligned.
Risk tolerance *(Remaining risk is accepted or is above tolerance level)*	This risk is above the risk tolerance of the Board.
Additional controls *(Future actions to mitigate risk, if risk not tolerated, with expected timeframe)*	The Board will be implementing Strategic Priority 1.1: *Investigate and Validate the Purpose and Scope of Accreditation*, which is expected to be completed by end of 2024. The CEQB is also working on a feasibility study on alternative methods of academic assessment for non-CEAB applicants.

CLIENT SATISFACTION (OPERATIONAL RISK)

Likelihood (1-5)	3- Moderate (fairly likely to occur)	**Total**
Impact (1-5)	3 – Moderate (if occurs, will have an impact on delivering 2+ strategic priorities or 2+ purposes but Engineers Canada would likely recover with existing controls)	**9**
Target	The CEO would like to reduce the likelihood to 2 by the end of the Strategic Plan in 2024 through Strategic Priority 3.1 *Uphold our Commitment to Excellence* and additional controls.	**6**

Trend *(When was the risk first identified, what is the trend)*	This risk was first defined as part of the 2021 review of the risk register. As a result, there is no trend to report for this year.
Current situation *(How did the risk emerge)*	• Engineers Canada's ability to deliver high quality and effective programs, products and services rests on its ability to: o identify and meet client expectations, o innovate and continually improve our programs, products and services, o recruit and retain quality staff (this is further discussed in Human Resources organizational risk), and, o maintain and continually improve the processes that support our work. • While Regulators are the owners and primary customers of Engineers Canada, the organization also provides products and services to higher education institutions (HEIs), students, government, engineering students, engineers and staff.
Potential event(s) *(What threats or opportunities could trigger the realization of this risk)*	• Delivery of program, product or service that does not meet client needs. • Competitors offer alternative programs, products or services that better meet clients needs. • Lack of clarity on the needs, requirements or priorities of clients. • Staff's inability to deliver as indicated by measurement, monitoring and/or feedback indicating: o Decreasing effectiveness of consultation program; o Decreasing effectiveness of internal communications; o Not achieving Intended outcomes of programs, products, or services; o Poor client service or lack of clear understanding of client expectations; and/or, o Decreasing use or ability to apply established processes (e.g. project management).
Potential consequences *(What could happen if the potential event(s) take(s) place*	• Programs, products or services are only partially used or not used at all by clients. • Dissatisfied client(s). • Clients leave program(s). • Inefficient resource allocation or lack of clear direction for purposes and internal services. • Staff disengagement or low morale.
Existing controls *(Current actions to mitigate risk)*	• Regulator communications strategy. • Results of employee engagement survey and subsequent measures to address gaps through the client focus and innovation working groups. • Consultation program. • Internal communications strategy. • Informal relationships and feedback among staff and between staff and clients. • Organizational benchmarking and continual improvement against the Excellence, Innovation and Wellness Standard® of Excellent Canada which considers our practices in items noted above and:

	o Client service and satisfaction; o Operational process, project and program management approaches and tools; and, o Staff engagement and enablement.
Evidence *(How success of the existing controls is measured)*	• Measurement against the Excellence, Innovation, and Wellness Standard®. • Positive retention rate of clients (e.g. Regulators, accreditation, affinity, etc.). • Consultation on work plans, general directions, draft documents. • Informal feedback between clients and staff. • Use of programs, products, and services.
Residual risk *(Remaining risks after existing control measures)*	• Inconsistent and sometimes conflicting direction from groups of clients. • No organization-wide approach to client management (e.g. proactively identifying client needs, sharing client knowledge, responding to client feedback). • Complex governance structure can result in slow response to client needs. • No clarity regarding overall client priorities and its impact on planning and resource allocation.
Risk tolerance *(Remaining risk is accepted or is above tolerance level)*	This risk is not acceptable to the CEO in the long-term, and additional controls are underway.
Additional controls *(Future actions to mitigate risk, if risk not tolerated, with expected timeframe)*	• The Board will be implementing Strategic Priority 3.1 *Uphold our Commitment to Excellence*. • The client focus working group will recommend and implement organization-wide consistency for client management processes. • The innovation working group will implement processes and encourage leadership improvements to enhance our capacity for innovation. • First evaluation and resulting continual improvement of the consultation process. • Improvements to program evaluations and after-action project reviews. • Improvements to measurement of leading client satisfaction indicators.

