



THE REGIONAL MUNICIPALITY OF PEEL

AUDIT AND RISK COMMITTEE

AGENDA

ARC - 2/2018

DATE: Thursday, April 19th, 2018

TIME: 10:30 AM – 12:30 PM

LOCATION: Regional Council Chamber, 5th Floor
Regional Administrative Headquarters
10 Peel Centre Drive, Suite A
Brampton, Ontario

MEMBERS: C. Fonseca; F. Dale; G. Miles; K. Ras; R. Starr; A. Thompson

Chaired by Councillor Fonseca or Vice-Chair by Councillor Ras

1. **DECLARATIONS OF CONFLICTS OF INTEREST**
2. **APPROVAL OF AGENDA**
3. **DELEGATIONS**
 - 3.1. **Stephanie Nagel, Treasurer and Director of Corporate Finance, Region of Peel,** Presenting the Outstanding Agency Accreditation Achievement Award by the National Institute for Governmental Procurement to the Purchasing Division of Finance at the Region of Peel (Related to 5.1)
 - 3.2. **Trevor Ferguson, Audit Partner, and Scott Finkel, Audit Manager, Deloitte LLP,** Presenting the 2017 Deloitte Audit Results Report (Related to 4.3)
4. **REPORTS**
 - 4.1. 2017 Region of Peel Consolidated Financial Statements (For information)
 - 4.2. 2017 Peel Housing Corporation Financial Statements (For information)
 - 4.3. 2017 Deloitte Audit Results Report (For information) (Related to 3.2)
 - 4.4. 2017 Region of Peel Debt Retirement and Sinking Funds Financial Statements (For information)
 - 4.5. 2017 Region of Peel Trust Funds Financial Statements (For information)

4.6. New Procurement By-Law
Presentation by Patricia Caza, Acting Director, Procurement

4.7. Board of Health Financial Controls Checklist (For information)

5. COMMUNICATIONS

5.1. **Rick Grimm, Chief Executive Officer, NIGP - The Institute for Public Procurement,**
Regarding the Region of Peel's Outstanding Agency Accreditation Achievement Award
for Government Procurement (Receipt recommended) (Related to 3.1)

6. IN CAMERA MATTERS

7. OTHER BUSINESS

8. NEXT MEETING

June 7, 2018, 11:00 a.m. – 12:30 p.m.
Council Chamber, 5th Floor
Regional Administrative Headquarters
10 Peel Centre Drive, Suite A
Brampton, Ontario

9. ADJOURNMENT

FOR OFFICE USE ONLY

Meeting Name:

Audit and Risk Committee

Meeting Date : DD/MM/YY **19/04/2018**

Request Date :DD/MM/YY **20/02/2018**

Main Departmental Contact Information

Name **Laura Cocuzzi** Department **Finance**

Division **Purchasing** Section **Purchasing Planning & Performance** Ext. **7519**

Award Presentation Information

Provide a brief summary of the nature/purpose of the award presentation

The Purchasing Division of Finance has been awarded The Outstanding Agency Accreditation Achievement Award by the National Institute for Governmental Procurement for the fourth consecutive term. This award recognizes agencies that lead the public procurement profession through the implementation of best practices. Purchasing is accredited for another three year term.

Provide a list of all participants

Name **S. Nagel, P. Caza, L. Cocuzzi, M. Andani, L. Moreira, J. Olmstead-Harper, J. Blackmore, N. Baker, J. Bell**

Title **Treasurer & Director of Corporate Finance; remaining participants are Finance Dept - Purchasing Division staff**

Organization **Region of Peel**

Name

Title

Organization

Provide details of what is to be presented (Photo, Award, Cheque, Plaque, etc.)

Trophy and Certificate to be presented at the April 19/18 ARC meeting. S. Nagel will delegate on the ARC agenda to present the award.

Describe the format of your presentation (Power Point, DVD, VHS, Display, etc.)

None

* If the presentation is Power Point will it be provided in hard copy Yes No

* If you replied YES to the above, please prepare your handouts as follows:

- Two slides per page, double-sided, stapled, three-hole punched, 45 copies
- Provide the material, at a minimum, the day before the meeting to Legislative Services

Will there be a photo opportunity? Yes No

Who have you contacted in Communication Services regarding this award presentation?

Name **Genevieve Ricciardella** Ext. **4672**

Will circulation of any materials to Councillors at the time of the presentation be required? Yes No

If YES please specify (i.e. pens, cups, brochures)

Note: Delegations to Council shall be limited to speaking no more than five minutes in accordance with Section IV-4 of the Region of Peel Procedure By-law 100-2012. For further information, please contact your **Legislative Services representative.**

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MEETING DATE YYYY/MM/DD 2018/04/19	MEETING NAME Audit and Risk Committee
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Attention: Regional Clerk
Regional Municipality of Peel
10 Peel Centre Drive, Suite A
Brampton, ON L6T 4B9
Phone: 905-791-7800 ext. 4582 Fax: 905-791-1693
E-mail: council@peelregion.ca

DATE SUBMITTED YYYY/MM/DD 2018/02/12
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NAME OF INDIVIDUAL(S) Trevor Ferguson

POSITION/TITLE Audit Partner
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NAME OF ORGANIZATION Deloitte LLP

E-MAIL tferguson@deloitte.ca	TELEPHONE NUMBER (416) 643-8282	EXTENSION	FAX NUMBER
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NAME OF INDIVIDUAL(S) Scott Finkel
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POSITION/TITLE Audit Manager
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NAME OF ORGANIZATION Deloitte LLP

E-MAIL sfinkel@deloitte.ca	TELEPHONE NUMBER (416) 874-3411	EXTENSION	FAX NUMBER
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REASON(S) FOR DELEGATION REQUEST (SUBJECT MATTER TO BE DISCUSSED) Trevor Ferguson will present the 2017 Deloitte Audit Results Report

I AM SUBMITTING A FORMAL PRESENTATION TO ACCOMPANY MY DELEGATION YES NO

IF YES, PLEASE ADVISE OF THE FORMAT OF YOUR PRESENTATION (ie POWERPOINT)

Note:
Delegates are requested to provide an electronic copy of all background material / presentations to the Clerk's Division at **least seven (7) business days prior** to the meeting date so that it can be included with the agenda package. **In accordance with Procedure By-law 100-2012, as amended, delegates appearing before Regional Council or Committee are requested to limit their remarks to 5 minutes and 10 minutes respectively (approximately 5/10 slides).**
Delegates should make every effort to ensure their presentation material is prepared in an [accessible format](#).
Once the above information is received in the Clerk's Division, you will be contacted by Legislative Services staff to confirm your placement on the appropriate agenda. Thank you.

