AGENDA

213th ENGINEERS CANADA BOARD MEETING

April 6, 2022 | 11:00am – 2:00pm ET

Virtual delivery | Zoom details are provided via outlook calendar invitation

Reference materials: Board Policy Manual | Bylaw | Corporate Risk Profile | Strategic Plan

1.	**Opening**	
	1.1 Call to order and approval of agenda – D. Chui *THAT the agenda be approved and the President be authorized to modify the order of discussion.*	
	1.2 Declaration of conflict of interest (pages 3 - 4)	
2.	**Board business/required decisions**	
	2.1 2021 audited financial statements – N. Hill (pages 5 - 23) *THAT the Board, on recommendation of the FAR Committee, approve the Engineers Canada financial statements for the year ending December 31, 2021, as audited by KMPG LLP, and be placed before the Members at the 2022 Annual Meeting of Members.*	
	2.2 Corporate Risk Profile – N. Hill (pages 24 - 57)	
	2.3 Rescission of the In-person meeting guideline – M. Wrinch (pages 58 - 61) *THAT the Board, on recommendation of the Governance Committee, rescind the Board's Guideline 1, In-person meetings during COVID.*	
3.	**Next meetings**	
	Board meetings	
	• May 27, 2022 (Toronto, ON) • June 20-21, 2022 (Mont-Tremblant, QC) • September 29, 2022 (Ottawa, ON)	• December 12, 2022 (Virtual) • February 23, 2023 (Ottawa, ON) • April 5, 2023 (Virtual)
	Committee meetings	
	• FAR Committee: May 12, 2022 (virtual) • HR Committee (2022-2023): May 28, 2022 (Toronto, ON)	• June 20, 2022 (all 2022-2023 committees) (Mont-Tremblant, QC)
4.	**In-camera sessions**	
	4.1 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.*	
	4.2 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.*	
	4.3 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.* • *Meeting evaluation*	
5.	**Closing** (motion not required if all business has been completed)	

Board support document

Meeting norms

Virtual participation:

- Board members and Direct Reports are asked to "show up" to the meeting a few minutes early to test their audio and video connections and are encouraged to reach out to Boardsupport@engineerscanada.ca in advance if they anticipate any connection or technological issues.
- To increase meeting engagement and participation, Board members and Direct Reports are requested to turn on their cameras during the meeting, when possible. All participants will have control over their ability to mute their line upon joining the meeting. Participants are asked to self-mute when they are not speaking to minimize background noise. If a participant is muted by an organizer, this is because there was feedback on the line.
- Participants are asked to use the self-mute function and turn off their cameras, instead of leaving the meeting during all breaks. This will help minimize any technical issues and disruption upon re-connection.
- The "Raise hand" function is only to be used if a participant wishes to ask questions and/or make comments after presentations or during debate. Depending on the Zoom version, participants may find the 'Raise hand' button under "Reactions" or "Participants". Participants should reach out in "Chat" if they are not able to locate it.
- If a participant wishes to speak and have not been called upon or are unable to use the "Raise hand" function, they should say their name with an un-muted microphone and obtain permission from the Chair before speaking.
- The "Chat" function will only be monitored by the offsite AV personnel in respect of technical difficulties. Non-technical questions asked through the "Chat" function will not be answered during the meeting.

To conduct the meeting with reasonable time and fairness:

1. For all motions, the meeting chair will call for abstentions and negative votes from the Directors. Directors who do not state a negative vote or an abstention will be considered in favour of the motion. If, for whatever reason, Directors are unable to speak during the motion and feel their opinion was not heard, they should raise their hand, or reach out in "Chat" for technical support.
2. Wordsmithing of motion texts should be avoided as much as possible so that the meeting can stay on track. If the proposed motion and related decision is understood, the Board should move to a debate and discussion on the proposal and should not focus attention on perfecting the text.
3. Participants are asked to speak for a maximum of two (2) minutes at a time (a timer will be projected on the screen) and will be limited to two (2) chances to speak on any one issue or motion. An opportunity to speak a second time will be granted only after everyone has had a chance to speak. The meeting chair reserves the right to allow additional chances to speak, as necessary.
4. Restating or reiterating the same point is strongly discouraged.
5. In the virtual environment where meeting participants are not able to demonstrate their agreement by nodding, they are encouraged to use the "Reaction" buttons to identify their informal support of others' statements. A safe and respectful environment is encouraged at all times.
6. At the opening of the meeting, the meeting chair will announce which individual will be monitoring the show of hands. The chair will try to ensure that anyone with a raised hand has their point addressed.

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

BRIEFING NOTE: For decision

2021 audited financial statements	2.1
Purpose:	To approve the 2021 audited financial statements
Link to the Strategic Plan / Purposes:	Board responsibility: 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
Link to the Corporate Risk Profile:	Financial compliance (operational risk)
Motion(s) to consider:	*THAT the Board, on recommendation of the FAR Committee, approve the Engineers Canada financial statements for the year ending December 31, 2021, as audited by KMPG LLP, and be placed before the Members at the 2022 Annual Meeting of Members.*
Vote required to pass:	Simple majority
Transparency:	Open session
Prepared by:	Derek Menard, Director, Finance
Presented by:	Nancy Hill, Director from Ontario, 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 2021 audit was performed in February 2022, after the close of year-end.

Proposed action/recommendation

- The Finance, Audit, and Risk (FAR) Committee proposes that the Board approve the audited financial statements. Thereafter, they shall be presented to the Members at the 2022 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 and place them before 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 14, 2021 with KPMG LLP, the public accountants (re-appointed by the Members in 2021), to discuss the proposed audit plan.

- The FAR Committee met with the KPMG auditors on March 16, 2022 to review the draft financial statements and the audit findings report.

Next steps (if motion approved)

- Draft 2021 audited financial statements to be circulated to the Members with the AMM agenda book.

