

To: ONE Joint Investment Board  
From: Donna Herridge, Co-President/Co-CEO, ONE Investment  
Date: February 28, 2024  
Re: ONE Investment Audit Committee Update – February 28, 2024  
Report: ONE JIB 2024-018

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## 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 November 20, 2023 which covered the following topics:

- Overview of 2024 meeting dates and work plan
- Management Committee update, which included updates on enterprise risk assessment, compliance tasks list and cyber security
- Review of policies, which revoked the Reserve Fund and Investment policies as well as increasing staff procurement limits from \$25,000 to \$50,000 in the Procurement Policy
- Performance review of CIBC Mellon which recommended re-appointment by the ONE Investment Board
- Committee self-evaluation which continues to reflect strong results
- Review of the ONE JIB Remuneration Policy that recommended expanding compensation to include municipal treasurers (paid directly to the municipality), and an increase from \$1,000 to \$1,100 for board members for each ONE JIB meeting.

## 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 ONE Investment Board is the ultimate approving authority based on recommendations of the ONE Audit Committee.

The Audit Committee is 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, 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 perspectives related to the Prudent Investment Program and ONE JIB, which are a critical part of ONE Investment.

ONE Investment's Audit Committee meeting was held on November 20, 2023 to consider several matters as outlined below.

#### 4. ANALYSIS

##### **The Audit Committee reviewed and approved the 2024 workplan and the timing of quarterly Audit Committee meetings for 2024**

The Audit Committee meetings fall into a regular pattern of work/reports, which are timed around availability of Financial Statements. The 2024 workplan follows patterns like prior years with the exception of a comprehensive enterprise risk assessment that will be completed semi-annually in Q1 and Q3. In 2024, ARA Compliance Support will review the performance of the Chief Compliance Officer as ONE Investment's approved Compliance Manual and Task List has been in place for an entire year.

##### **The Management Committee provided an update on the Compliance Task List, Enterprise Risk Assessment and cyber security, which noted no changes**

There were no changes reported for the compliance task list and enterprise risk assessment. As previously reported, the next cyber security audit will start before the end of Q1 2024 to allow AMO staff to implement any improvements following their office move.

##### **The Audit Committee recommended that the Procurement Policy limit for staff be increased from \$25,000 to \$50,000, and the Reserve Fund and Investment Policies were revoked**

As directed by the Audit Committee at its September 12, 2023 meeting, staff have conducted a review of the following policies:

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

Various policy changes were recommended for approval, and subsequently approved by the ONE Investment Board. The Audit Committee recommended revoking the Reserve Fund and Investment Policies in keeping with its status as a not-for-profit management company. Any net revenues flow to the ONE Investment members CHUMS and LAS. Therefore, ONE Investment should not have reserves available for investing. Thresholds for staff to procure budgeted items were increased from \$25,000 to \$50,000 in the Procurement Policy for small order purchases, untendered procurement, and formal tendered procurement.

There were no changes to the remaining policies.

## **After a performance review of CIBC Mellon, the Committee recommended re-engaging CIBC Mellon for 2024**

Staff reviewed the performance of CIBC Mellon, including the Key Performance Indicators quarterly presentation. While no performance shortfalls were noted, Committee members discussed the need for a regular performance review and review of fees given ONE's long-standing relationship with CIBC Mellon. Staff have added a comprehensive review of CIBC Mellon, including fees, to the 2025 staff workplan.

## **An Audit Committee self-evaluation was completed and shows a high level of support for Committee activities**

Overall, Committee members have provided a high level of support for the Committee. Areas of success included the ongoing refinement of the risk register, and review of policies and procedures through the Compliance Manual Task List. There are also areas where Management Committee can work with the Audit Committee to strengthen governance for both the Committee and ONE Investment, including ongoing training relevant to the Audit Committee. This would include training on the role of the Committee. There is also a strong desire to have in-person meetings with an option for virtual attendance available.

## **ONE JIB remuneration was reviewed including adding compensation for municipal treasurers, which will be paid to their municipality, as well as increasing the ONE JIB members' meeting compensation from \$1,000 to \$1,100**

Benchmarking of ONE JIB compensation is conducted on an annual basis and staff recommended an increase in meeting compensation from \$1,000 to \$1,100 per meeting. As the credibility of ONE JIB grows in the municipal sector, more municipalities are expected to adopt prudent investing via ONE Investment which will increase members' work.

Any payments to municipal treasurers will be made directly to their municipality. ONE Investment will include flexibility for those treasurers who choose not to accept payment or whose municipality does not permit compensation.

## **5. CONCLUSION**

The Audit Committee provides oversight and guidance to ONE Investment. The Audit Committee recommended approval of an increased purchasing limit from \$25,000 to \$50,000 in the Purchasing Policy as well as revoking the Reserve Fund and Investment Policies. The ONE JIB remuneration for meetings was increased from \$1,000 to \$1,100. The performance of CIBC Mellon was reviewed, and renewal of its contract was recommended.

Drafted by: Donna Herridge, Co-President/CEO

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