Notice with Respect to the Collection of Personal Information
(Municipal Freedom of Information and Protection of Privacy Act)

Personal information contained on this form is authorized under Section IV-4 of the Region of Peel Procedure By-law 100-2012 as amended, for the purpose of contacting individuals and/or organizations requesting an opportunity to appear as a delegation before Regional Council or a Committee of Council. The Delegation Request Form will be published in its entirety with the public agenda. The Procedure By-law is a requirement of Section 238(2) of the *Municipal Act, 2001*, as amended. Please note that all meetings are open to the public except where permitted to be closed to the public under legislated authority. All Regional Council meetings are audio broadcast via the internet and will be video broadcast on the local cable television network where video files will be posted and available for viewing subsequent to those meetings. Questions about collection may be directed to the Manager of Legislative Services, 10 Peel Centre Drive, Suite A, 5th floor, Brampton, ON L6T 4B9, (905) 791-7800 ext. 4462.

For Information

DATE: April 4, 2018

REPORT TITLE: **2017 REGION OF PEEL CONSOLIDATED FINANCIAL STATEMENTS**

FROM: Stephen VanOfwegen, Commissioner of Finance and Chief Financial Officer

OBJECTIVE

To present the 2017 Region of Peel unaudited consolidated financial statements.

REPORT HIGHLIGHTS

- The Region of Peel's external auditors, Deloitte have completed their audit of the Region's financial statements.
- The attached (Appendix I) consolidated financial statements are prepared by Regional staff in accordance with Canadian public sector accounting standards for local government.
- There are no corrected or uncorrected misstatements arising from the audit.
- It is anticipated that Deloitte will issue their Auditor's Report on April 19, 2018, once all audit procedures have been completed, as per auditing standards.

DISCUSSION

The 2017 consolidated financial statements and related notes have been prepared by Regional staff and are attached as Appendix I to the subject report. They have been prepared in accordance with Canadian public sector accounting standard, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The statements reflect the financial activities of all entities which are accountable to the Region of Peel including the Peel Regional Police Services Board and the Peel Housing Corporation. There are no corrected or uncorrected misstatements in the statements.

Deloitte have completed the external audit and it is anticipated that their Auditor's Report will be issued on April 19, 2018 as per their current audit standards. The consolidated financial statements and the Auditor's Report will be posted on the Region's website once the Auditor's Report is issued.

2017 REGION OF PEEL CONSOLIDATED FINANCIAL STATEMENTS

CONCLUSION

The 2017 consolidated financial statements are presented for the Audit and Risk Committee's review and demonstrate a strong, healthy and financially responsible position.



Stephen VanOfwegen, Commissioner of Finance and Chief Financial Officer

Approved for Submission:



D. Szwarc, Chief Administrative Officer

APPENDICES

Appendix I – 2017 Region of Peel Consolidated Financial Statements

For further information regarding this report, please contact Stephanie Nagel at 905 791 7800 ext. 7105 or via email at stephanie.nagel@peelregion.ca.

Authored By: Monique Hynes

(Unaudited)

Consolidated financial statements of

The Regional Municipality of Peel

December 31, 2017

(Unaudited)

Consolidated financial statements of

The Regional Municipality of Peel

December 31, 2017

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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of
the Regional Municipality of Peel

We have audited the accompanying consolidated financial statements of the Regional Municipality of Peel, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

APPENDIX I
2017 REGION OF PEEL CONSOLIDATED FINANCIAL STATEMENTS

4.1 - 6

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Regional Municipality of Peel as at December 31, 2017 and the results of its operations, change in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants
Licensed Public Accountants
_____, 2018

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The Regional Municipality of Peel

Consolidated Statement of Financial Position

As at December 31, 2017

(All dollars in \$000)

	2017	2016
FINANCIAL ASSETS (Note 17)		
Cash and cash equivalents (Note 2)	\$ 818,742	\$ 394,944
Accounts receivable (Note 3)	157,987	150,393
Loans receivable (Note 4)	11,285	9,245
Portfolio investments (Note 2)	1,420,723	1,780,861
Recoverable gross long-term debt from area municipalities (Note 9)	164,532	145,583
	2,573,269	2,481,026
LIABILITIES (Note 17)		
Accounts payable and accrued liabilities (Note 5)	593,152	554,287
Deferred revenue (Note 6)	118,105	125,264
Landfill closure and post-closure liability (Note 7)	37,812	18,394
Employee future benefits and post-employment liabilities (Note 8)	111,238	104,174
Other liabilities	4,483	4,374
Long-term debt (Note 9)	1,430,341	1,468,192
Mortgages payable on income-producing properties (Note 9)	173,721	195,892
	2,468,852	2,470,577
NET FINANCIAL ASSETS	104,417	10,449
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 13)	10,955,126	10,760,026
Prepaid expenses	27,339	24,499
Inventory	5,245	4,994
	\$ 10,987,710	\$ 10,789,519
ACCUMULATED SURPLUS (Note 10)	\$ 11,092,127	\$ 10,799,968

The accompanying notes are an integral part of these consolidated financial statements.

The Regional Municipality of Peel Consolidated Statement of Operations

For the year ended December 31, 2017
(All dollars in \$000)

	2017 Budget (Note 12)	2017	2016
REVENUES			
Levies on area municipalities	\$ 996,832	\$ 991,309	\$ 963,485
Direct charges on ratepayers	368,336	369,259	365,280
Contributions – other governments	677,026	675,651	612,012
Contributions – developers	353,658	249,300	311,057
Contributed tangible capital assets	-	34,872	58,615
Investment income	47,287	57,353	56,046
Fees, service charges and other	150,760	174,730	166,884
Total revenues	2,593,900	2,552,474	2,533,379
EXPENSES (Note 14)			
General government	75,423	79,614	88,560
Protection to property and persons	463,356	459,532	453,327
Transportation services	154,216	180,052	121,950
GO Transit	-	13,843	18,291
Gas tax transferred to area municipalities	32,725	32,725	32,725
Environmental services	585,797	596,470	577,310
Health services	171,069	164,420	150,994
Social and family services	542,248	528,785	501,266
Social housing	204,995	179,715	176,503
Planning and development	7,058	6,656	6,496
Assessment/other	18,233	18,503	18,019
Total expenses	2,255,120	2,260,315	2,145,441
Annual surplus	338,780	292,159	387,938
Accumulated surplus, beginning of year	10,799,968	10,799,968	10,412,030
ACCUMULATED SURPLUS, END OF YEAR (Note 10)	\$ 11,138,748	\$ 11,092,127	\$ 10,799,968

The accompanying notes are an integral part of these consolidated financial statements.