Back to agenda

CORPORATE COMPLIANCE (OPERATIONAL RISK)

Likelihood (1-5)	2 - Unlikely (unlikely but not unforeseeable)	**Total**
Impact (1-5)	3 – Moderate (if occurs, will have an impact on delivering 2+ strategic priorities or 2+ purposes but Engineers Canada would likely recover with existing controls)	**6**
Target	The CEO does not expect changes for this risk as it is typical for any operating business	**6**

Trend *(When was the risk first identified, what is the trend)*	This risk results from a 2021 consolidation of related risks that were previously being tracked independently. As a result, there is no trend to report for this year.
Current situation *(How did the risk emerge)*	• Engineers Canada has an obligation to comply with various statutory and common law obligations and requirements.
Potential event(s) *(What threats or opportunities could trigger the realization of this risk)*	• Litigation or legal action brought against or sustained by Engineers Canada. • Failure to monitor and/or ensure compliance with corporate policies. • Failure to meet or comply with legal obligations.
Potential consequences *(What could happen if the potential event(s) take(s) place)*	• Application of damages, fines, or penalties, resulting in financial hardship. • Reputation loss. • Loss of trust with the Board or Regulators.
Existing controls *(Current actions to mitigate risk)*	• Legal counsel oversees compliance and works with staff to ensure legally sound practices. • Internal policies and procedures, with processes defined for regular reviews and training. • Legal reviews of all contractual agreements, including employment contracts, requests for proposals and memorandums of understanding. • Privacy audit completed annually, and training provided to all staff.
Evidence *(How success of the existing controls is measured)*	• Training and audit results. • No current (or recent past) legal actions filed. • No known failure to meet legal or policy obligations.
Residual risk *(Remaining risks after existing controls)*	• Corporate bodies are always susceptible to some legal challenge, whether real or threatened.
Risk tolerance *(Remaining risk is accepted or is above tolerance level)*	This risk is acceptable to the CEO, but continual improvement is necessary to retain this level.
Additional controls *(Future actions to mitigate risk, if risk not tolerated, with expected timeframe)*	None required, continual improvement is ongoing.

FINANCIAL COMPLIANCE (OPERATIONAL RISK)

Likelihood (1-5)	2 - Unlikely (unlikely but not unforeseeable)	**Total**
Impact (1-5)	3 – Moderate (if occurs, will have an impact on delivering 2+ strategic priorities or 2+ purposes but Engineers Canada would likely recover with existing controls)	**6**
Target	The CEO does not expect changes, as it is typical for any operating business.	**6**

Trend *(When was the risk first identified, what is the trend)*	This risk results from a 2021 consolidation of related risks that were previously being tracked independently. As a result, there is no trend to report for this year.
Current situation *(How did the risk emerge)*	• Engineers Canada must ensure that financial resources are effectively managed and reported accurately.
Potential event(s) *(What threats or opportunities could trigger the realization of this risk)*	• Misreporting to the Board, auditors, or other compliance bodies. • Employee(s) commit fraud. • Errors in the budget. • Technology failure.
Potential consequences *(What could happen if the potential event(s) take(s) place)*	• Inaccurate reporting to the Board. • Financial loss. • Litigation. • Loss of trust or dissatisfaction of the Board or Regulators. • Improper filings (e.g. payroll taxes). • Data loss.
Existing controls *(Current actions to mitigate risk)*	• Annual external audit process. • Month-end close procedures. • Expense and cheque approval processes. • Policies for staff on travel and expense reimbursement, financial commitments and expenditures, corporate credit card, procurement, financial signing authority and delegation, and fraud.
Evidence *(How success of the existing controls is measured)*	• Annual audit report. • Quarterly financial reports. • Month-end financial statements. • Annual budget with three-year projections.
Residual risk *(Remaining risks after existing controls)*	• Limited ability to segregate duties due to size of finance team.
Risk tolerance *(Remaining risk accepted or not)*	The risk is within acceptable tolerance levels for the CEO.
Additional controls *(Future actions to mitigate risk, if not tolerated)*	None required, continual improvement is ongoing.