Appendix

- **Appendix 1:** Financial statements and auditors' report (2021)

Financial Statements of

ENGINEERS CANADA

And Independent Auditors' Report thereon

Year ended December 31, 2021

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, 2021
- 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, 2021, 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, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash (note 3)	$ 3,037,065	$ 2,296,701
Amounts receivable (note 4)	1,197,114	1,156,038
Prepaid expenses and deposits	222,338	122,009
	4,456,517	3,574,748
Investments (note 5)	16,638,837	12,717,703
Tangible capital assets (note 6)	662,447	644,899
	$ 21,757,801	$ 16,937,350
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	$ 692,117	$ 565,559
Deferred contributions	87,142	119,729
	779,259	685,288
Deferred lease inducement (note 8)	393,539	480,992
Net assets (note 9):		
Internally restricted:		
Contingency reserve	2,500,000	2,500,000
Legal contingency reserve	1,500,000	1,500,000
Strategic priorities reserve	2,000,000	2,000,000
Invested in tangible capital assets	470,366	410,134
Unrestricted	14,114,637	9,360,936
	20,585,003	15,771,070
Commitments (note 10)		
Impact of COVID-19 (note 11)		
	$ 21,757,801	$ 16,937,350

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director _____ Director

ENGINEERS CANADA

Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
National programs (note 12)	$ 9,824,255	$ 9,526,001
Corporate services	3,124,386	3,195,446
Unrealized gain in investments	1,179,903	507,902
Investment income	312,826	243,097
Outreach	17,600	100,667
	14,458,970	13,573,113
Expenses:		
Operating expenses:		
Accreditation	88,391	90,016
Fostering working relationships	1,938	3,760
Services and tools	123,500	13,875
National programs	884,668	1,438,491
Advocating to the Federal government	44,589	52,087
Research and regulatory changes	20,213	4,904
International mobility	58,216	31,479
Promotion and outreach	186,686	272,839
Diversity and inclusion	208,141	138,088
Protect official marks	132,996	111,043
Secretariat services	232,073	420,405
Corporate services (note 13)	6,982,816	6,654,889
	8,964,227	9,231,876
Excess of revenue over expenses before the undernoted	5,494,743	4,341,237
Projects spending:		
Accreditation improvement project	221,574	137,184
International mobility - IIDD one-time project	54,599	95,506
Services and tools - competency-based assessment	214,592	147,715
Service and tools - NMDB	173,110	1,810
Investigate and validate the purpose and scope of accreditation	12,360	–
Reinforce trust and the value of licensure	4,575	–
	680,810	382,215
Excess of revenue over expenses	$ 4,813,933	$ 3,959,022

See accompanying notes to financial statements.

ENGINEERS CANADA

Statement of Changes in Net Assets

Year ended December 31, 2021, with comparative information for 2020

	Contingency (note 9)	Legal contingency reserve (note 9)	Strategic priorities reserve (note 9)	Invested in tangible capital assets	Unrestricted	2021	2020
Balance, beginning of year	$ 2,500,000	$ 1,500,000	$ 2,000,000	$ 410,134	$ 9,360,936	$ 15,771,070	$ 11,812,048
Transfer between reserves	–	–	–	–	–	–	–
Excess of revenue over expenses	–	–	–	–	4,813,933	4,813,933	3,959,022
Amortization of tangible and intangible capital assets	–	–	–	(134,735)	134,735	–	–
Additions to tangible and intangible capital assets	–	–	–	152,283	(152,283)	–	–
Amortization of leasehold inducement	–	–	–	42,684	(42,684)	–	–
Balance, end of year	$ 2,500,000	$ 1,500,000	$ 2,000,000	$ 470,366	$ 14,114,637	$ 20,585,003	$ 15,771,070

See accompanying notes to financial statements

ENGINEERS CANADA

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 4,813,933	$ 3,959,022
Items not involving cash:		
Amortization of tangible capital assets	134,735	109,136
Amortization of lease inducement	(87,453)	(89,849)
Change in net unrealized gain on investments	(1,179,903)	(507,902)
Change in non-cash operating working capital:		
Increase in amounts receivable	(41,076)	(5,164)
Increase in prepaid expenses and deposits	(100,329)	(12,596)
Increase in accounts payable and accrued liabilities	126,558	156,309
Increase (decrease) in deferred contributions	(32,587)	109,195
	3,633,878	3,718,151
Investing activities:		
Net purchases of investments	(2,741,231)	(5,618,196)
Additions to tangible capital assets	(152,283)	(66,293)
	(2,893,514)	(5,684,489)
Increase (decrease) in cash	740,364	(1,966,338)
Cash, beginning of year	2,296,701	4,263,039
Cash, end of year	$ 3,037,065	$ 2,296,701

See accompanying notes to financial statements.

ENGINEERS CANADA

Notes to Financial Statements

Year ended December 31, 2021

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.

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.

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% (2020 - prime rate less 2.75%).

Line of credit

Engineers Canada has a line of credit allowing it to borrow up to $500,000 (2020 - $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, 2021 or 2020.

4. Amounts receivable:

	2021	2020
Affinity and insurance programs	$ 1,134,700	$ 1,122,700
Government remittances receivable	62,130	31,917
Due from others	–	1,421
Due from members	284	–
	$ 1,197,114	$ 1,156,038

5. Investments:

	2021 Fair value	2021 Cost	2020 Fair value	2020 Cost
Bond funds	$ 7,232,321	$ 7,388,184	$ 6,751,823	$ 6,620,175
Canadian equity funds	2,617,659	2,153,082	2,250,483	1,920,985
International equity funds	2,314,217	1,557,593	1,462,289	1,052,313
U.S. equity funds	3,983,039	3,413,355	2,253,108	1,468,107
Alternative – Global	491,601	491,601	–	–
	$16,638,837	$15,003,815	$12,717,703	$11,061,580

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	2021 Net book value	2020 Net book value
Furniture, fixtures and equipment	$ 250,916	$ 200,037	$ 50,879	$ 9,282
Computer hardware	408,130	345,783	62,347	72,689
Leasehold improvements	1,149,771	600,550	549,221	562,928
	$ 1,808,817	$ 1,146,370	$ 662,447	$ 644,899

Cost and accumulated amortization at December 31, 2020 amounted to $1,656,534 and $1,011,636 respectively. During the year, Engineers Canada disposed of tangible assets with a cost and accumulated amortization of $0.

