

**Finance Committee
Meeting Notes
March 5, 2018, Tampa, Florida**

Committee Members:

Central Zone

Kelly Fedele, P.E., P.S. -Chair

Dale Sall, P.E.

Nirmal Jain, P.E.

Southern Zone

David Cox

Andy Zoutewille, P.L.S.

Northeast Zone

Mary Jean Pajak, P.E.

Lisa Catania, P.E.*

*was not able to attend due to State restrictions

Western Zone

Robert Stockton, P.E.

Alejandro Angel, P.E.

Betsy Pearson, CPA-CFO

Jim Purcell, P.E., Ex-Officio

Tim Rickborn, P.E., BOD Liaison

Charge #1: *Review the results of the 2017–18 financial audit and the current financial condition of NCEES, including the recommended operating and capital budgets.*

The committee reviewed and approved the independent auditors' report and financial statements for 2016–17 prepared by Cherry Bekaert, CPA and Advisors. It should be noted that there were no concerns or irregularities identified in the reports. The committee also reviewed the current financial statements for fiscal 2017–18 and noted that the year-to-date results are favorable to the budget due to better-than-anticipated volumes of exams.

Charge #2: *Continue to monitor the revenue and cost trends throughout the transition of all exams to computer-based testing (CBT).*

The committee reviewed the volume trends for scheduling, delivered exams, rescheduled, canceled and expired exams. It appears the FE exam and the FS exam volumes are both trending in the right direction. The PS exams volume appear to be acceptable while the pen and paper exams for the PE and SE have exceeded budgets due to decoupling. As PE exams are transitioned to CBT trends should continue to be monitored. The only significant revenue trend was the \$50 reduction in the FE and FS fees. It was noted that while the FE and FS exam fees have been reduced from \$225 to \$175, the fee we pay Pearson is \$131. We are still covering our CBT exam fees under the reduced fee structure.

Charge #3: Consider if examination fees for the professional examinations should be increased to prevent future deficit budgets.

The recent decrease in the FE and FS exam fee by \$50 will potentially reduce one category of our reserves (*Net Assets Available to Further NCEES' Mission*) on an annual basis and therefore does not appear to be sustainable at current exam volumes. The reduction can be partially mitigated in following years if exam volumes continue to increase. Our level of *Net Assets Available to Further NCEES' Mission* allows us some time to monitor the trend. Given the vote of the Council to reduce the FE and FS exam fee, there was an expected reserve reduction. The Committee recommends monitoring the trends of the (FE and FS) exam volumes before implementing any increase to the professional exam fees. The current data does not support an increase.

Charge #4: Study the financial needs of the Council, recommend sources of income and ways and means of securing adequate funds for the proper operation of the Council, assist the board of directors in the financial year's budget performance, and report these findings to the Council. Recommend to the board of directors the 2018-19 budget for approval.

After review of the current financial condition of the Council, it appears that our current revenue streams have generated adequate funds for the operation of the Council including the requirements of the three reserve accounts; Exam Breach, Annual Operating Budget and Funds Available for Mission. The Committee also discussed potential sources of income and recommends the additional promotion/outreach of licensure at the universities to support an increase in FE/FS examinees.

Charge #5: Review the current NCEES Travel Policy as established by the NCEES board of directors, and provide any recommendations deemed appropriate with respect to costs and reimbursable expenses covered by NCEES.

The Committee reviewed and discussed items specifically related to Travel Expenses and recommended changes as follows:

Receipt Requirement: Original *or electronic*, detailed receipts are required for all expenses over \$25. Receipts are encouraged for all amounts under \$25 to justify the expenditure. Credit card statements are not acceptable as a receipt.

Charge #6: Review FP 3 Membership Fees and make recommendations for any needed revisions.

The committee has reviewed this charge with discussion around the smaller member boards who have increased slightly in membership pushing them into the next fee category creating a financial hardship for that board. To ensure that all full member boards have an opportunity to vote and participate in the Council, the Committee is recommending the modification of the number of registrants with the fee schedule as follows:

| | |
|--------------------------|---------|
| 1-200 registrants: | \$750 |
| 201-500 registrants: | \$2,600 |
| 501 or more registrants: | \$6,500 |

The committee also recommends that if approved by the Council, that this fee structure be retroactive to 1/1/2018 with fees reimbursed to those member boards that have paid in excess.

The Committee also asks the Board to request of charge of the 2018-2019 Finance Committee to review the possibility of a fee per registrant.

Charge #7: By Laws: 7.09 Committee on Finances, and recommend revisions as appropriate.

The committee has reviewed this charge and has decided to not take any action.

Review of Financial Impact of Proposed ACCA Changes:

The Finance Committee has reviewed the proposed ACCA changes and questions whether this change is necessary based upon the fact that the Council currently supports three (3) delegates from each full member board in addition to any first-time attendees within 24 months of their initial appointment. Based upon data from the Council, in 2017, 41 eligible delegates did not attend the Annual Meeting and 36 eligible delegates did not attend Zone meetings. Each member board has the option to send their MBA as one of the eligible delegates. The need to increase the number of delegates supported by Council does not appear to be warranted.

Committee Report Presentation Volunteers:

The following will present the committee report highlights at their respective zone meetings:

- Central Zone: Kelly Fedele
- Western Zone: Alejandro Angel
- Northeast Zone: Mary Jean Pajak
- Southern Zone: David Cox