The Regional Municipality of Peel Consolidated Statement of Change in Net Financial Assets

For the year ended December 31, 2017
(All dollars in \$000)

	2017 Budget (Note 12)	2017	2016
ANNUAL SURPLUS	\$ 338,780	\$ 292,159	\$ 387,938
Acquisition of tangible capital assets	(460,546)	(464,469)	(448,784)
Amortization of tangible capital assets	275,073	275,211	270,110
Contributed tangible capital assets	-	(34,872)	(58,615)
Write-down of tangible capital assets	-	26,959	2,407
Loss on sale of tangible capital assets	-	633	3,956
Proceeds on sale of tangible capital assets	-	1,438	991
	153,306	97,059	158,003
Acquisition of inventory	-	(11,075)	(11,127)
Acquisition of prepaid expenses	-	(21,551)	(78,121)
Consumption of inventory	-	10,824	11,210
Use of prepaid expenses	-	18,711	77,520
Change in net financial assets (debt)	\$ 153,306	\$ 93,968	\$ 157,485
Net financial assets (debt), beginning of year	10,449	10,449	(147,036)
NET FINANCIAL ASSETS, END OF YEAR	\$ 163,755	\$ 104,417	\$ 10,449

The accompanying notes are an integral part of these consolidated financial statements.

The Regional Municipality of Peel

Consolidated Statement of Cash Flows

For the year ended December 31, 2017

(All dollars in \$000)

	2017	2016
OPERATING ACTIVITIES		
Annual surplus	\$ 292,159	\$ 387,938
Items not involving cash		
Amortization of tangible capital assets	275,211	270,110
Loss on sale of tangible capital assets	633	3,956
Contributed tangible capital assets	(34,872)	(58,615)
Write-down of tangible capital assets	26,959	2,407
Change in non-cash assets and liabilities		
Accounts receivable	(7,594)	5,943
Recoverable gross long-term debt from area municipalities	9	9
Accounts payable and accrued liabilities	38,865	31,784
Deferred revenue	(7,159)	1,784
Change in landfill closure and post-closure liability	19,418	1,410
Change in employee future benefits and post-employment liabilities	7,064	6,361
Other liabilities	109	59
Prepaid expenses	(2,840)	(601)
Inventory	(251)	83
Net change in cash and cash equivalents from operating activities	607,711	652,628
CAPITAL ACTIVITIES		
Proceeds on sale of tangible capital assets	1,438	991
Cash used to acquire tangible capital assets	(464,469)	(448,784)
Net change in cash and cash equivalents from capital activities	(463,031)	(447,793)
INVESTING ACTIVITIES		
Proceeds from disposals and redemptions of investments	527,895	218,888
Acquisition of investments	(167,757)	(409,972)
Decrease (Increase) in loans receivable	(2,040)	6,617
Net change in cash and cash equivalents from investing activities	358,098	(184,467)
FINANCING ACTIVITIES		
Proceeds on debt issuance	-	150,000
Repayment of long-term debt	(3,974)	(3,864)
Accrual for interest payments	673	(833)
Contributions to sinking fund	(46,678)	(32,986)
Investment income earned on sinking fund	(6,830)	(4,933)
Repayment of mortgages payable	(22,171)	(24,047)
Net change in cash and cash equivalents from financing activities	(78,980)	83,337
Net change in cash and cash equivalents	423,798	103,705
Cash and cash equivalents, beginning of year	394,944	291,239
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 818,742	\$ 394,944
Cash paid for interest	\$ 70,622	\$ 93,037
Cash received from interest	51,070	49,598

The accompanying notes are an integral part of these consolidated financial statements.

THE REGIONAL MUNICIPALITY OF PEEL

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017
(All dollars in \$000)

The Regional Municipality of Peel (“Region”) is an upper-tier municipality in the Province of Ontario (“Province”), Canada. The provisions of provincial statutes such as the *Municipal Act*, *Municipal Affairs Act* and related legislation guide its operations.

1. Significant Accounting Policies

The consolidated financial statements (“financial statements”) of the Region are the representation of management and are prepared in accordance with Canadian public sector accounting standards (“PSAS”), as recommended by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada (“CPA Canada”).

The focus of these financial statements is on the financial position of the Region and the changes thereto. The consolidated statement of financial position includes all the financial assets and liabilities of the Region as well as non-financial assets. Financial assets are those assets that could provide resources to discharge existing liabilities or finance future operations. Net financial assets (debt) form a part of the financial position and are the difference between financial assets and liabilities. This provides information about the Region’s overall future revenue requirements and its ability to finance activities and meet its obligations. Non-financial assets are normally used to deliver services. Their value lies with their service potential rather than their ability to generate future cash inflows. They form part of the financial position, as they provide resources that the Region can employ in the future to meet its objectives. The accumulated surplus is made up of the combination of net financial assets (debt) and non-financial assets.

Significant aspects of the accounting policies adopted by the Region are as follows:

a) Basis of Presentation

The financial statements reflect the financial activities of all entities that are accountable to and controlled by the Region, which include:

- Peel Police Services Board (“Peel Police”)
- Peel Housing Corporation (“PHC”)

All inter-departmental and inter-organizational transactions are eliminated on consolidation. Also included are the Regional contributions to the local conservation authorities, and the funding thereof. The Region is required, by legislation, to reimburse the Municipal Property Assessment Corporation for the cost of Assessment Services that are not administered or controlled by the Region.

Funds held in trust by the Region for residents of Peel Manor and Sheridan Villa Senior Citizens’ Residences, the Tall Pines and Malton Village Long-Term Care Centres, and the Vera M. Davis Community Care Centre in the amount of \$196 (2016 – \$213), are not included in the financial statements. The financial activity and position of the trust funds are reported separately in the trust funds financial statements.