7. Accounts payable and accrued liabilities:

	2021	2020
Operating	$ 277,915	$ 161,519
Accrued liabilities	85,105	122,130
Payroll related accruals	288,853	240,850
Secondary Professional Liability insurance premiums repayable to members	40,244	41,060
	$ 692,117	$ 565,559

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	$ 246,227	$ 234,765	$ 480,992
Less: amortization	(44,769)	(42,684)	(87,453)
Balance, end of year	$ 201,458	$ 192,081	$ 393,539

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).

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 2021.

(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.

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:

2022	$ 674,827
2023	674,827
2024	672,656
2025	671,932
2026	335,716
	$ 3,029,958

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.

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% (2020 - 92%) 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% (2020 -75%) of the national program revenues; and
- on-going with no fixed expiry date which accounts for 16% (2020 -17%) 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 $214,494 (2019 - $193,946), 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.

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, 2021, the allowance for doubtful accounts was $Nil (2020 - $Nil).

15. Comparative information:

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year.

BRIEFING NOTE: For information

Corporate Risk Profile	2.2
Purpose:	To review the Corporate Risk Profile and consider the Board risks.
Link to the Strategic Plan / Purposes:	Board responsibility: 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
Link to the Corporate Risk Profile:	Governance functions (strategic)
Prepared by:	Mélanie Ouellette, Manager, Strategic and Operational Planning
Presented by:	Nancy Hill, Director from Ontario and Chair of the FAR Committee

Background

- In 2021, the Board approved a new risk management process, as presented in the Corporate Risk Profile (Appendix 1), which includes the Board and the Operational Risk Registers. Under the new process, the Board reviews Board and operational risks annually and provides feedback, if applicable, to the FAR Committee on the content of the Corporate Risk Profile.
- During the annual review, if the Board evaluates that a Board risk(s) is higher than can be tolerated, it has the opportunity to direct the CEO to propose additional controls. Additional controls would be submitted to the Board for approval as part of the regular planning and budgeting process.

Status Update

- The CEO and FAR Committee conducted their quarterly reviews in 2021 and 2022.
- Scores for Board risks remained consistent over the past year. This is due to the fact that most of the risks have new strategic priorities identified as existing controls, and the 2022-2024 Strategic Plan came into force on January 1st, 2022. The scores for the operational risks also remained the same.
- The following changes have been made to the Corporate Risk Profile since the Board last reviewed it in April 2021:
  - The title "strategic risks" was changed to "Board risks" to reflect the fact that they include Board responsibilities in addition to risks that were identified during the development of the current Strategic Plan.
  - Risks managed by the Board and by the CEO were separated into two different sections of the Risk Register to clarify roles and responsibilities.
  - Responsibilities of authors of for-decision briefing notes were adjusted to reflect the fact that the Board is responsible for determining the impact of work on the risk it manages and that staff's role is to highlight linkages for Directors' consideration.
  - Trends were adjusted to reflect that a minimum of two years of data for every risk is available.
  - The Risk Register was updated to reflect the operational controls that have been implemented since 2021. Also, existing controls that have been completed were removed from the Risk Register.

  - The Board and the FAR Committee's roles and responsibilities, and the schedule, have been clarified.
  - Where publicly available, references were added as evidence.
- At its February meeting, the FAR Committee asked the CEO to look into the feasibility of adding additional controls to mitigate the Accreditation and Women in Engineering risks. The CEO's response to these requests are included in Appendix 2.

Next Steps

- Any feedback provided by the Board at the April meeting will be considered by the FAR Committee and necessary changes to the Corporate Risk Profile will be incorporated, where appropriate.
- The FAR Committee will continue to monitor the Board risks and provide oversight to the CEO's operational risk management process on a quarterly basis. If any issues arise, the FAR Committee will bring them to the attention of the Board.

Appendix

- **Appendix 1:** Corporate Risk Profile (updated February 2022)
- **Appendix 2:** CEO's responses to the FAR Committee regarding adding controls to mitigate the Accreditation and Women in Engineering risks.

Corporate Risk Profile

This Corporate Risk Profile establishes Engineers Canada's risk management approach for risks managed by the Board and the Chief Executive Officer.

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.

