

To: ONE Joint Investment Board  
From: Donna Herridge, Co-President/Co-CEO, ONE Investment  
Date: May 29, 2024  
Re: Audit Committee Update – Q2 2025  
Report: ONE JIB 2025-017

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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 April 2, 2025, on the following topics:

- Appointment of Trevor Pinn as the Vice-Chair of the Audit Committee
- Receipt of the report from Sameet Batavia, Partner at PwC, on the 2024 year-end financial statements for the Prudent Investment Pooled Funds and the Legal List Portfolios, which were then approved by the ONE Investment Board
- Receipt of a presentation from PH&N Institutional and RCB GAM Compliance delivered by Mona McManus, Managing Director, Compliance & Chief Compliance Officer and Heidi Johnston, Head GAM Funds Ops, CFO, RBC GAM Funds
- Annual Compliance activities from Evelyn Foo, ONE's Chief Compliance Officer for 2024.
- Governance changes related to both the ONE JIB and ONE Investment Boards and Committees including renaming the Audit Committee to Risk and Audit Committee with an updated Terms of Reference
- Staff undertook a comprehensive review of ONE's policies, resulting in no (or minor) changes for most policies. The ONE Investment Board then delegated the approval of minor housekeeping policy changes to the Audit Committee.
- Review of the Withdrawal of MNRI, which was used for the first time in Winter 2025, Fund Deviation and Principles of Good Benchmarks Policies which are dealt with in a separate report on this agenda.
- Internal control procedures related to Payment Processing, HISA Transactions, and Legal List Enrollment/ Transactions (including HISA).
- Comprehensive Risk Assessment and Mitigation Action Plan reflecting two key themes – increased risk related to the impact of US tariffs and decreased risk reflecting the transfer of all PI funds to PH&N
- The OCIO Summary's history, detailing the several actions done to create and transfer PI monies to PH&N

- Implementation of cyber security recommendations as well as potential dates for an in-person Committee meeting
- ONE JIB and ONE Investment Board meetings to ensure all Audit Committee members have an overview of ONE's business.
- CIBC Mellon quarterly report and attestation by RCB IS.
- Request for more training to fulfill members' expanded role related to risk.

### 3. BACKGROUND

The Audit Committee is comprised of five representatives as follows:

- James (Jim) Giles (Chair) from ONE JIB
- Trevor Pinn (Vice Chair) from the ONE Investment Board
- Heidi Franken from ONE JIB
- Duane Ramkissoon, Manager, Investment Portfolio, Durham Region, and
- Anna Lisa Barbon, Deputy City Manager, Finance Supports, City of London

ONE Investment's Audit Committee's next meeting is scheduled for May 26, 2025.

### 4. ANALYSIS

#### **Trevor Pinn was appointed as the Vice-Chair of the Audit Committee**

Trevor Pinn was appointed as Vice-Chair of the Audit Committee.

#### **Sameet Batavia, Partner at PwC, presented a report on the 2024 audit results for the Prudent Investment Pooled Funds and the Legal List Portfolios, followed by the approval of the Financial Statements**

Sameet Batavia reported on the audit of the Prudent Investment Pooled Funds and the Legal List Portfolios Financial Statements. There were no unadjusted errors or management letter points. The Financial Statements were subsequently approved by the ONE Investment Board, sent to Participating Municipalities and are available on the [ONE Investment website](#).

#### **The Committee received an overview of the RBC GAM compliance regime**

With the transition of all PI funds to PH&N Institutional, the Prudent Investment compliance regime moves to oversight of RCB GAM while Legal List compliance will be more focused on day-to-day operations. A PH&N Institutional and RCB GAM Compliance presentation by Mona McManus, Managing Director, Compliance & Chief Compliance Officer, and Heidi Johnston, Head GAM Funds Ops, CFO, RBC GAM Funds provided an overview of compliance activities.

**There was an update on compliance activities for 2024 with all due dates met and no breaches noted**

A summary of ONE Investment compliance activities in 2024 highlighted the following:

- No significant complaints or action against ONE Investment
- No internal investigations regarding staff actions
- Compliance with the Federal Anti-Money Laundering Regulation
- No significant violations of the investment objectives and constraints of portfolios

**Governance changes related to both ONE JIB and the ONE Investment Board and Committees were reviewed**

The Board made changes related to the governance of the ONE Investment Board including an updated Risk and Audit Committee Terms of Reference. The Audit Committee was asked for input as part of the governance review ONE JIB is doing in 2025 and will inform what ONE Investment presents to ONE JIB at its September meeting.