The Region maintains separate funds for the purpose of providing for periodic repayments on debt to be retired by means of debt retirement funds and sinking funds. The financial activity and position of this fund are disclosed separately in the debt retirement funds and the sinking funds financial statements.

b) **Basis of Accounting**

i) Accrual Method of Accounting

The Region follows the accrual method of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions or events occurred that gave rise to the revenues. Expenses are the cost of goods or services acquired in the period, whether or not payment has been made or invoices received.

ii) Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments with a term to maturity of 90 days or less at acquisition.

iii) Investment Income

Investment income earned on surplus current fund, capital fund, reserves and reserve funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income on unspent obligatory reserve funds is added to obligatory reserve fund balances.

Temporary investments are carried at the lower of cost and market value. Portfolio investments are carried at cost, unless there are impairments in value, at which time they are written down to recognize the loss in value. Discounts or premiums are amortized using the effective interest method.

iv) Loans Receivable

Loans receivable are valued at cost. Recoverability is reviewed annually and a valuation allowance is recorded when recoverability is impaired. A loan receivable is written off when it is no longer recoverable. Recoveries of loans receivable previously written off are recognized in the year received. Interest revenue is recognized as it is earned.

v) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

a. Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The Region does not have any tangible capital assets recognized at nominal value. The cost, less residual value, of tangible capital assets, excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives as follows:

(Unaudited)

Assets	Useful life – years
Land improvements	5 – 99
Buildings	20 – 100
Building improvements	8 – 100
Leasehold improvements	2 – 40
Equipment and furnishings	3 – 80
Linear	15 – 90
Linear improvements	50
Structures	20 – 60
Vehicles	3

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is in service.

b. Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

c. Interest Capitalization

The Region capitalizes interest costs associated with the acquisition or construction of a tangible capital asset relating to certain projects.

d. Natural Resources

Natural resources that have not been purchased are not recognized as assets in the financial statements.

vi) Deferred Revenue – Development Charges

Development charges, collected under the authority of Sections 33 to 35 of the *Development Charges Act, 1997*, are reported as deferred revenue in the consolidated statement of financial position in accordance with PSAS. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period in which the funds are expended on qualifying capital projects. Development charges will also be applied to cover costs for servicing debt including interest on borrowings and contributions to sinking funds to retire debt.

vii) Tax Revenue

Property tax revenue is recognized on an accrual basis when the tax is authorized by the passing of the tax levy by-law. Taxes are levied on properties listed on the assessment roll at the time the by-law is passed based on the approved budget and tax rates. Supplementary taxation is recognized as additional billings issued to properties that are added to the assessment roll during the year.

At year-end, the Region evaluates the likelihood of having to repay taxes as a result of tax appeals or other changes and recognizes a liability if the amount can be reasonably estimated.

viii) Government Transfers

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are

authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, and there are no stipulations that give rise to a liability.

ix) Employee Future Benefits and Post-Employment Liabilities

The Region accounts for its participation in the Ontario Municipal Employee Retirement System (“OMERS”), a multi-employer public sector pension fund, as a defined contribution plan.

Vacation entitlements are accrued for as entitlements are earned.

Sick leave benefits were discontinued in 1986 and there are no remaining balances from prior years.

Other post-employment benefits and compensated absences are accrued in accordance with the projected benefit method, pro-rated on service and management’s best estimate of salary escalation and retirement ages of employees. Actuarial valuations, where necessary for accounting purposes, are generally performed triennially. The discount rate used to determine the accrued benefit obligation was determined by reference to the Region’s short and long-term rate of borrowing. Unamortized actuarial gains/losses are amortized on a straight-line basis over the expected average remaining service life of the related employee groups. Unamortized actuarial gains/losses for event-triggered liabilities, such as those determined as claims related to Workplace Safety and Insurance Board (“WSIB”), are recorded when determined.

Costs related to prior-period employee services arising out of plan amendments are recognized in the period in which the plan is amended.

Where applicable, the Region has set aside Reserves intended to fund these obligations, either in full or in part. These Reserves were created under municipal by-law and do not meet the definition of a plan asset under *PSAS 3250 Retirement Benefits*. Therefore, for the purposes of these financial statements, the plans are considered unfunded.

x) Landfill Liability

The costs to close an existing landfill site and to maintain closed landfill sites are based on the future estimated expenditures required over a twenty-five year period, discounted using the Region’s long-term borrowing rate. These costs are reported as a liability on the consolidated statement of financial position. Landfill sites are amortized using the units of production method based upon capacity used during the year.

xi) Liability for Contaminated Sites

A liability for the remediation of a contaminated site is recognized as the best estimate of the amount required to remediate the contaminated site when the following specified criteria are present:

- Contamination exceeding an environmental standard exists,
- The Region is either directly responsible or accepts responsibility,
- It is expected that the future economic benefit will be given up, and
- A reasonable estimate of the amount is determinable.

If the likelihood of the Region's obligation to incur these costs is either not determinable, or if an amount cannot be reasonably estimated, the costs are disclosed as contingent liabilities in the Notes to the financial statements.

xii) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing rates of exchange at the year-end date. Revenue and expenses are translated at the exchange rate prevailing on the transaction date. Realized and unrealized exchange gains and losses are included in the consolidated statement of operations.

xiii) Use of Estimates

The preparation of these financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the period. Significant estimates relate to accounts receivable, accrued liabilities, landfill closure and post-closure liability, liabilities for contaminated sites, employee future benefits and post-employment liabilities and expenses. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

2. Cash and Cash Equivalents and Portfolio Investments

Cash and cash equivalents and portfolio investments reported on the consolidated statement of financial position have cost and market values as follows:

2017		
	Cost	Market Value
Cash	\$ 722,776	\$ 722,776
Cash equivalents	95,966	96,855
Cash and cash equivalents	\$ 818,742	\$ 819,631
Portfolio investments	\$1,420,723	\$1,448,090
2016		
	Cost	Market Value
Cash	\$ 379,145	\$ 379,145
Cash equivalents	15,799	15,776
Cash and cash equivalents	\$ 394,944	\$ 394,921
Portfolio investments	\$1,780,861	\$1,834,026

Included in the Region's investment portfolio are Region of Peel debentures at coupon rates that vary from 1.57 to 6.69 per cent (2016 – 1.10 to 6.65 per cent) with a carrying value \$19,258 (2016 – \$26,188).