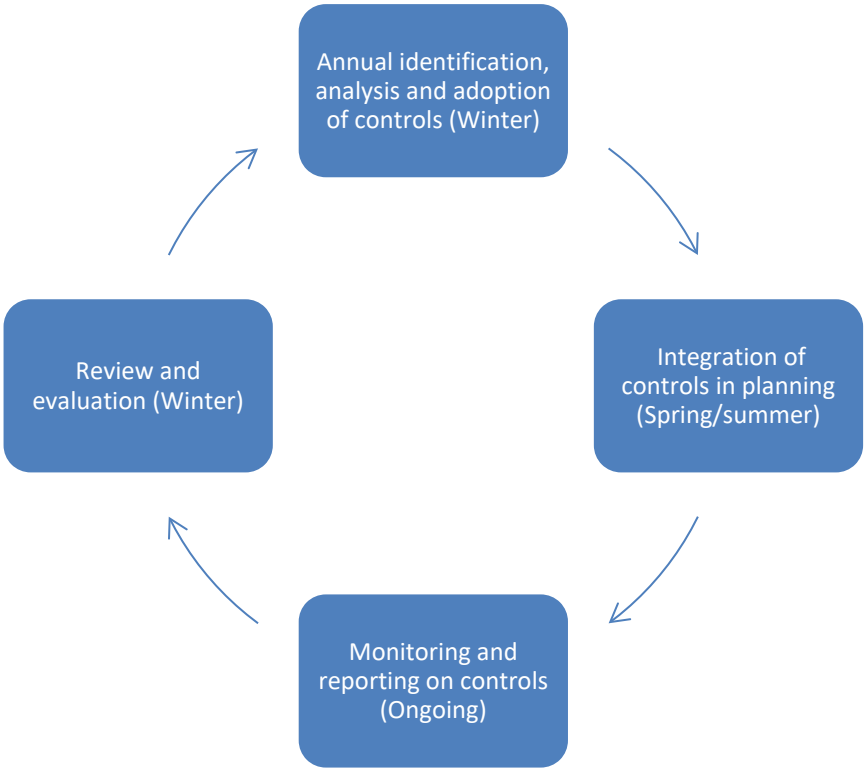
2. INTEGRATED RISK MANAGEMENT PROCESS

There are two types of risks at Engineers Canada:

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

While there is a distinction between Board and operational risks, the Board and CEO are 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**'s role is to manage Board risks and ensure that the CEO has a robust, effective risk management system for operational risks. The Board has delegated the responsibility of quarterly monitoring the risk management system and adding new Board risks to the Board Risk Register to the Finance, Audit and Risk (FAR) Committee. The Board reviews Board and operational risks annually and provides feedback to the FAR Committee on the content of the Corporate Risk Profile. During the annual review, should the level of Board risks be higher than can be tolerated, the Board has the opportunity to direct the CEO to adopt additional controls in its organizational planning process. The Board also considers the impact of their decisions on existing risks through the briefing notes that accompany all decisions presented to the Board.
- **FAR Committee** quarterly reviews risks, can add new Board risks, and ensures that the CEO has a robust, effective risk management system (for both Board and operational risks). At any point in time, if any issues are identified as part of the risk review process, or new risks are identified, the FAR Committee will notify the Board. While it can recommend to the Board that additional controls be considered to address Board Risks, the FAR Committee cannot direct the CEO to adopt additional controls. The FAR Committee annually completes a risk review prior to the Corporate Risk Profile being reviewed by the Board in April. FAR also provides oversight that the CEO has incorporated additional controls in the planning process by reviewing the Board and Operational Risk Registers with the budget proposal in August before the budget is sent to the Board.
- **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 work is linked to existing risk(s), when appropriate.

4. SCHEDULE

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

Month	Action
February	The CEO conducts a quarterly review of the Board and Operational Risk Registers. As part of their first quarterly review of the year, FAR reviews Board risks and ensures the CEO has a robust, effective risk management system for operational risks.
April	Board reviews the Corporate Risk Profile and directs the CEO to add additional controls in the planning process for Board risks, if appropriate.
Spring and summer	The CEO incorporates additional controls in planning process.
June	The CEO conducts a quarterly review of the Board and Operational Risk Registers. As part of their second quarterly review of the year, FAR reviews Board risks and ensures the CEO has a robust, effective risk management system for operational risks. FAR reviews and incorporates Board-identified changes into the Corporate Risk Profile, when appropriate.
August	The CEO conducts a quarterly review of the Board and Operational Risk Registers. As part of their third quarterly review of the year, FAR reviews Board risks and ensures the CEO has a robust, effective risk management system for operational risks. FAR also ensures that the CEO has incorporated required funding for additional controls in the budget.
December	The CEO conducts a quarterly review of the Board and Operational Risk Registers. As part of their fourth quarterly review of the year, FAR reviews Board risks and ensures the CEO has a robust, effective risk management system for operational risks.

5. RISK REGISTERS

Board risks

The following heat map provides an overview of the risks managed by the Board. The matrix identifies risks that are part of the ongoing responsibilities of the Board as well as risks that were identified as part of the development of the current Strategic Plan. No changes were made to Board risk scores since April 2021.

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 (BR)**		**Sustainability of engineering regulation (BR)** **Women in engineering (BR)**		
3 Moderate - Fairly likely to occur				**Long term financial viability (BR)**	**Accreditation (BR)**
2 Unlikely - Unlikely but not unforeseeable					**National collaboration (BR)**
1 Low -Unlikely to occur					

ACCREDITATION (BOARD 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	Reduce the likelihood to 2 (unlikely) 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 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 process, 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 programs elect 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 Regulators assign academic exams 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. • 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.
Actions *(Activities underway to prevent or mitigate the 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.
	• Ongoing work on the future of the Accreditation Unit (AU) based on the realities experienced during Covid-19, with the goal of establishing a more valid curriculum content measure.
	• Recent changes intended to reduce HEI workload including:
	  ○ Reducing the minimum number of Accreditation Units (AUs) from 1,950 to 1,850
	  ○ Adding flexibility in the visiting team schedule
	  ○ Development of a web-based data management system (Tandem) to enable the submission and maintenance of accreditation documents,
	  ○ Increased focus on GA/CI process (and less on individual data points), reducing the documentation burden on HEIs,
	  ○ Revised required materials for CEAB visits based on the minimum path and weakest link principles and audit good practices. This establishes clear and consistent expectations for HEIs while minimizing the information they need to provide and ensures visiting teams have the information they need to conduct a rigorous evaluation. To be implemented for the 2023/2024 visit cycle.
	• Strategies to manage volunteer resources:
	  ○ Production and monitoring of the annual CEAB work plan which balances ongoing work (e.g. visits) and continual improvement (e.g. policy review and consultation).
	  ○ Assignment of the 2022-2024 strategic priority to the CEO (and not to the CEAB) and hiring of external consultant resources to accomplish the work.
	  ○ Addition of one permanent FTE to manage day-to-day visits operation, better supporting volunteers and one contract extension to support implementation of web-based data management system (Tandem) whose efficiencies should also result in reduced volunteer workload.

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 (Data is publicly available here). • 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 has been 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.