GOVERNANCE FUNCTIONS (STRATEGIC RISK)

Likelihood (1-5)	1 - Low (unlikely to occur)	**Total**
Impact (1-5)	4 – Major (if occurs, will have an impact on delivering on 2+ strategic priorities or 2+ purposes and Engineers Canada could only recover with additional controls)	**4**
Target	The Board does not expect changes as it is typical for any operating business.	**4**

Trend *(When was the risk first identified, what is the trend)*	This risk results from a 2021 consolidation of related risks that were previously being tracked independently. As a result, there is no trend to report for this year.
Current situation *(How did the risk emerge)*	• The Board governs the organization and makes governance decisions in the best interests of Engineers Canada, which serves the Engineering Regulators. • The Board has obligations to supervise the management of Engineers Canada, to put in place and adhere to Board policies, to demonstrate transparency to Regulators, to adopt and monitor financial controls, and to ensure effectiveness of the Board. • The Board is also responsible for self-assessing its work and monitoring the work of its Direct Reports: the CEO, and the CEAB and CEQB chairs.
Potential event(s) *(What threats or opportunities could trigger the realization of this risk)*	• Board does not effectively monitor financial resources. • Governance structure does not allow quick response to events. • Regulators do not understand how to work within the governance framework. • Failure to monitor work of Direct Reports (CEO, CEAB and CEQB chairs). • Failure to ensure succession planning for CEO. • Lack of knowledge retention by Board or committee members. • Lack of representation and/or skills diversity. • One or more Board member(s) do not comply with Board policies.
Potential consequences *(What could happen if potential event(s) take place)*	• Diminished or lost Regulator confidence. • Regulator dissatisfaction or Regulator(s) leaving Engineers Canada. • Known or unknown mismanagement of financial resources or fraud. • Loss of institutional knowledge. • Reputation loss.
Existing controls *(Current actions to mitigate risk)*	• Regular and ongoing policy reviews. • Approval of budget and CEAB and CEQB work plans. • Strategic performance reporting. • Annual Board self-evaluation. • Annual evaluation of CEO and chairs of CEAB and CEQB. • Third-party, annual financial audit. • Succession plan for CEO. • On-boarding process (orientation) and Director education. • Open meetings and publication of Board and committee minutes on the public website.
Evidence *(How success of the existing controls is measured)*	• Results of annual self-evaluation. • Results of annual evaluation of Direct Reports. • Quarterly performance reports from Direct Reports. • Audit reports. • Board competency profile. • Governance effectiveness survey.

Residual risk *(Remaining risks after existing control measures)*	• Governance structure does not respond quickly to events. • Difficult to hold volunteers accountable and control their work. • No control over Director nominees, including their diversity or skills.
Risk tolerance *(Remaining risk is accepted or is above tolerance level)*	The risk is within the Board's tolerance level, but continual improvement is necessary to maintain this level.
Additional controls *(Future actions to mitigate risk, if risk not tolerated, with expected timeframe)*	None required, continual improvement is ongoing including: • Development of a volunteer management program. • Development of CEAB and CEQB volunteer management plans.

HUMAN RESOURCES (OPERATIONAL RISK)

Likelihood (1-5)	2 – Unlikely (unlikely but not unforeseeable)	**Total**
Impact (1-5)	3 – Moderate (if occurs, will have an impact on delivering 2+ strategic priorities or 2+ purposes but Engineers Canada would likely recover with existing controls)	**6**
Target	The CEO does not expect changes as it is typical for any operating business.	**6**