3. Accounts Receivable

The balance for accounts receivable is comprised of the following:

	2017	2016
Federal and provincial governments	\$ 41,590	\$ 44,686
Other municipalities	14,926	24,796
Wastewater and water billings	53,748	51,449
Accrued interest	5,964	8,074
Sundry	41,759	21,388
Total	\$ 157,987	\$ 150,393

4. Loans Receivable

The balance for loans receivable includes the following:

- a) A 30-year memorandum of understanding at 5.196 per cent with Credit Valley Conservation ("CVC") to be used to finance the renovation of their head office facility.
- b) A 20-year loan agreement at 5.12 per cent with Abbeyfield Houses of Caledon ("Abbeyfield") to be used to finance the construction of affordable housing for senior citizens.
- c) An interest-free subsidy agreement with Cervantes Lions Non-Profit Housing Corporation due on the day immediately following the fifteenth anniversary of the expiry of the housing provider's operating agreement with the Region.
- d) A loan to Shalimar International Housing Corporation; interest to be charged based on the prevailing capital market rate beginning September 1st, 2031; all principal and interest owing to be repaid by September 2nd, 2046.
- e) A loan to Ahneen Co-operative Homes; interest to be charged based on the prevailing capital market rate beginning February 1st, 2027; all principal and interest owing to be repaid by February 2nd, 2042.
- f) A loan to Forum Italia Non-Profit Housing Corporation; interest to be charged based on the prevailing capital market rate beginning July 2nd, 2025; all principal and interest owing to be repaid by July 2nd, 2040.
- g) A loan to Grace Retirement and Community Enterprises Inc.; interest to be charged based on the prevailing capital market rate beginning August 2nd, 2018; all principal and interest owing to be repaid by August 2nd, 2033.
- h) An interest-free subsidy agreement with Erin Court Co-operative Homes; repayable through future operational surpluses.

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	2017	2016
CVC – memorandum of understanding	\$ 5,958	\$ 6,079
Abbeyfield Houses of Caledon – loan agreement	219	232
Cervantes Lions Housing – subsidy agreement	179	302
Shalimar International Housing – loan agreement	767	778
Ahneen Co-operative Homes – loan agreement	671	678
Forum Italia Non-Profit Housing – loan agreement	1,223	883
Grace Retirement and Community Enterprises Inc. – loan agreement	1,947	293
Erin Court Co-operative Homes – subsidy agreement	321	-
Total	\$ 11,285	\$ 9,245

- i) Future Repayments
 Estimated future receipts of loans receivable are as follows:

	Total
2018	\$ 140
2019	148
2020	155
2021	164
2022	186
Subsequent to 2022	10,492
Total	\$ 11,285

5. Accounts Payable and Accrued Liabilities

The balance for accounts payable and accrued liabilities is comprised of the following:

	2017	2016
Trade accounts payable	\$ 351,746	\$ 336,112
Provincial government	215,401	199,473
Other municipalities	26,005	18,702
Total	\$ 593,152	\$ 554,287

6. Deferred Revenue

Deferred revenues set aside for specific purposes by legislation, regulation or agreement as at December 31, are composed of the following:

	Balance at December 31, 2016	Inflows	Revenue Earned	Balance at December 31, 2017
Development Charges	\$ -	\$ 249,300	\$ 249,300	\$ -
Federal Gas Tax	39,460	41,198	45,148	35,510
Provincial Gas Tax	77	702	699	80
General – Region	44,143	66,703	64,916	45,930
General – PHC	4,248	42	-	4,290
	87,928	108,645	110,763	85,810
York/Peel Water Supply Agreement	37,336	993	6,034	32,295
Total	\$ 125,264	\$ 358,938	\$ 366,097	\$ 118,105

In 2001, the Region entered into a Long-Term Water Supply Agreement (“Agreement”) with the Region of York (“York”) to supply potable water. The Agreement stipulates a maximum day water demand in each year to be supplied to York. New infrastructure, constructed and used jointly by both Regions since the inception of the Agreement, has been funded through agreed cost-sharing based on allocating the flow capacity available to the Region and York on a project-by-project basis.

In 2013, negotiations with York on the cost-share split for the Hanlan Feedermain resulted in a reduction to the maximum day water demand supplied to York. The reduction in flow requirement impacts the majority of infrastructure which forms part of this agreement. As such, a credit for the investment made by York to-date for this jointly used infrastructure was warranted. The credit in the amount of \$32,295 (2016 – \$36,800) will be used to fund York’s share of the construction costs of jointly used infrastructure in the future. In 2017, it was agreed that the remaining balance of the credit will be paid to York upon completion of the Hanlan Feedermain project.

7. Landfill Closure and Post-Closure Liability

The Environmental Protection Act sets out regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites.

Landfill closure and post-closure care are activities for landfill sites that are expected to occur in perpetuity and requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of groundwater and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance.

The Region has twenty landfill sites, nineteen of which are closed. The Caledon site has capacity but is not currently accepting waste. To fill the remaining unused 5 per cent capacity would result in an estimated remaining life of one year. For the Caledon site and the closed sites, the estimated liability for these expenditures is calculated for a twenty-five year period.

The estimated liability of \$37,812 (2016 – \$18,394) included in the financial statements represents the sum of the discounted future cash flows for closure and post-closure care activities discounted at the Region’s long-term borrowing rate of 4.00 per cent (2016 – 4.75 per cent).

As at December 31, the Region maintained a reserve of \$17,010 (2016 – \$17,759), which will be used to fund expected future costs.

8. Employee Future Benefits and Post-Employment Liabilities

Employee future benefits and post-employment liabilities reported on the consolidated statement of financial position consist of the following:

	2017	2016
Retirement benefits:		
- Peel Police	\$ 68,227	\$ 63,598
- Peel Police (LTD recipients)	4,233	5,745
- Peel Region	8,736	8,330
- Peel Region (LTD recipients)	4,149	3,834
	85,345	81,507
Workplace Safety and Insurance Board	25,893	22,667
Total	\$111,238	\$104,174

a) Retirement Benefits

The liability for retirement benefits is for the Region’s and the Peel Police’s share of costs associated with extending the coverage for health, dental, and life insurance benefits to qualifying employees. Benefit coverage, except for life insurance coverage, and health care spending account for Peel Police, ceases at the age of 65. The valuation treats enrolled members in receipt of long-term disability for two years or less, or WSIB benefits, as continuing to receive active service benefits.