GOVERNANCE FUNCTIONS (BOARD 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	No change is expected for this risk as it is typical for any operating business.	**4**

Trend *(When was the risk first identified, what is the trend)*	The score of this risk was the same in 2021 and 2022.
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)*	• The 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. • 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 members 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 by the CEO. • Loss of institutional knowledge. • Reputation loss.
Actions *(Activities underway to prevent or mitigate the risk)*	• Regular and ongoing policy reviews. • Approval of budget and CEAB and CEQB work plans. • Annual approval of the Board committee and task force work plans. • Strategic performance reporting. • Annual Board self-evaluation. • Annual evaluation of CEO and committee chairs (including CEAB and CEQB). • Annual third-party, 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. • Annual approval of the CEAB and CEQB recruitment and succession plans
Evidence	• Results of annual self-evaluation.

(How success of the existing controls is measured)	• Results of annual evaluation of the CEO and committee chairs • Quarterly performance reports from Direct Deports. • 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 tolerance, 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. • Implementation of a Board management tool.

LONG TERM FINANCIAL VIABILITY (BOARD 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	Maintain the current level.	**12**

Trend *(When was the risk first identified, what is the trend)*	The score of this risk was the same in 2021 and 2022.

Current situation *(How did the risk emerge)*	• Engineers Canada has the following revenue streams:
	  ○ **Membership dues:** approved annually by Members during their annual meeting and coming into effect 18 months after.
	  ○ **Affinity revenues:** result from agreements between Engineers Canada and providers of financial and insurance products. PEO makes a decision annually whether to avail itself of the funds or not.
	  ○ **Investment 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. • Having lowered the per capita assessment fee, the Members are unwilling or unable to raise it following a Board recommendation to do so. • 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.
Actions *(Activities underway to prevent or mitigate the risk*	• Operational budget does not include PEO affinity funds. • Relationship management with affinity program providers. • Discussion and projection of expected membership numbers (i.e. future dues revenues) with Regulators. • Investment policy. • 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 and policy, and active management of reserves.
Evidence	• Revenue as predicted in the budget and reported in the audit.

(How success of the existing controls is measured)	• 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% to 90% for new policyholders. It is anticipated that the impact will be a 1% decrease in TD revenue each year.
Risk tolerance *(Remaining risk is accepted or is above tolerance level)*	Risk is within acceptable tolerance level.
Additional Controls *(Future actions to mitigate risk, if risk not tolerated, with expected timeframe)*	None required, continual improvement is ongoing through oversight by the FAR Committee.

NATIONAL COLLABORATION (BOARD 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 current level is acceptable but attention and continual improvement are required to sustain this level.	**10**

Trend *(When was the risk first identified, what is the trend)*	The score of this risk was the same in 2021 and 2022.
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 Regulators ask that Engineers Canada take a collective stance on strategic issue and consensus can not be reached. • One or more Regulators has processes or policies that differ significantly or are incompatible with others Regulators. • 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 agreements. • Decrease or loss of Regulators' confidence. • Additional barriers to national or international mobility.
Actions *(Activities underway to prevent or mitigate the 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 communities 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 (Log-in required to access the consultation webpage).
Residual risk *(Remaining risks after existing control measures)*	• Lack of control over Regulators' 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 above the risk tolerance of the Board.
Additional Controls *(Future actions to mitigate risk, if risk not tolerated, with expected timeframe)*	• The Board has been implementing Strategic priority 1.2, *Strengthen collaboration and harmonization* to define Regulators' desired degree of consistency and identify areas for collaboration. Results are expected by the end of 2024. • The Board has been implementing the new vision, *Advancing Canadian engineering through national collaboration.* The creation of the Collaboration Task Force and its associated work provides an opportunity to demonstrate leadership and reflect this ideal in the deliberations of the Board.

SUSTAINABILITY OF ENGINEERING REGULATION (BOARD 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	Reduce likelihood to 3 (moderate) 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. The score of this risk was the same in 2021 and 2022.
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. • Engineers Canada supports Regulators in demonstrating the importance of engineering licensure and regulation to the public, governments, potential engineers, and engineering businesses. References are available in the Environmental Scan for the 2022-2024 Strategic Plan)
Potential event(s) *(What threats or opportunities could trigger the realization of this risk)*	• 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)*	• Regulators cannot demonstrate to their governments, public, individuals, or employers the value and need for licensure.
Actions *(Activities underway to prevent or mitigate the risk*	Engineers Canada performs work that supports its purposes: • 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. • 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. This work is conducted by the CEO as per the organizational Annual Operating Plan.
Evidence	• Meeting of officials groups attended by all Regulators with topics of discussion related to emerging areas.

(How success of the existing controls is measured)	• 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.
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 or for entrepreneurs.
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 has been implementing strategic priority 1.3, *Support regulation of emerging areas*, to provide more frequent reporting and a higher profile for this existing operational work, so that they can monitor the status of this risk.

WOMEN IN ENGINEERING (BOARD 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	Reduce the impact to 2 (minor) 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. The score of this risk was the same in 2021 and 2022.
Current situation *(How did the risk emerge)*	• As of December 31, 2020, female-identifying engineers made up 14.2 percent of members and 20.6 percent of newly licensed engineers nationally. • Thirty per cent is universally held as the tipping point for sustainable change. • Gender-based discrimination and harassment exists at every stage in the engineering path (i.e. formative years, post-secondary, early-, mid-, and late-career) from their peers and colleagues than their male counterparts.
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 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% of women engineers newly licensed by 2030. • The profession remains unwelcoming to women; female talent is lost. • 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. • Profession does not fully protect public safety and public interest since it does not represent the full diversity of the perspectives and Canadian population.
Actions *(Activities underway to prevent or mitigate the risk*	• Engineers Canada fosters collaboration with engineering Regulators, strategic partners, and stakeholders to increase equity, diversity and inclusion (EDI) in the profession. • Advocate to the federal government in support of gender equity, pay equity, and policies that support women in engineering. • Use of an annual scorecard by Regulators and analysis of results. • Convene influential figures and facilitate the 30 by 30 K-12, post-secondary, and early career working groups. • CEAB investigation of incorporating 30 by 30 into the accreditation process. CEQB development of Guideline on workplace gender equity.
Evidence	• Annual national membership report. • Annual 30 by 30 scorecard. • Annual Enrolment and Degrees Awarded report.