Trend *(When was the risk first identified, what is the trend)*	This risk results from a 2021 consolidation of related risks that were previously being tracked independently. As a result, there is no trend to report for this year.
Current situation *(How did the risk emerge)*	• Engineers Canada's ability to deliver high quality and effective programs products and services rests on its ability to recruit and retain quality staff. • Staff performance and knowledge retention is critical to deliver products and services to Regulators and stakeholders.
Potential event(s) *(What threats or opportunities could trigger the realization of this risk)*	• CEO leaves abruptly. • Executive team member leaves abruptly. • Critical mass of staff leaves within a short period of time / high staff turnover. • Inability to recruit or retain competent staff in core positions. • New legislative obligations.
Potential consequences *(What could happen if the potential event(s) take(s) place)*	• Lack of organizational leadership in key positions. • Skills shortage or lack of skills in critical areas. • Delay(s) and/or decreased quality of programs, products or services. • Regulators' and stakeholders' dissatisfaction with projects, products or services. • Loss of core knowledge. • Positions remain vacant. • Staff disengagement or low morale.
Existing controls *(Current actions to mitigate risk)*	• Succession planning for the CEO. • Staff survey to measure satisfaction and actions plans to address gaps. • Competitive compensation and benefits program. • Onboarding program. • Staff professional development. • Performance management program and processes. • Wellness program. • Reward and recognition program (including regular benchmarking of salaries against the market). • Recruitment and retention program. • Improved knowledge management through IT strategy.
Evidence *(How success of the existing controls is measured)*	• CEO succession plan. • Review of compensation and benefits program. • Social and Wellness Committee survey results. • Staff turnover rate. • Employee engagement survey results (every 2-3 years).

Residual risk *(Remaining risks after existing control measures)*	• There is currently no executive team succession planning process. • Improvements to the information repository on SharePoint are not completed. • Retention due to lack of advancement in a small, flat organization. • Difficulties to recruit bilingual candidates in National Capital Region.
Risk tolerance *(Remaining risk is accepted or is above tolerance level)*	This risk is acceptable to the CEO, but continual improvement is necessary to retain this level.
Additional controls *(Future actions to mitigate risk, if risk not tolerated, with expected timeframe)*	None required, continual improvement is ongoing, including: • The CEO and the Senior Leadership Team (SLT) will develop and implement a succession planning process for all staff. • Improvements to the wellness program and performance management process are underway. • Reinforcement and completion of staff annual learning plans. • Innovation working group to recommend and implement ways to improve daily work. • Performance management working group to recommend improvements to the performance evaluation process.

Back to agenda

INFRASTRUCTURE AND INFORMATION INTEGRITY (OPERATIONAL RISK)

Likelihood (1-5)	2 - Unlikely (unlikely but not unforeseeable)	**Total**
Impact (1-5)	4 - Major (if occurs, will have an impact on delivering on 2+ strategic priorities or 2+ purposes and Engineers Canada could only recover with additional controls)	**8**
Target	The CEO does not expected changes as it is typical for any operating business.	**8**

Trend *(When was the risk first identified, what is the trend)*	This risk results from a 2021 consolidation of related risks that were previously being tracked independently. As a result, there is no trend to report for this year.
Current situation *(How did the risk emerge)*	• Engineers Canada is vulnerable to technological, infrastructure and security threats and breaches. • Currently, information is stored in two major areas: in on-premise servers and in-cloud infrastructure. For the last few years, resources have been allocated to move all information to the cloud through the Space Program. • COVID-19 brought many new challenges including new health and safety procedures for the office, provision of remote IT services and protection of the organization against security and information breaches while staff work remotely.
Potential event(s) *(What threats or opportunities could trigger the realization of this risk)*	• Staff do not understand or comply with information management requirements. • Staff do not understand or comply with IT policies and procedures. • Damage to physical infrastructure. • Destruction or theft of information or equipment. • Corruption or modification of information. • Removal or loss of information or equipment. • Disclosure of information. • Interruption or denial of services.
Potential consequences *(What could happen if the potential event(s) take(s) place)*	• Loss of core information. • Inability to communicate with staff. • Privacy breaches. • Damage or destruction of physical or technological infrastructure. • Reputation loss. • Unreliable services to staff, Regulators, and stakeholders. • Inability to deliver on programs, products, or services.
Existing controls *(Current actions to mitigate risk)*	• IT policies on information technology security incidents, (including protocols for any breaches to our digital properties), acceptable use of IT, and password requirements. • Business continuity plan and process for annual reviews. • Space Program and information architecture improvements. • Emergency response procedure and staff training. • Vendor management process and contracts. • Detailed COVID-19 procedures for staff in the office. • Staff awareness of phishing and other social engineering threats. • Onsite/offsite backup strategy and monitoring. • Nagios monitoring system to forewarn of failures. • Cloud back-up systems put in place for possible “internal” bad actors. • Automatic virus software update system. • Laptop automatic file backup in case of laptop failure/loss.