The liability is based on the actuarial valuations as at December 31, 2017.

The following significant actuarial assumptions adopted in the valuations were based on management’s best estimates.

- Future discount rates 3.65 per cent per year for Peel Police
4.0 per cent per year for Peel Region
- Future inflation rate 1.75 per cent per year
- Future salaries Escalate at 2.75 per cent per year

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- Future dental premium rates:
 - Peel Police Escalate at 2.75 per cent per annum
 - Peel Region Escalate at 3.75 per cent per annum
- Future health care premium rates:
 - Peel Police Initial rate of 6.0 per cent decreasing by 0.25 per cent per year to the ultimate rate of 4.0 per cent
 - Peel Region Initial rate of 6.75 per cent decreasing by 0.33 per cent per year to the ultimate rate of 3.75 per cent

The following are the actuarial results for the accrued benefit liability reported on the consolidated statement of financial position:

Retirement Benefits Liability

	2017	2016
Accrued benefit obligation at January 1	\$ 85,750	\$ 81,510
Add: plan amendment	31	-
Add: benefit service cost	10,271	3,782
Add: interest accrued	3,461	3,940
Deduct: benefit payments	(3,756)	(3,482)
Accrued benefit obligation at December 31	95,757	85,750
Deduct: unamortized actuarial loss	(10,412)	(4,243)
Liability at December 31	\$ 85,345	\$ 81,507

Retirement Benefits Expense

	2017	2016
Current period benefit cost	\$ 10,271	\$ 3,782
Interest on accrued benefit obligation	3,461	3,940
Amortization of actuarial losses	701	341
Total	\$ 14,433	\$ 8,063

The actuarial loss is the result of assumptions used in the above noted valuations that varied from assumptions used in prior valuations. These assumptions pertained to the distribution of covered employees, discount rate, escalation of health care rates, projected mortality rates, and benefit coverage. The actuarial loss will be amortized over the expected average remaining service life of employees.

b) Workplace Safety and Insurance Board

The Region is a Schedule II employer under the [Workplace Safety and Insurance Act](#), and, therefore, self-insures the entire risk of their own WSIB claims and is responsible for reimbursing the WSIB for all costs relating to its workers' claims.

The liability reported in the consolidated statement of financial position is based on the actuarial valuation as at December 31, 2017 that estimated potential liabilities of the Region under the provisions of the [Workplace Safety and Insurance Act](#).

The result of the actuarial valuation is as follows:

WSIB Liability

	2017	2016
Accrued benefit obligation at January 1	\$ 22,516	\$ 20,757
Add: plan amendment	-	257
Add: estimated cost of claims (service cost)	6,258	4,546
Add: interest accrued	972	906
Deduct: expected benefits paid	(4,025)	(3,950)
Accrued benefit obligation at December 31	25,721	22,516
Add: unamortized actuarial gain	172	151
Liability at December 31	\$ 25,893	\$ 22,667

WSIB Benefits Expense

	2017	2016
Current period benefit cost	\$ 6,258	\$ 4,546
Plan amendment	-	257
Interest on accrued benefit obligation	972	906
Amortization of actuarial gain	21	22
Total	\$ 7,251	\$ 5,731

9. Long-Term Debt

Under the terms of the *Municipal Act, 2001*, Regional Council has approved the issuing of debentures to finance its own capital expenses and tangible capital assets, and those of the area municipalities within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs. Debentures issued for such purposes are direct, joint and several obligations of the Region and local municipalities.

In 2017, the Region issued \$38,853 (2016 – \$190,684) in debenture debt, of which \$38,853 (2016 – \$37,584) was on behalf of the City of Mississauga, \$Nil (2016 – \$3,100) was on behalf of the Town of Caledon and \$Nil (2016 – \$150,000) was attributed to ensuring the sustainability of the Region’s capital program and to provide appropriate levels of cash flow for the expansion of utility infrastructure required to accommodate growth.

a) Net Long-Term Debt

The total for long-term liabilities reported in the consolidated statement of financial position consists of the following:

	2017	2016
Total long-term liabilities incurred by the Region including amounts incurred on behalf of area municipalities	\$1,645,825	\$1,630,165
Less: Total value of Region's sinking fund deposits	(214,705)	(161,319)
Less: Value of Town of Caledon sinking fund assumed by the Region	(779)	(654)
Total long-term liabilities	1,430,341	1,468,192
Mortgages payable by Peel Housing Corporation	173,721	195,892
Total mortgages payable on income-producing properties	173,721	195,892
Recoverable from lower-tiers		
City of Mississauga	155,895	134,447
Town of Caledon	13,585	16,084
Less: Town of Caledon debt assumed by Region	(4,948)	(4,948)
Total recoverable gross long-term debt from area municipalities	164,532	145,583
Net Long-Term Debt at December 31	\$1,439,530	\$1,518,501

Serial debt and sinking fund debentures issued by the Region mature between December 2020 and June 2053 and have interest rates ranging between 1.15 per cent and 6.65 per cent.

Mortgages of \$173,721 (2016 – \$195,892) on PHC properties are secured by a first charge on specific assets of PHC with amortization periods ranging from five to 50 years and interest rates ranging from 1.04 per cent to 8.0 per cent.

Sinking funds were established to provide for the orderly retirement of sinking fund debentures issued by the Region totaling \$1,433,000 (2016 – \$1,433,000). These debentures mature between December 2021 and June 2053.

b) Future Principal Repayments

Estimated future principal repayments for the Region, including sinking fund contributions and PHC, are as follows:

	Peel Housing Corporation	Region of Peel	Total
2018	\$ 21,019	\$ 50,712	\$ 71,731
2019	19,062	50,829	69,891
2020	18,277	50,950	69,227
2021	18,489	161,264	179,753
2022	18,451	42,404	60,855
Subsequent to 2022	78,423	501,056	579,479
Net sinking fund debt repayable	-	408,594	408,594
Total	\$ 173,721	\$1,265,809	\$1,439,530

Total interest charges in the amount of \$69,249 (2016 – \$67,630) are reported in the consolidated statement of operations. The charges consist of \$6,898 (2016 – \$8,110) for interest on PHC mortgages and \$62,351 (2016 – \$59,520) for debenture debt.