(How success of the existing controls is measured)	
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 has been implementing Strategic priority 2.1, *Accelerate 30 by 30*, which is expected to be completed by the end of 2024. EDI training for engineers and geoscientists is also being developed.

Operational risks

The following heat map provides an overview of operational risks (risks managed by the CEO with oversight by Engineers Canada Board). No changes were made to operational risk scores since April 2021.

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					
3 **Moderate** - Fairly likely to occur		Financial compliance (OR)	Client satisfaction (OR)		
2 **Unlikely** - Unlikely but not unforeseeable			Corporate compliance (OR) Human resources (OR) Reputation (OR)	Infrastructure and information integrity (OR)	
1 **Low** -Unlikely to occur					

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	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)*	The score of this risk was the same in 2021 and 2022.
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 identify and meet client expectations, and innovate and continually improve our programs, products and services, While Regulators are the owners and primary clients of Engineers Canada, the organization has also identified the following additional external clients: Engineering Deans Canada and HEIs (includes educators and administrators), and the engineering community (includes students and graduates of CEAB-accredited programs, non-CEAB engineering graduates, engineers in training, engineers, and engineering businesses).-Engineers Canada also has internal clients: the Board, CEAB, CEQB, volunteers 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 client needs.
	• Lack of clarity on the needs, requirements or priorities of clients.
	• Staff's inability to deliver as indicated by measurements, monitoring and/or feedback indicating:
	  ○ Decreasing effectiveness of consultation program;
	  ○ Decreasing effectiveness of internal communications;
	  ○ Not achieving Intended outcomes of programs, products, services; and/or,
	  ○ Poor client service.

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.

Actions *(Activities underway to prevent or mitigate the risk*	• Regulator communications strategy.
	• Results of employee engagement survey and subsequent measures to address gaps:
	  ○ Client focus working group; and,
	  ○ Innovation working group.
	• Consultation program.
	• Internal communications strategy.
	• Internal customer satisfaction surveys (for staff and volunteers).
	• Use of after-action project reviews.

	• Informal relationships and feedback among staff and between staff and clients.
	• Organizational benchmarking and continual improvement against the Excellence, Innovation and Wellness standard of Excellence Canada which considers our practices in items noted above and these:
	  ○ Client service and satisfaction;
	  ○ Operational process, project and program management approaches and tools; and,
	  ○ Staff engagement & 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 (Log-in required to access the consultation website). • Informal feedback between clients and staff. • Use of programs, products and services (tracked for some 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 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 has been implementing Strategic priority 3.1, *Uphold our commitment to excellence,* to improve client satisfaction. • The Client Focus working group will recommend client management processes to the Senior Leadership Team in Q1 2022. • The Innovation working group will implement processes and encourage leadership improvements to enhance our capacity for innovation. • Continual improvement of the consultation process based on annual report and internal reviews. • Use of program reviews as an input to the next strategic plan.

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	No change is expected for this risk as it is typical for any operating business	**6**

Trend *(When was the risk first identified, what is the trend)*	The score of this risk was the same in 2021 and 2022.
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)*	• Legal or regulatory 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, and/or penalties, resulting in financial hardship. • Reputation loss. • Loss of trust with the Board or Regulators.
Actions *(Activities underway to prevent or mitigate the risk*	• Internal legal department 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 memorandum of understanding. • Privacy audit completed annually, and training provided to all staff. • Audit of processes to identify legal or policy failure.
Evidence *(How success of the existing controls is measured)*	• Training and audit results. • No current (or recent past) legal actions filed.
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, but continual improvement is necessary to retain this level.

Additional Controls *(Future actions to mitigate risk, if risk not tolerated, with expected timeframe)*	New event registration system that complies with privacy obligations. Continuous improvements are 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	No change is necessary, as it is typical for any operating business.	**6**

Trend *(When was the risk first identified, what is the trend)*	The score of this risk was the same in 2021 and 2022.
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. • Substantive errors in the budget. • Significant 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.
Actions *(Activities underway to prevent or mitigate the risk*	• Annual external audit process. • Month-end close procedures. • Expense and cash 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. • Finance database and environment settings are automatically backed up by Microsoft and kept for 28 days.
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	The risk is within acceptable tolerance levels.

(Remaining risk accepted or not)	
Additional Controls *(Future actions to mitigate risk, if not tolerated)*	None required, continual improvement is ongoing.

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	No change is expected for this risk as it is typical for any operating business.	**6**

Trend *(When was the risk first identified, what is the trend)*	The score of this risk was the same in 2021 and 2022.
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 turn-over. • Inability to recruit or retain competent staff in core positions. • New legislative obligations. • Staff who have access to key operational technology tool (HR, finance) leave, with no trained back-up.
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.
Actions *(Activities underway to prevent or mitigate the risk*	• Succession planning for the CEO. • CEO 360° assessment • 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. • Administration of staff surveys linked to health and wellness. • Reward and recognition program (including regular benchmarking of salaries against the market). • Recruitment & retention program. • Improved knowledge management through IT strategy. • Succession Planning Policy.
Evidence	• CEO succession plan.

(How success of the existing controls is measured)	• Review of compensation and benefits program. • Social and Wellness survey results. • Staff turnover rate. • Employee engagement survey results (available in Q4 2022). • Annual review of professional development for all staff. • Feedback provided from new hires on onboarding process.
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, 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 succession planning process for all staff. • The CEO and SLT will develop and implement cross-training and back-ups for certain key roles and operational technology tools • 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. • Leadership Training Program project will recommend and provide training for all staff. • Succession Planning questionnaire to identify potential successors for all positions.