	• Cloud administrators forced to use multi-factor authentication for logins. • Maintenance of firewall software and firewall AV/malware protection. • IT team's continued expansion of knowledge in areas of cloud service management and security, through courses, webinars, and online learning. • Acquisition of specialists to instruct and guide IT team for sensitive deployments or security sensitive implementations.
Evidence *(How success of the existing controls is measured)*	• Infrequent breaches have occurred on Engineers Canada's digital properties in the last year. Protocols were followed to handle breach events and attack vectors were mitigated. • Despite inevitable hardware failures, no data has been lost or corrupted. All backup systems and other fail-safe mechanisms have allowed data integrity to be maintained.
Residual risk *(Remaining risks after existing control measures)*	• Unknown security or information breach with staff working remotely. • Servers could unexpectedly stop working, potentially causing data loss, unreliable service, or staff, Regulators, and stakeholder dissatisfaction. • Some information continues to be stored on aging servers. • New emerging (zero-day) threats to data/digital infrastructure. • Limited time for IT to devote to security hardening, prevention and monitoring.
Risk tolerance *(Remaining risk is accepted or is above tolerance level)*	This risk is acceptable to the CEO, but continual improvement is necessary to retain this level.
Additional controls *(Future actions to mitigate risk, if risk not tolerated, with expected timeframe)*	Continual improvement is ongoing. The National Membership Database is being moved to a more secure environment.

LONG TERM FINANCIAL VIABILITY (STRATEGIC RISK)

Likelihood (1-5)	3 - Moderate (fairly likely to occur)	**Total**
Impact (1-5)	4 – Major (if occurs, will have an impact on delivering on 2+ strategic priorities or 2+ purposes and Engineers Canada could only recover with additional controls)	**12**
Target	The Board expects to maintain the current level of risk.	**12**

Trend *(When was the risk first identified, what is the trend)*	This risk results from a 2021 consolidation of related risks that were previously being tracked independently. As a result, there is no trend to report for this year.
Current situation *(How did the risk emerge)*	• Engineers Canada has the following revenue streams: o **Membership dues:** approved annually by Members during their annual meeting and coming into effect 18 months after. o **Affinity revenues:** result from agreements between Engineers Canada and providers of financial and insurance products. PEO makes a decision annually if it avails itself of some of the funds or not. o **Investments funds:** a certain percentage of revenues invested in money market, bonds and equities.
Potential event(s) *(What threats or opportunities could trigger the realization of this risk)*	• Marked decrease in any one revenue source. • Members ignore the Board's recommendation and adopt a significantly lower per capita assessment fee. • PEO avails itself of the affinity funds. • Low rate of return of investments. • A regulator leaves the affinity program, resulting in a decrease of revenue over time.
Potential consequences *(What could happen if the potential event(s) take(s) place)*	• Loss of revenues. • Loss of reputation with providers of financial and insurance products. • Regulators' dissatisfaction or loss of confidence. • Additional Regulator(s) leave the affinity program. • Operational budget declines significantly in the long term, resulting in inability to deliver on the purposes of Engineers Canada and/or a need to terminate staff.
Existing controls *(Current actions to mitigate risk)*	• Operational budget does not include PEO affinity funds (assumption each year is that they *will* avail themselves of the funds). • Relationship management with affinity program providers. • Discussion and projection of expected membership numbers (i.e. future dues revenues) with Regulators. • Board Policy 7.7, *Investments*. • Use of long-term contracts with affinity providers. • Use of actuarial expertise to assess and continually improve affinity programs. • Bylaw to control the size of Engineers Canada's reserves through annual review of the Per Capita Assessment Fee. • Net asset structure, Board Policy 7.12, *Net Assets*, and active management of reserves.
Evidence *(How success of the existing controls is measured)*	• Revenue as predicted in the budget and reported in the audit. • Affinity program performance reporting.

Residual risk *(Remaining risks after existing control measures)*	• There is currently a risk regarding the TD affinity revenues in the long-term as the percentage of revenue going to the Regulator has increased from 51 per cent to 90 per cent for new customers.
Risk tolerance *(Remaining risk is accepted or is above tolerance level)*	Risk is within the Board's tolerance level.
Additional controls *(Future actions to mitigate risk, if risk not tolerated, with expected timeframe)*	None required, continual improvement is ongoing.

