

Notes of a meeting of the Finance, Audit and Risk Management Committee of the Toronto Waterfront Revitalization Corporation held at the offices of Toronto Waterfront Revitalization Corporation, 20 Bay Street, Suite 1310, Toronto, Ontario on Wednesday, June 23, 2015 at 9:00 a.m., local time.

PRESENT: David Johnson
Mark Wilson
Gary Wright
Sue Dabarno

ABSENT:

The following additional persons were in attendance, unless otherwise noted, throughout the meeting or only for particular items as noted in these notes: John Campbell, President and Chief Executive Officer; Chad McCleave, Chief Financial Officer; David Kusturin, Chief Operating Officer; Kevin Newson, Director, Procurement; Sandra Tran, Director, Finance and Enterprise Risk Management, Sampada Chandane, Corporate Controller; Garth Lusby, Project Cost Controller; and Simon Karam, Senior Project Manager.

As well, Jeffrey Barratt, BDO Canada LLP (“BDO”) was in attendance only for particular items as noted.

David Johnson, took the chair and with consent of the Board members present, appointed Ann Landry to act as secretary of the meeting.

The Chair declared that although notice of the meeting was duly sent to all Committee members in accordance with the Corporation’s By-laws, a quorum of Committee members was not present and therefore the meeting could not be regularly constituted for the transaction of business. The Chair advised however, that the meeting would proceed but that all required approvals would be deferred to the June 24, 2015 meeting of the Board of Directors.

1. Minutes – April 9, 2015

The Minutes of the April 9, 2015 Finance, Audit and Risk Management (“FARM”) Committee Meeting were tabled. Given that quorum was not present, approval of the minutes, with changes as noted, was deferred to the June 24, 2015 meeting of the Board of Directors.

2. 2014/15 Financial Statements

Sampada Chandane tabled the audited Financial Statements for the year ended March 31, 2015. She provided an overview of the statement of financial position and the statement of financial activities and responded to questions from the Committee.

3. Adjournment of the Public Session

In accordance with Section 190 of the City of Toronto Act, an in-camera matter was now to be considered. The Chair indicated to members of the public present that it was now in order for them to depart from the meeting. Members of the public then left the meeting. The meeting was then adjourned to be momentarily reconvened as an in-camera meeting.

In-Camera Session

4. 2014/15 External Auditor's Report

Jeff Barratt of BDO provided an overview of the Audit Report highlighting the following:

- Engagement Summary;
- Letter of Independence;
- Materiality;
- Audit Findings;
- Fraud Discussion;
- Internal Control Matters; and
- Draft Independent Auditor's Report.

The Chair then asked that Management and Staff leave the meeting to allow for an in-camera discussion with the external auditors.

It was agreed that as part of the recruitment process, Management would develop procedures to ensure the appropriate security checks are completed prior to engaging an employee. At the conclusion of the in-camera discussion, the meeting reverted back to the public session.

Public Session

5. 2014/15 Management Report

Sandra Tran tabled the 2014/15 Management Report advising that the format is consistent with that approved by the FARM Committee in prior years. She advised that a new section "2014/15 Key Deliverable Results" was added to align the organization's performance results with the Annual Corporate Plan and legislated objectives.

Ms. Tran provided an overview of the report, responded to questions and noted suggestions from the Committee. Given that quorum was not present, approval of the Management Report, with changes as noted, was deferred to the June 24, 2015 meeting of the Board of Directors.

Ms. Tran further advised that both the Financial Statements and the Management Report are intended to be published on the Corporation's website upon approval by the Board of Directors at the June 24, 2015 meeting.

6. Quarterly Project Reporting

Chad McCleave tabled a Board Risk Variance Report and a Board Financial Variance Report advising that previous "Board Variance Reports" included details at a higher level than the work package level which made it difficult to track for reporting, control and approval purposes. He advised that the recommended Board Risk Variance Report and Board Financial Variance Report align the reporting and control at the work package level and accomplish the following:

1. Consistent reporting with budget amounts tied to approved budgets in the Long Term Funding Plan, Board-approved Annual Corporate Plan and the financial system.
2. A clear and consistent risk/status report and a financial variance report will be presented quarterly that tie to the quarterly financial statements.
3. Improved segregation of duties enables the Finance Department to oversee the report development and Program Controls to oversee forecasting and variance analysis.

Mr. McCleave summarized the recommended risk review, monitoring and reporting process that Waterfront Toronto has implemented including:

- Monthly meetings with project managers to identify, monitor, manage and report risks for all active work packages;
- Monthly meetings with senior management to discuss, monitor, manage, and report risks, with a focus on all active work packages with medium to high risks;
- Quarterly Finance, Audit, and Risk Management Committee meetings focused on oversight of the active work packages with high risks and the financial impact to project budget, schedule, and funding; and
- Reporting quarterly at Board meetings with a focus on oversight of the active work packages with high risks and financial impact to project budget, schedule, and funding.

Mr. McCleave responded to questions and noted suggestions from the Committee. He advised that the process satisfies the segregation of duties requirement and ties into the current Corporate Plan.

7. Procurement Quarterly Report

Kevin Newson, Director of Procurement, reported an exception to the Corporation's Procurement Policy which requires that contracts with a value over \$100,000 be awarded only after conducting an open competition through an electronic tendering network. He advised that after soliciting and receiving seven bids by telephone, the Corporation entered into a contract with Robert Half Management Resources with a value of \$145,125.00 to fill a vacancy for a Systems Analyst for a six month temporary assignment.

He advised that while cost was taken into consideration, the specialized skill set required and the urgency of the recruitment in order to satisfy the requirements of the FARM Committee with regard to project reporting, segregation of duties, etc. were deemed to be more important.

The Committee asked that Management provide a detailed report on the process around the recruitment.

8. Project Update

David Kusturin tabled reports and reported on project costs, schedule and risks for the following projects:

- Queens Quay Revitalization Project;
- Bayside Project – Phase 1; and
- East Bayfront – Stormwater/Sanitary Servicing Infrastructure

He responded to questions from the Committee advising that the reports are for information purposes only and no action is required.

9. Adjournment of the Public Session

In accordance with Section 190 of the City of Toronto Act, an in-camera matter was now to be considered. The Chair indicated to members of the public present that it was now in order for them to depart from the meeting. Members of the public then left the meeting. The meeting was then adjourned at 11:35 a.m. to be momentarily reconvened as an in-camera meeting.

In-Camera Session
11:40 a.m.

10. Provincial Audit

(confidential information in accordance with By-Law No. 2, Section 6.1.1(a) – security of the property)

Sandra Tran provided an update on the Value for Money follow-up audit that was undertaken by Ernst & Young (“EY”) on behalf of the Province which was based on a summary of findings provided to Management in late May, 2015.

She advised that Management is reviewing the findings and will report back to the Committee once further details from the Province have been received.

11. Termination of the Meeting

There being no further business, **ON MOTION**, duly made, seconded and carried, it was **RESOLVED** that the meeting be terminated at 11:50 a.m. local time.

Chair

Secretary of the Meeting