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	No change is expected for this risk as it is typical for any operating business.	**8**

Trend *(When was the risk first identified, what is the trend)*	The score of this risk was the same in 2021 and 2022.
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.
Actions *(Activities underway to prevent or mitigate the 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 backup 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)*	• Frequent breach attempts have occurred on Engineers Canada's digital properties in the last year, but none has been successful. 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, 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 National Membership Database is being moved to a more secure environment. • Upgrades to O365 licensing allows us to leverage new security features and endpoint controls.

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	No change is expected for this risk as it is typical for any operating business.	**6**

Trend *(When was the risk first identified, what is the trend)*	The score of this risk was the same in 2021 and 2022.
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.
Actions *(Activities underway to prevent or mitigate the 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% 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, 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.

Appendix 2 - Chief Executive Officer's Response to the Finance, Audit and Risk (FAR) Committee's Request for Information

At their February 24th meeting, the Finance, Audit and Risk (FAR) Committee requested that the CEO, with staff, respond to questions pertaining to the Accreditation and the Women in Engineering Board risks. The specific questions and responses follow:

Risk	FAR'S Question	CEO's Response
Accreditation	Contractors could be hired to lead projects outside accreditation visits, which could help mitigate the residual risk that accreditation changes take considerable time to implement due to the reliance on volunteers to perform the work. Has this work been explored before? Is there a possible way forward? Or: Can additional information be provided to clarify this residual risk?	The accreditation risk has been updated based on your input with new content that reflects the actions currently being taken to manage volunteer workload. We feel that this information is important for the Board, but still believe that the residual risk, regarding the use of volunteers, remains the same. The FAR Committee has also asked for staff to consider the use of consultants in place of CEAB volunteers. Only the Board has authority to direct the CEAB to use consultants. The CEO's role is limited to providing financial and staff support to the CEAB. The Board has already authorized the use of consultants instead of volunteers in accreditation– this is why the new strategic priority was assigned to the CEO, and not the CEAB. Within this strategic priority, staff are making extensive use of consultants, as well as volunteers who are *not* members of the CEAB. **CEO's recommendation:** Given the significant level of changes underway, and that extensive resources and time have to be dedicated to any new initiatives by the CEAB and Higher Education Institutions, it is not recommended that the Board pursues the use of contractors to undertake current or new work.
Women in Engineering	The only feeder group that is not currently listed in the Board Risk Register to increase the representation of women in the engineering profession is internationally trained graduates. Has this work been explored before? Is there a possible way forward?	Engineers Canada currently collects information on internationally trained graduates who are newly licensed as part of our National Membership Report each year. Each Regulator collects this information and we publish the data each year. Here is last year's data table on Newly Licensed Engineers, including Newly Licensed Internationally Trained Engineers. This data has been used to provide analysis of the trends towards 30 by 30 for the 30 by 30 Champions and we currently engage on an annual basis with Advancing New Canadian Women in Technology (ANCWT) out of the University of Ottawa. In the past, we have presented to the ANCWT program on the topic of licensure, 30 by 30, and gender equity in engineering. Our current tactics under SP 2.1, *Accelerate 30 by 30*, include: • Facilitate collaboration and information exchange for Regulators • 30 by 30 annual national conference (which includes topics related to internationally trained engineers) • Reporting on national and regional metrics (which includes data related to internationally trained engineers) • Engaging employers • National resources • National research strategy In order to develop a specific program or campaign related to internationally trained engineers we would need to add capacity and resources for our EDI department.

		CEO's recommendation: Staff will consider the merits of adding an additional tactic to the Accelerate 30 by 30 strategic priority which would solicit the experiences of internationally trained graduates to gain an appreciation of how current practices could be adjusted to promote a greater uptake of licensing for this group.

BRIEFING NOTE: For decision

Rescission of the In-person meeting guideline	2.3
Purpose:	To rescind the Board's time-limited guideline for in-person meetings during COVID
Link to the Strategic Plan / Purposes:	Board Responsibility: Ensure the development and periodic review of Board policies
Link to the Corporate Risk Profile:	Governance functions (strategic) Reputation (operational)
Motion to consider:	*THAT the Board, on recommendation of the Governance Committee, rescind the Board's Guideline 1, In-person meetings during COVID.*
Vote required to pass:	Two-thirds majority
Transparency:	Open session
Prepared by:	Evelyn Spence, General Counsel and Corporate Secretary
Presented by:	Mike Wrinch, Director from British Columbia, and Chair of the Governance Committee

Problem/issue definition

- The Board, at its meeting in December 2021, passed a motion to approve two documents that were intended to address issues that emerged as a result of the COVID-19 pandemic: the Guideline for In-Person Meetings During COVID (the "guideline") and the Vaccination for In-Person Meetings policy (the "vaccination policy"). Both were identified as temporary measures, subject to change based on legislative restrictions and public health guidelines.
- With COVID restrictions easing across the country, the Governance Committee reviewed both documents at its March 14 meeting to determine their continued applicability. The committee felt it was appropriate that the guideline be rescinded at this, the April Board meeting.

Proposed action/recommendation

- That the Board rescind the guideline. With event space capacity and other restrictions being lifted across the country, many of the challenges that the guideline was meant to address (i.e. meeting planning) are now somewhat mitigated.

Other options considered

- Maintain the status quo (keep the guideline in place until more time has passed and restrictions remain lifted).
- The Governance Committee also considered whether to recommend that the Board rescind the vaccination policy or revise it, taking into consideration the easing of federal, provincial, and public health guidelines, including the lifting of proof of vaccination requirements.
    - After some discussion, the committee decided it would be prudent to keep the vaccination policy in place, at least for now, to ensure a cautious and balanced approach. Health officials have not indicated that Canadians are in the clear and the Board should continue to take into consideration the health and safety of its volunteers, staff, and the general (commuting) public.
    - The committee considered that it might make most sense for the 2022-2023 Governance Committee to consider the applicability of the policy at its first meeting, in June. If it considers that the policy should be rescinded at that time, it could make the recommendation via written

resolution, shared with Directors for approval through OnBoard, the Board's new management software, or alternatively, at the Board's meeting in October.