Back to agenda

NATIONAL COLLABORATION (STRATEGIC RISK)

Likelihood (1-5)	2 – Unlikely (unlikely but not unforeseeable)	**Total**
Impact (1-5)	5 – Severe (if occurs, will require a restructuring of the purposes, governance, finances, or operations of Engineers Canada in order to recover)	**10**
Target	The Board has evaluated the risk as acceptable but attention and continual improvement are required to sustain this level.	**10**

Trend *(When was the risk first identified, what is the trend)*	This risk results from a 2021 consolidation of related risks that were previously being tracked independently. As a result, there is no trend to report for this year.
Current situation *(How did the risk emerge)*	• Engineers Canada's success rests on its ability to understand and meet Regulators' expectations, incorporate their perspective in its activities, and foster national collaboration and consistency across jurisdictions.
Potential event(s) *(What threats or opportunities could trigger the realization of this risk)*	• Lack of Board direction or collaborative decision-making. • One or more Regulator(s) ask that Engineers Canada take a collective stance on strategic issue and consensus can not be reached. • One or more Regulator(s) has processes or policies that differ significantly from others. • One or a few provincial or territorial governments dictate regulatory requirements that vary significantly or are incompatible with other Regulators'. • Ineffective consultation program.
Potential consequences *(What could happen if the potential event(s) take(s) place)*	• Inability to reach consensus on major strategic issues. • Loss of value for Regulators. • Loss of membership in one or more international agreement(s). • Decrease or loss of Regulators' confidence. • Additional barriers to national or international mobility.
Existing controls *(Current actions to mitigate risk)*	• Strategic Plan development process and consultation program. • Facilitate knowledge sharing and collaboration among regulator staff during meetings (Chief Executive Officers, Admission, Practice, Discipline & Enforcement, Communications, Finance, and IT Officials and Outreach community of practice). • Programs, products and services that serve multiple Regulators (e.g. accreditation, 30 by 30, Competency-Based Assessment, National Position Statements, International Institutions and Degrees Database, National Engineering Month).
Evidence *(How success of the existing controls is measured)*	• Adoption of the Strategic Plan. • Renewal of Engineers Canada membership in international agreements. • Use of programs, products, and services. • Attendance at national meetings of Regulators. • Consultation feedback.
Residual risk *(Remaining risks after existing control measures)*	• Lack of control over Regulator actions (participation in consultation, adoption of consistent practices, use of programs, products and services, etc.). • Lack of control over provincial or territorial government(s) imposing requirements without considering other Engineering Regulators' requirements. • Lack of time or interest from Regulators to develop consensus on programs, products, and services. • Lack of direction in terms of degree of consistency and areas for collaboration.

Risk tolerance *(Remaining risk is accepted or is above tolerance level)*	This risk is within the Board's tolerance level, but continual improvement is necessary to maintain this level.
Additional controls *(Future actions to mitigate risk, if risk not tolerated, with expected timeframe)*	• The Board will be implementing Strategic Priority 1.2 *Strengthen Collaboration and Harmonization* to define Regulators' desired degree of consistency and identify areas for collaboration. Improvements are expected by the end of 2024. • The Board will be implementing the new vision, *Advancing Canadian engineering through national collaboration*. This provides an opportunity to demonstrate leadership and reflect this ideal in the deliberations of the Board.

REPUTATION (OPERATIONAL RISK)

Likelihood (1-5)	2 - Unlikely (unlikely but not unforeseeable)	**Total**
Impact (1-5)	3 – Moderate (if occurs, will have an impact on delivering 2+ strategic priorities or 2+ purposes but Engineers Canada would likely recover with existing controls)	**6**
Target	The CEO does not expect any changes as it is typical for any operating business.	**6**

