



REPORT

To: ONE Joint Investment Board
From: Evelyn Foo, Chief Compliance Officer
Date: October 20, 2020
Re: Pooled Trusts Audit Update
Report: 20-O27

1. RECOMMENDATIONS

It is recommended that:

- 1) The Board receive the Audit Plan for Prudent Investment Program Funds for information.
- 2) The Board appoint Heidi Franken to the ONE Investment Audit Committee.

2. SUMMARY

Pricewaterhouse Coopers LLP (PwC) provided an overview of the regulatory requirements for audit of the Prudent Investment Program Funds (PI Funds) and the plan to conduct the audit to ONE Investment's Audit Committee on September 29, 2020.

3. BACKGROUND

ONE Investment's Audit Committee has representation from ONE Board and ONE JIB

The ONE Investment Board, the not-for-profit service provider to ONE JIB, established its Audit Committee in spring 2020 in anticipation of the work required to provide audited financial statements of the PI Funds.

The Audit Committee has three members. From the ONE Investment Board there is Gary Kent (Committee Chair) and Sandra Zwiers. Heidi Franken, member of ONE JIB, has also been participating.

She was approached to join the ONE Investment Audit Committee before the ONE JIB was officially constituted. It would be prudent at this time to appoint Ms. Franken as ONE JIB's representative to the ONE Investment Audit Committee.

PI Funds audit scope has been identified

The PI Funds are considered investment pools within NI 81-102 of the *Ontario Securities Act*,

1990. There is a requirement for an annual audit of each of the PI Funds annual statements. At its June 5, 2020 meeting, the ONE Investment Board approved the Audit Committee recommendation to engage PwC as auditors for the PI Funds. Through the audit PwC will:

- Provide reasonable assurance that the financial statements are free from material misstatement
- Perform detailed testing of significant account balances and transactions
- Substantively test existence and valuation of all the investments and cash balances.

The fund administration services of custody, fund accounting and shareholder/recordkeeping has been outsourced to CIBC Mellon by ONE Investment.

The Audit Committee is recommending approval of the Audit Plan to the ONE Investment Board

ONE Investment's Audit Committee received a presentation from PwC at its September 29, 2020 meeting, outlining the Audit Plan for the PI Funds. The Audit Committee is recommending approval of the Audit Plan to the ONE Investment Board that is meeting on October 16, 2020.

4. ANALYSIS

Audit planning will occur in Fall 2020 with field work planned for Winter 2021

Audit planning will occur in September and October 2020. The year-end field work to audit the PI Funds will occur between January and February 2021. PwC has confirmed that field work can continue effectively even during the pandemic. In detail, PwC will take the following steps:

- Obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion on the financial statements, which will entail testing and analysis on transactions and controls at CIBC Mellon.
- Review the annual financial statements for compliance with International Financial Reporting Standards (IFRS).
- Report the results of the audit to the Audit Committee.

5. RECOMMENDATION

PwC has presented a comprehensive approach to audit the PI Funds that will satisfy the expectations of the Ontario Securities Commission and the Founding Municipalities.

Drafted by: Evelyn Foo, Chief Compliance Officer

Approved for submission by: Judy Dezell and Donna Herridge - Co-Presidents/CEO