- Further, in deciding against rescinding the vaccination policy at this time, the committee considered that businesses can still choose to continue to require proof of vaccination to attend their events or premises. Provided that accommodations are made for those individuals with medical conditions, as the Board's vaccination policy does, the policies are likely to be upheld as reasonable and compliant with human rights legislation. Moreover, Engineers Canada's senior leadership team has decided that its operational vaccination policy, which requires that all staff and anyone visiting the office be fully vaccinated, will remain in place at least until July, 2022.

Risks

- There is always the risk that a new variant of concern will appear, such that some or all of the restrictions that have been recently lifted are imposed once again. The guideline was developed to provide some certainty to Engineers Canada staff and the Board and Board committees regarding event planning. If COVID restrictions are re-imposed and the guideline is no longer in place, there is a risk that Engineers Canada may incur damages to cancel or reschedule in-person events.

Financial implications

- See above.

Benefits

- Rescinding the policy means returning to the presumption that Board and Board committee meetings that are typically held in-person will proceed as in-person meetings.

Consultation

- The guideline was reviewed by the Governance Committee at its meeting on March 14.

Next steps

- Upon Board approval, the Board Policy Manual will be updated to remove the guideline.

Appendix

- **Appendix 1:** Board guideline 1, *In-Person Meetings During COVID-19*

Guideline 1 - In-Person Meetings During COVID

Date of adoption: December 13, 2021 (Motion 2021-12-11D) *Review period: Annual*
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Due to the COVID-19 pandemic, which was declared by the World Health Organization on March 11, 2020, Engineers Canada's Board and Board committees have not held in-person meetings for an extended period. As these groups prepare to resume, or consider resuming, in-person meetings in 2022, and in an effort to assist Engineers Canada with its meeting and event planning efforts, this guideline provides direction to the Board and Board committees with respect to the overarching principles to consider and the conditions and levels of participation required for scheduling in-person meetings.

G-1.1 Application

(1) This guideline applies to the Engineers Canada Board and to the Board committees (including the CEAB and the CEQB) when they are deciding between holding an upcoming meeting in an in-person or a virtual format.

(2) The guideline shall apply for as long as the COVID-19 pandemic continues to pose a threat to the health and safety of the Canadian and global community, as declared by public health authorities, after which point it may be rescinded by the Board.

G-1.2 Guiding principles

(1) COVID-19 remains a serious health risk in our communities. The ongoing spread of variants of concern means we must make every reasonable effort to protect against the virus. The health and safety of Engineers Canada staff, its volunteers, and members of the community is of paramount concern and **Engineers Canada's Board and Board committees are committed to ensuring the safety and security of all those individuals**.

(2) The Board of Directors, as fiduciaries of Engineers Canada, have a duty to ensure appropriate financial and risk management of the organization. Further, and pursuant to Board policy 5.5, *Asset Protection,* the CEO has a duty to ensure that corporate assets are protected, adequately maintained, and not unnecessarily risked. When the Board and Board committees make a decision to hold an in-person meeting, event space is booked. Event contracts usually stipulate that cancellation fees apply when the event is cancelled within 6 months of the scheduled event date. Those fees typically increase when cancelled closer to the event date. While Engineers Canada takes measures to negotiate favourable terms in its contracts, which generally allow a contract to be ported if rescheduled within a 12-month period, the organization is often still subject to a 50% loss in respect of total anticipated revenue due to the hotel. **Engineers Canada's Board and Board committees shall consider the financial implications of cancelling in-person meetings and take care not to incur fees where it is reasonable to believe the meetings may be cancelled or not well attended.**

(3) Virtual meetings have been well executed, allow for efficient decision-making, and ensure that all meeting participants may participate equally. On the other hand, hybrid meetings can be costly and offer a different experience for meeting participants who attend the meetings in-person versus virtually. **If there is not a critical mass indicating a preference to attend a meeting in-person, the Board and Board committees shall hold its meeting(s) virtually** so that those who are not willing or able to travel due to safety concerns, travel restrictions, or other considerations are not excluded.

G-1.3 Guidelines for determining meeting format

(1) Keeping in mind the above guiding principles, in determining whether the Engineers Canada Board and Board committees should hold a meeting in-person rather than virtually, the following guidelines should be respected:

a) Board and Board committee members will be surveyed three (3) to four (4) months before a meeting is scheduled to take place or, if event space has not already been secured, before any event space is booked, and asked to determine whether they reasonably believe they will attend the meeting in-person. The results of the pre-meeting survey, including the attributed responses of individuals, will be publicly shared to ensure transparency and accountability.

b) In determining whether they may attend in-person meetings, Board and Board committee members are encouraged to consider:
   i. The public health orders, guidelines and restrictions that are in place in the city and province where they reside, as well as in the city and province where the meeting is proposed to be held, including any restrictions or requirements that are enforced by hotels and restaurants in the city and province.
   ii. All federal and provincial travel requirements and restrictions.
   iii. The Board policy 7.13 *Vaccination for In-Person Meetings*, which requires that all meeting participants be vaccinated against COVID-19 (unless a medical exemption applies) and disclose their vaccination status to Engineers Canada, as well as to adhere to additional infection control measures while they attend the meetings.
   iv. News reports and public health advisories.
   v. Personal considerations that might prevent them from traveling on the proposed meeting dates.

c) In order to proceed to schedule an in-person meeting, the Board and Board committees shall obtain a commitment of in-person attendance by at least two-thirds or more of Board or Board committee members. If the two-thirds threshold is not met, the meeting shall proceed virtually.

G-1.4 Attendance

(1) If a Board or Board committee member indicates in the pre-meeting survey that they intend to attend the meeting in-person, they are expected to participate in-person, unless they are prevented from doing so as a result of unforeseen circumstances.