10. Accumulated Surplus

The accumulated surplus consists of the following balances:

	2017	2016
Investment in tangible capital assets and social housing	\$ 10,769,911	\$ 10,556,696
Reserves and reserve funds	1,849,976	1,726,090
Capital fund	(1,456,524)	(1,424,953)
Current fund	19,166	12,226
Less: unfunded liabilities		
Retiree benefits:		
– Peel Police	(33,752)	(32,968)
– Peel Region	(5,843)	(5,843)
Workplace Safety and Insurance Board	(8,512)	(8,512)
Landfill closure and post-closure costs	(37,812)	(18,394)
Other	(4,483)	(4,374)
Total Accumulated Surplus	\$ 11,092,127	\$ 10,799,968

a) Surplus Management Strategy

The Region has a surplus management strategy that permits year-end transfers to and from reserves to manage the level of surplus carried forward into the next fiscal year. Such transfers are made to ensure that future commitments of the Region can be met, and are based on management's planning of infrastructure replacement, property tax rate and user rate stabilization, potential exposure to program funding shortfalls and contingent liabilities. The allocation of these transfers and their purpose is disclosed annually to Regional Council following completion of the year-end audit. The financial statements include the transfers made to reserves under the surplus management strategy.

b) Reserves and Reserve Funds

Reserves and reserve funds are established by Regional Council as appropriate, and are included in the accumulated surplus position of the Region.

11. Pension Agreements

The Region makes contributions to OMERS on behalf of approximately 7,928 eligible employees. OMERS is a defined benefit pension plan, fully funded by equal contributions from participating employers and employees, and by the investment earnings of the OMERS Fund. OMERS pensions are calculated using a defined benefit formula, taking into account length of service and average annual wage (based upon the highest 60 consecutive months of earnings), that is designed to integrate with the pension payable from the Canada Pension Plan.

During the year, the Region's contribution to OMERS for current service was \$66,891 (2016 – \$63,602). The Region's contributions are reported in the consolidated statement of operations. Employee contributions also amount to \$66,891 (2016 – \$63,602).

For the December 31, 2017 yearend, the funded portion of the OMERS pension plan increased to 94 per cent (2016 – 93.4 per cent). Pension plan assets increased to \$95,000,000 (2016 – \$85,200,000) primarily due to strong investment returns.

12. Budget Data

The budget amounts presented in the consolidated financial statements are based on the 2017 operating and capital budgets approved by Regional Council on December 8, 2016. The following reconciles the approved budget to the budget amounts presented in the consolidated financial statements using the accrual basis of accounting, in accordance with PSAS. Budgets established for tangible capital asset acquisitions are on a project-oriented basis, the costs of which may be carried over one or more fiscal years. Where amounts were budgeted for on a project-oriented basis, the budget amounts used are based on actual projects that took place during the year to reflect the same basis of accounting that was used to report the actual results.

	Revenues	Expenses
Operating Budget		
Council Approved Budget	\$ 2,246,271	\$ 2,246,271
In-year budget adjustments	24,233	24,233
Board Approved Peel Housing Corporation	98,470	98,470
Adjustment for intercompany transactions	(49,773)	(49,773)
PSAB Adjustments		
Contributions to reserves/reserve funds	-	(393,966)
Contributions from reserves/reserve funds	(55,458)	-
Payment to sinking fund for debt retirement	-	(50,923)
Other liabilities	-	(19,164)
Other adjustments	(14,154)	(14,154)
Adjusted Operating Budget	2,249,589	1,840,994
Capital Budget		
Council Approved Budget	786,000	786,000
Timing difference between budget and spending	(189,406)	(189,406)
Board Approved Peel Housing Corporation	13,933	13,933
Timing difference between budget and spending	8,918	8,918
PSAB Adjustments		
Contributions from reserves/reserve funds	(319,136)	-
Acquisition of tangible capital assets	-	(457,260)
Amortization	-	251,941
Adjusted Capital Budget	300,309	414,126
Other		
Reserve fund interest and other revenue	44,002	-
Budget as presented in Financial Statements	\$ 2,593,900	\$ 2,255,120

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(Unaudited)

13. Tangible Capital Assets

2017

(All dollars in \$000)

Cost	Balance at December 31, 2016	Additions	Disposals & Write-downs	Balance at December 31, 2017
Land	\$ 1,149,779	\$ 21,382	\$ (107)	\$ 1,171,054
Land improvements	39,003	2,384	-	41,387
Buildings and building improvements	2,316,243	70,814	-	2,387,057
Leasehold improvements	23,521	2,200	(71)	25,650
Linear and linear improvements	7,779,280	181,889	(28,114)	7,933,055
Structures	229,885	3,751	(1,752)	231,884
Vehicles	83,858	13,240	(9,178)	87,920
Equipment and furnishings	1,983,416	71,329	(5,343)	2,049,402
Construction work in progress	821,654	132,354	(1,763)	952,245
Total cost	\$ 14,426,639	\$ 499,341	\$ (46,328)	\$ 14,879,654

Accumulated Amortization	Balance at December 31, 2016	Disposals	Amortization	Balance at December 31, 2017
Land improvements	\$ 15,258	\$ -	\$ 1,292	\$ 16,550
Buildings and building improvements	632,347	-	44,829	677,177
Leasehold improvements	11,249	-	1,021	12,270
Linear and linear improvements	2,149,955	(5,108)	137,300	2,282,147
Structures	95,862	(167)	5,581	101,276
Vehicles	46,719	(7,612)	8,448	47,555
Equipment and furnishings	715,223	(4,411)	76,740	787,552
Total accumulated amortization	\$ 3,666,613	\$ (17,298)	\$ 275,211	\$ 3,924,527

Net Book Value	Balance at December 31, 2017
Land	\$ 1,171,054
Land improvements	24,837
Buildings and building improvements	1,709,881
Leasehold improvements	13,380
Linear and linear improvements	5,650,908
Structures	130,608
Vehicles	40,365
Equipment and furnishings	1,261,850
Construction work in progress	952,245
Total net book value	\$ 10,955,126

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(Unaudited)

13. Tangible Capital Assets (Continued)

2016

(All dollars in \$000)

