

To: ONE Joint Investment Board  
From: Donna Herridge, Co-President/Co-CEO, ONE Investment  
Date: February 25, 2025  
Re: ONE Investment Audit Committee Update – February 25, 2025  
Report: ONE JIB 2025-008

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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 held on November 20, 2024, which covered several important topics:

- Overview of the meeting dates and work plan for 2025.
- Update from the Management Committee, emphasizing the enterprise risk assessment and compliance tasks list, with no noted changes.
- Performance review of CIBC Mellon and RBC Investor Services, recommending their reappointment by the ONE Investment Board.
- Self-evaluation of the Committee, which continues to show strong results.
- Review of the ONE JIB Remuneration Policy, which included an annual inflationary increase.
- Update on the quarterly activities of the CCO, including the planned wind-down of PI funds.
- Report on the outcomes of the Cyber Security Assessment.

## 3. BACKGROUND

The Audit Committee is comprised of five representatives as follows:

- James (Jim) Giles (Chair) from ONE JIB
- Heidi Franken from ONE JIB
- Anna Lisa Barbon, Deputy City Manager, Finance Supports, City of London
- Trevor Pinn, Deputy CAO/Treasurer, Finance and Technology, with the Municipality of Clarington and from ONE Investment Board
- Duane Ramkissoon, Manager, Investment Portfolio with Durham Region.

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.

#### 4. ANALYSIS

##### **The Audit Committee reviewed and approved the 2025 workplan and the timing of quarterly Audit Committee meetings for 2025**

The Audit Committee has reviewed and approved the 2025 workplan, which includes a schedule for quarterly meetings throughout the year. These meetings will adhere to a consistent pattern, synchronized with the availability of Financial Statements. The 2025 workplan reflects the structure of previous years while introducing several new topics, such as:

- Examination of Financial Statements for ONE's Legal List portfolios
- Assessment of ONE's internal controls
- Review of the expanded Compliance Manual and Task List, now inclusive of the Legal List portfolios
- Oversight of the OCIO compliance regime
- Evaluation of custodian fees

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

There were no changes reported for the compliance task list and enterprise risk assessment. Staff will continue to monitor the impact of the election of President Donald Trump as well as provincial and potential federal elections in Canada on ONE's enterprise risk assessment.

##### **After a performance review of CIBC Mellon and RBC IS, the Committee recommended re-engaging both custodians for 2025**

Staff reviewed the performance of CIBC Mellon and RBC IS, including the Key Performance Indicators quarterly presentation. No performance shortfalls were noted but staff have added a comprehensive review of custodial services and fees to the 2025 staff workplan.

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

Committee members have demonstrated strong support for the Committee's initiatives, including the continuous enhancement of the enterprise risk register and the thorough review of policies and procedures as outlined in the Compliance Manual Task List. Management Committee plans to integrate relevant training into upcoming meetings.

##### **ONE JIB remuneration was reviewed and an annual inflation provision was added**

Benchmarking of ONE JIB compensation is conducted on an annual basis and staff recommended an increase in compensation based on the Annual Consumer Price Index.

## **CCO Foo provided updates on OCIO model, year-end mock distributions modeling and the wind down of the Money Market Portfolio**

The transition to the OCIO model continues to be relatively smooth with effective coordination between PH&N Institutional, custodians and Durham Region. Key learnings will ensure that subsequent onboarding into the OCIO platform will be seamless.

Mock distributions were completed which ensures efficient, accurate and timely calculations at year end. The year end distributions were completed on December 31 with a subsequent revision to the Global Bond Fund due to an adjustment in the underlying fund's distribution.

The winddown of the Money Market Portfolio was completed seamlessly.

## **Staff provided an update on the results of the Cyber audit for CHUMS/MFOA and LAS/AMO**

Cyber security is one of the largest risks facing organizations today. Through regular cyber assessments, ONE is best positioned to protect itself against future risks. ONE Investment is developing its cyber security infrastructure, and the results of this assessment were verbally shared with the Committee in keeping with cyber security best practices.

Through a competitive process, ONE engaged a Canadian-based company, Calian to conduct a cyber assessment which entailed:

- Penetration testing
- Maturity threat assessment under the National Institute of Standards and Technology 800-30 for conducting Risk Assessment and National Institute of Standards and Technology 800-53 for security control maturity
- High-level transition plan with priorities to move from the current state to the "ideal" state.

Moving forward, staff will reassess the timing of the next cyber assessment.

## **Updates on the ONE JIB and ONE Investment Board meetings were provided**

Audit Committee received a summary of developments from the recent ONE JIB Board Special meetings held on November 1 and 4, 2024, as well as the developments of the ONE Investment Board at its meeting held on October 22, 2024.

## **OCIO resources will be reviewed and included in future meetings**

In upcoming meetings, Audit Committee will review OCIO resources related to the history of OCIO, an explanation of PH&N asset modeling and a draft Fund Fulfillment Deviation Policy.

## **5. CONCLUSION**

The Audit Committee provides oversight and guidance to ONE Investment. The Audit Committee recommended approval of incorporating an annual inflationary increase into the ONE JIB Remuneration Policy. The performance of CIBC Mellon and RBC IS was reviewed, and renewal of the contracts was recommended. Updates on compliance activities were reviewed with additional work recommended for the 2025 workplan which includes additional control and compliance topics.

### **ATTACHMENTS – N/A**

Drafted by: Donna Herridge, Co-President/CEO

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