

To: ONE Joint Investment Board  
From: Donna Herridge, Co-President/Co-CEO, ONE Investment  
Date: November 29, 2023  
Re: ONE Investment Audit Committee Update - November 29 2023  
Report: ONE JIB 2023-O64

---

## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the report.

## 2. SUMMARY

This report provides a summary of the ONE Investment Audit Committee meeting of September 13, 2023, which included updates on the following topics:

- Approval of ONE Investment's Unaudited Interim Statements of the Pooled Funds
- Overview of ONE Investment's Policies
- Approval of the self-evaluation questions to be completed by Audit Committee members
- Overview of the Compliance Manual and progress on implementing the Compliance task list
- CIBC Mellon's Quarterly Key Performance Indicators, as presented by Chief Compliance Officer Foo, which will be a standing item on the Audit Committee agenda in the future.
- Cyber security assessment update, which will be delayed until early in 2024 to allow AMO time to incorporate changes following its upcoming office move
- Enterprise risk assessment update on risk scores, trends, and status of the Risk Mitigation Plan
- Notification of a request from ONE JIB to compensate JIB members who are municipal Treasurers. which will be reviewed by the ONE Investment Board

## 3. BACKGROUND

The primary purpose of ONE Investment's Audit Committee is to provide oversight of the financial reporting process, the audit process, its system of internal controls, and compliance with applicable legislation such as the *Municipal Act, 2001*, and the Ontario Securities Commission exemption. The Audit Committee operates under a Terms of Reference, attached in Appendix A and reports directly to the ONE Investment Board.

The Audit Committee is currently comprised of five representatives as follows:

- James (Jim) Giles (Chair) and Heidi Franken from ONE JIB

- Sandra Zwiers (Vice Chair) from the ONE Investment Board
- Duane Ramkissoon, Manager, Investment Portfolio, with Durham Region
- Anna Lisa Barbon, Deputy City Manager, Finance Supports, City of London.

ONE JIB's representatives on the Audit Committee, Heidi Franken and James Giles, bring perspective related to the Prudent Investment Program and ONE JIB, which are a critical part of ONE Investment.

## 4. ANALYSIS

**ONE's Unaudited Interim Financial Statement for the ONE Investment Pooled Funds was approved by the Audit Committee and Participating Municipalities (PM) were notified of its availability**

The Audit Committee reviewed and approved the ONE Investment's Unaudited Interim Statement for the Pooled Funds (Statement). Participating Municipalities have received the Statements through email and were notified that it is available on the ONE Investment [website](#).

**ONE's policies were reviewed, with revisions to be provided at the next Audit Committee**

Periodic reviews of policies are a best practice. ONE's policies are reviewed on an as-needed, annual, three or five-year basis. The following policies will be reviewed at the November meetings:

- Reserve Fund Policy
- Distribution Policy
- Procurement Policy
- Anti-Money Laundering Policy
- Investment Policy
- ONE JIB Code of Conduct
- Pricing Error Policy (LL & PI)
- ONE JIB Remuneration

Staff will ensure the Records Retention Policy for the Prudent Investment Offering is approved as contemplated by the *Municipal Act*.

ONE staff work for either AMO or MFOA. Human Resources Policies such as social media, code of conduct of the affiliated Associations will continue to govern ONE staff.

**Audit Committee reviewed self-evaluation questions, which will be distributed and reported on at a future meeting**

Not-for-profit best practice contemplates an annual evaluation of the Committee. 2021 was the inaugural self-evaluation completed by the Audit Committee which was an online survey available during the month of October.

**The Compliance Manual and Task List are monitored on an ongoing basis with some additional tasks required – one of which was completed after the meeting**

The Co-Presidents/CEO have been working with Ara Compliance to complete the Compliance Manual and Compliance Task List, which were approved by the Audit Committee at its April 2023 meeting.

- The Compliance Task List includes monthly, annual and ad hoc functions. To date, the compliance functions are on track, except for the following two tasks, which are slightly behind schedule: Ara Compliance Support summary of findings from an annual review of ONE Investment's compliance task list which will occur in late 2023/early 2024 after being in place for approximately one year;
- Delivery of a Compliance Letter from ONE's Legal Counsel to the Participating Municipalities anticipated in Fall 2023; and,
- Annual Compliance and Anti-Money Laundering training activities for staff and Audit Committee/Board members was conducted October 6<sup>th</sup> and is now complete. Two Audit Committee members participated in the live session which was recorded for those who are interested but unavailable on the date.

#### **Chief Compliance Officer Foo presented Key Performance Indicators related to CIBC Mellon**

Staff meet with CIBC Mellon monthly and will be provide the quarterly CIBC Mellon key performance indicator reports to the Audit Committee to help monitor the performance of not only CIBC Mellon (the custodian/recordkeeper), but also the operational aspect of fund managers' trades. This presentation helped Audit Committee members better understand the compliance function as well as errors experienced, and necessary corrective action taken. ONE Investment was compensated for interest costs incurred due to portfolio manager actions.

#### **The next cyber security assessment will be completed in early 2024 to allow AMO time to implement additional controls following its office move in December 2023**

ONE Investment conducted its first cybersecurity assessment in early 2022 with initial plans to conduct another one in late 2023. Given AMO's office move in December 2023, it was decided to delay the next assessment until early 2024. ONE will be contracting with Calian to complete the three-stage review:

- Penetration testing
- Maturity threat assessment
- Strategy and roadmap creation.

#### **Risk scores related to retention of business and reliance on a few large investors have been reduced due to increased uncertainty related to changes in provincial legislation**

The report provided updates on the various risks, trends and progress on the initiatives to implement the Risk Mitigation Plan. Sector uncertainties introduced with *Bill 23 More Homes Built Faster Act, 2022*, dissolution of the Region of Peel and Regional reviews have limited municipal staff availability. Risk scores related to retention of business and reliance on large

municipalities have been reduced as municipal staff time is redirected to address provincial legislative changes.

### **Staff provided an update on the key decisions and information from the last ONE JIB and ONE Investment Board meetings**

With the expansion of the membership of Audit Committee, two of the five members do not sit on either the ONE JIB or ONE Investment Board. This report briefly outlined the key reports from each of the last ONE JIB and ONE Investment Board meetings on June 1 and 2, respectively. It was well received by the members.

We will report on the next Audit Committee meeting, which is scheduled for November 20, 2023, at the ONE JIB's meeting of February 29, 2024.

## **5. CONCLUSION**

The Audit Committee provides oversight for ONE Investment which includes the approval of Financial Statements and regular review of compliance and enterprise risks.

## **ATTACHMENTS**

Attachment 1: Audit Committee Terms of Reference

Drafted by: Donna Herridge, Co-President/CEO

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