**Staff undertook a comprehensive review of ONE's policies with most having no or minor changes with future minor housekeeping changes delegated to the Audit Committee**

Staff reviewed the following policies with no changes: Board/Volunteer Expense Reimbursement Policy, Staff Travel, and Accommodation Policy. There were minor edits to the following policies as follows:

- Electronic Devices & Communication Policy
- Cashflow Management Policy
- Pricing Errors Policy
- Anti-Money Laundering Policy
- Responsible Investing Policy

At the subsequent ONE Investment Board meeting, minor policy changes of a housekeeping nature were delegated to the Audit Committee such as changing "ONE" to "ONE Investment".

**The Withdrawal of MNRI and Responsible Investing Policies was amended while the Fund Deviation and Principles of Good Benchmarks Policies are recommended to be approved by the ONE JIB**

Minor changes to the Responsible Investing Policy were made. The Withdrawal of MNRI Policy was reviewed in 2024 however, 2025 marked the first time the policy has been used. Staff have identified some changes necessary after using the policy. These policies are dealt with in a separate report.

**For Enterprise Risk Assessment, the impact of US tariffs has increased ONE's risks while the transfer of all Prudent Investment funds to PH&N Institutional has decreased risks**

There are two key themes which are driving ONE Investment's enterprise risk – namely the increased risks associated with the impact of tariffs from the US on municipalities and

ONE Investment, as well as reduced risks related to the Prudent Investment Offering business model change to an Outsourced Chief Investment Officer (OCIO) which was completed in early March 2025.

**Staff presented internal control procedures related to Payment Processing, Legal List Enrollments & Transactions (including HISA).**

As the mandate for the Audit Committee includes a review of internal controls, staff presented the procedures for Payment Processing, and Legal List Enrollments & Transactions (including HISA). Processes related to PH&N Institutional are still being developed and will be presented at the May Audit Committee meeting.

**The steps followed for OCIO development and the transfer of the Prudent Investment Offering to PH&N Institutional were described in a history of OCIO's approval and development.**

The main dates and procedures for the creation, evaluation, and approval of the OCIO offering by ONE Investment, ONE JIB, and its committees are listed in the OCIO Development/Approval summary document. This document's goal is to provide a common understanding of the actions and work done to move to the OCIO business model by summarizing the development and approval process. These can be found in Attachment 1.

**The Management Committee report provided an update on the implementation of cyber security recommendations as well as potential dates for an in-person Audit Committee meeting.**

The Management Committee report provided an update on the implementation of the Cyber Security recommendations. Staff recommended that Audit Committee members meet in-person at the May meeting, however, due to conflicts, staff will look at another date to meet.

**Staff gave an update on ONE JIB meetings on November 27, 2024, and February 25, 2025, as well as the ONE Investment Board meeting on December 9, 2024, to make sure all members of the Audit Committee have the same information**

The reports from the recent ONE JIB Board meetings, which were held on November 27, 2024, and February 25, 2025, as well as the decisions made by ONE Investment Board at its meeting on December 9, 2024, are summarized in this report.

**The CIBC Mellon Key Performance Indicators report, and the RBC Investor Services attestation were reviewed; all variances are within industry standards**

The Key Performance Indicators report is issued on a quarterly basis summarizing key service delivery metrics by CIBC Mellon for their custody and fund administration servicing. Additionally, the RBC IS attestation didn't note any deviations.

**Audit Committee requested risk training as well as an educational session on compliance functions**

With the expanded scope of the Audit Committee, members requested training on enterprise risk, and an education session on compliance functions.

## **5. CONCLUSION**

The Audit Committee provides oversight and recommendations to the ONE Investment Board and staff. ONE JIB receives updates on the Audit Committee as a mechanism of transparency for ONE JIB on the work its agent is doing.

## **ATTACHMENT**

Attachment 1: OCIO - PHN ONE JIB Approval Chronology - March 2025

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Approved by: Judy Dezell & Donna Herridge, Co-President/CEO, ONE Investment