Trend *(When was the risk first identified, what is the trend)*	This risk results from a 2021 consolidation of related risks that were previously being tracked independently. As a result, there is no trend to report for this year.
Current situation *(How did the risk emerge)*	• Engineers Canada's ability to deliver high quality products and services, to represent the national voice of the Engineering Regulators and profession, and to advocate to the federal government partially depends on high credibility and a strong brand.
Potential event(s) *(What threats or opportunities could trigger the realization of this risk)*	• Negative media coverage about Engineers Canada. • Negative comments about Engineers Canada on social media from influential figures. • Federal government consults or publicly acknowledges other organizations on national engineering regulatory issues and the engineering profession. • Conflicting stances communicated to Regulators or stakeholders. • Incorrect information on the corporate website. • Misunderstanding of Engineers Canada's role in the regulation of engineering.
Potential consequences *(What could happen if the potential event(s) take(s) place*	• Loss of credibility with Regulators, engineers, federal government, or the public. • Federal government consults other organizations on national engineering regulatory matters.
Existing controls *(Current actions to mitigate risk)*	• Daily media and social media monitoring. • Consultation program. • Regular government advocacy activities and interventions (e.g. House of Commons and Senate committees, meetings with elected officials or senior federal officials). • Communications policies: social media, brand management, media relations, official languages, process to respond to public and media enquiries. • Process to review and update web content.
Evidence *(How success of the existing controls is measured)*	• Lack of incidents in the media. • Misrepresentations corrected in a timely way. • Number of federal government requests for input. • Communications policies and processes regularly reviewed and kept current. • Informal stakeholder feedback loops.
Residual risk *(Remaining risks after existing control measures)*	• Website can never be 100 per cent accurate due to amount of content. • Cannot influence media stories after publication. • Cannot address or eliminate all negative comments on social media from influential figures. • Cannot prevent other organizations from trying to brand themselves as the national engineering advocacy body.

Risk tolerance *(Remaining risk is accepted or is above tolerance level)*	• This risk is acceptable to the CEO, but continual improvement is necessary to retain this level.
Additional controls *(Future actions to mitigate risk, if risk not tolerated, with expected timeframe)*	None required, continual improvement of all existing controls is ongoing.

Back to agenda

SUSTAINABILITY OF ENGINEERING REGULATION (STRATEGIC RISK)

Likelihood (1-5)	4 - Likely (more likely to occur than not)	**Total**
Impact (1-5)	3 – Moderate (if occurs, will have an impact on delivering 2+ strategic priorities or 2+ purposes but Engineers Canada would likely recover with existing controls)	**12**
Target	The Board would like to reduce likelihood to 3 by the end of the Strategic plan in 2024.	**9**

Trend *(When was the risk first identified, what is the trend)*	This risk was first put on the register in May 2020 following the discussion of the environmental scan for the 2022-2024 Strategic Plan.
Current situation *(How did the risk emerge)*	• Recent government and self-commissioned audit reports have highlighted the need for the profession to implement changes to governance, admission, professional practice, discipline, and enforcement practices to further demonstrate how Engineering Regulators protect public interest. • Rapid technological advances have challenged Regulators to adapt their processes to effectively regulate in new areas of engineering practice. The proportion of CEAB graduates that seek licensure is decreasing. There may be a perception that licensure is not required in some fields. In some jurisdictions, technologists are seeking the right to practice in areas that may fall under the national definition of engineering. • Engineers Canada supports Regulators in demonstrating the importance of engineering licensure and regulation to the public, governments, potential engineers, and engineering businesses.
Potential event(s) *(What threats or opportunities could trigger the realization of this risk)*	• Provincial or territorial government grants technologists the right to practice engineering independently in some areas of work. • Engineers Canada does not provide useful products or information to support Regulators in their regulation of emerging areas including admissions, enforcement, discipline, and professional practice.
Potential consequences *(What could happen if the potential event(s) take(s) place)*	• Some Regulators' authority over the exclusive engineering scope of practice is eroded. • Regulators cannot demonstrate to their governments, public, individuals, or employers the value and need for licensure.
Existing controls *(Current actions to mitigate risk)*	• Operation imperative 2: Facilitating working relationships between Regulators. • Operational imperative 3: Providing services and tools that foster excellence in engineering practice and regulation. • Operational imperative 5: Advocating to the federal government. • Operation imperative 6: Researching and advising on changes that impact the engineering profession and the Canadian regulatory environment. • National stance on the Principles for development of a regulatory regime for granting engineering technologists independent practice rights

Evidence *(How success of the existing controls is measured)*	• Meeting of officials groups attended by all Regulators with discussion of emerging areas and practice rights of technicians' and technologists' practice rights. • New or revised Engineers Canada Papers provided to Regulators. • Regulatory research reports provided to Regulators. • National Position Statements, national issues statements, government submissions and government relations meetings and events related to licensure and regulation in emerging areas. • Lack of cases where technologists are granted independent practice rights within the scope of engineering.
Residual risk *(Remaining risks after existing control measures)*	• Inconsistent participation in and use of programs, products or services by Regulators. • Lack of control over inconsistency in Regulators actions regarding enforcement or their decision on whether to provide a path to licensure in emerging areas. • Lack of control over decisions made by provincial or territorial governments to grant technologists independent practice rights within the scope of engineering.
Risk tolerance *(Remaining risk is accepted or is above tolerance level)*	This risk is above the risk tolerance of the Board.
Additional controls *(Future actions to mitigate risk, if risk not tolerated, with expected timeframe)*	The Board will be implementing Strategic Priority 1.3 *Support Regulation of Emerging Areas*, which is expected to be completed by end of 2024.

Back to agenda

WOMEN IN ENGINEERING (STRATEGIC RISK)

Likelihood (1-5)	4 – Likely (more likely to occur than not)	**Total**
Impact (1-5)	3 - Moderate (if occurs, will have an impact on delivering 2+ strategic priorities or 2+ purposes but Engineers Canada would likely recover with existing controls)	**12**
Target	The Board would like to reduce the impact to 2 by the end of the Strategic Plan in 2024	**8**

Trend *(When was the risk first identified, what is the trend)*	This risk was first put on the register in May 2020 following the discussion of the environmental scan for the 2022-2024 Strategic Plan.
Current situation *(How did the risk emerge)*	• Engineers Canada fosters collaboration with Engineering Regulators and stakeholders to increase equity, diversity, and inclusivity in the profession. We also conduct advocacy activities in support of women in engineering. • As of 2019, newly licensed women represented 17.9 per cent of all new licensees. • Thirty per cent is universally held as the tipping point for sustainable change.
Potential event(s) *(What threats or opportunities could trigger the realization of this risk)*	• Critical mass of women does not achieve engineering licensure. • Withdrawal of Regulators' support. • Withdrawal of support from key players including champions, volunteers, higher education institutions (HEIs), employers, and students. • COVID-19 disproportionally affects women's employment rate, including potential future female applicants. • Increasing or decreasing percentage of female undergraduate enrolment and graduation.
Potential consequences *(What could happen if the potential event(s) take(s) place)*	• The profession does not reach the 30 per cent of women engineers newly licensed by 2030. • Reputation loss for Engineers Canada with Regulators, government, external stakeholders, and partners. • Decrease in Regulators and/or key players' support in increasing the equity, diversity, inclusion of the engineering profession.
Existing controls *(Current actions to mitigate risk)*	• Strategic priority 3: Action plans on recruitment, retention, and professional development. • Development of an annual scorecard for Regulators. • Convene influential figures and facilitate the 30 by 30 K-12, post-secondary, and early career working groups. • Research and evaluation of 30 by 30 communications and stakeholder engagement. • New Gender-Based Analysis+ of Regulators' licensure assistance, and employer awareness programs. • CEAB investigation of incorporating 30 by 30 into the accreditation process. • CEQB development of Guideline on workplace gender equity. • Participating in the Canadian Coalition of Women in Engineering, Science, Trades and Technology (CCWESTT) conferences and sponsor student travel.
Evidence *(How success of the existing controls is measured)*	• Annual National Membership Report. • Annual 30 by 30 scorecard. • Annual Enrolment and Degrees Awarded Report.

Residual risk *(Remaining risks after existing control measures)*	• Role limited to providing information and convening players, as Regulators manage the relationship with applicants for licensure, engineers, employers, and local K-12 representatives. • Lack of control regarding the recruitment or retention of K-12 female students taking science and math in school. • Lack of control on how HEIs recruit or retain students, and limited influence in how HEIs promote licensure. • Lack of control on how employers recruit and retain females and promote licensure to them.
Risk tolerance *(Remaining risk is accepted or is above tolerance level)*	This risk is above the risk tolerance of the Board.
Additional controls *(Future actions to mitigate risk, if risk not tolerated, with expected timeframe)*	The Board will be implementing Strategic Priority 2.1 *Accelerate 30 by 30*, which is expected to be completed by the end of 2024.