Cost	Balance at December 31, 2015	Additions	Disposals & Write-downs	Balance at December 31, 2016
Land	\$ 1,136,196	\$ 13,583	\$ -	\$ 1,149,779
Land improvements	39,003	-	-	39,003
Buildings and building improvements	2,289,744	26,499	-	2,316,243
Leasehold improvements	23,584	76	(139)	23,521
Linear and linear improvements	7,423,984	355,296	-	7,779,280
Structures	227,189	2,696	-	229,885
Vehicles	80,197	10,139	(6,478)	83,858
Equipment and furnishings	1,889,540	106,104	(12,228)	1,983,416
Construction work in progress	831,055	(6,994)	(2,407)	821,654
Total cost	\$ 13,940,492	\$ 507,399	\$ (21,252)	\$ 14,426,639

Accumulated Amortization	Balance at December 31, 2015	Disposals	Amortization	Balance at December 31, 2016
Land improvements	\$ 14,031	\$ -	\$ 1,227	\$ 15,258
Buildings and building improvements	588,540	-	43,807	632,347
Leasehold improvements	10,381	(140)	1,008	11,249
Linear and linear improvements	2,016,936	-	133,019	2,149,955
Structures	90,297	-	5,565	95,862
Vehicles	43,730	(5,282)	8,271	46,719
Equipment and furnishings	646,486	(8,476)	77,213	715,223
Total accumulated amortization	\$ 3,410,401	\$ (13,898)	\$ 270,110	\$ 3,666,613

Net Book Value	Balance at December 31, 2016
Land	\$ 1,149,779
Land improvements	23,745
Buildings and building improvements	1,683,896
Leasehold improvements	12,272
Linear and linear improvements	5,629,325
Structures	134,023
Vehicles	37,139
Equipment and furnishings	1,268,193
Construction work in progress	821,654
Total net book value	\$ 10,760,026

- a) **Construction in Progress**
 Assets under construction having a value of \$952,245 (2016 – \$821,654) have not been amortized. Amortization of these assets will commence when the asset is put into service.
- b) **Contributed Tangible Capital Assets**
 Contributed tangible capital assets transferred to the Region in 2017 amounted to \$34,872 (2016 – \$58,615). The majority of tangible capital assets transferred were from developers, and included water and wastewater local mains as well as land.
- c) **Works of Art and Cultural Assets**
 The Region manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at Region sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.
- d) **Write-Downs**
 The write-down of tangible capital assets during the year was \$26,959 (2016 – \$2,407) in the consolidated statement of operations.
- e) **Interest Capitalization**
 In 2017, the Region capitalized \$112 (2016 – \$83) of interest cost.

14. Expenses by Object

The consolidated statement of operations reports expenses for the Region by functions or by business programs. The following is a summary of expenses by object.

	2017	2016
Salary and wages	\$ 807,241	\$ 787,982
Services and rents	366,022	345,272
Materials and supplies	87,049	86,835
Grants and transfer payments	511,516	492,626
Debt charges	69,249	67,630
Intra-government transfers	(38,979)	(40,456)
Amortization	275,211	270,110
Other operational expenses	183,006	135,442
Total	\$ 2,260,315	\$ 2,145,441

15. Contractual Obligations and Contingent Liabilities

- a) As at December 31, 2017 outstanding contractual obligations for capital works amounted to approximately \$491,901 (2016 – \$369,628). Regional Council has authorized the financing of these obligations.
- b) As at December 31, 2017 the Region has been named as defendant or co-defendant in a number of outstanding legal actions. No provision has been made for any claims that

are expected to be covered by insurance or where the consequences are undeterminable. A provision of \$9,755 (2016 – \$9,868) has been made for those claims not expected to be covered by insurance.

- c) Under the terms of various operating lease agreements, future minimum payments are as follows:

2018	\$ 2,661
2019	1,247
2020	1,011
2021	824
2022	374
Subsequent to 2022	2,415
Total	\$ 8,532

- d) Under a 10-year service agreement, effective January 1, 2010, the Region has contracted the operations of the South Peel wastewater and water treatment systems to the Ontario Clean Water Agency (“OCWA”).

Included in the consolidated statement of operations are the 2017 charges from OCWA totaling \$37,105 (2016 – \$35,796). The consolidated statement of financial position reflects only the capital assets of the wastewater and water treatment facilities and the service charges due to or from OCWA.

- e) The Peel Regional Police provide policing services to the Greater Toronto Airports Authority (“GTAA”). Under a service agreement, the GTAA provides funding to fully offset any costs incurred by the Peel Regional Police. In 2017, the Peel Regional Police received \$16,430 (2016 – \$15,566) from the GTAA.
- f) Under contracts approved by the Region in 2005 with amendments in 2012 and 2016, a private waste management corporation will provide waste disposal capacity at current market rates (additional 25 years as at December 31, 2017) and waste transfer services to the Region. The annual estimated expenditure is \$14,400.
- g) Under separate contracts approved by the Region in 2014, two private waste management companies provide services including, but not limited to: bi-weekly, alternating garbage cart and recycling cart collection, bi-weekly bulky item collection, weekly organics cart collection, seasonal yard waste collection, garbage exemption collection periods, and manual (bag based) garbage, recycling and organics bin collection at specified locations. Each contract term is for an eight-year-plus-nine-month period which began on January 2016, with two additional, separate twelve-month period extension options, based on satisfactory service, performance and pricing. The total of the two contracts is \$40,500.
- h) The Region has issued letters of credit for \$13,353 (2016 – \$12,207) in order to meet the credit requirements and conditions of certain agreements related to capital projects.
- i) The Region has identified a contaminated site on a piece of land downloaded from the federal government. The Region is currently working with the federal government to

determine who accepts responsibility for the remediation of this site and has, therefore, not recognized a liability for this site in the consolidated statement of financial position.

16. Liability for Contaminated Sites

As at December 31, 2017, there are no contaminated sites that meet the specified criteria and no liability (2016 – \$Nil) for contaminated sites has been recorded in these consolidated financial statements.

17. Comparative Figures

Certain prior year figures have been reclassified to conform to the financial statement presentation adopted in the current year.

18. Municipal Act, 2001

Since the introduction of Current Value Assessment (“CVA”) taxation in 1998, provincial legislation mandates a limit to assessment-related tax increases for the commercial, industrial and multi-residential classes. The purpose of this limit is to ensure that the impact of CVA reform is manageable for taxpayers in these three property classes. These assessment-related tax adjustments are capped using a number of Council-adopted parameters which include the optional capping tools and capping program enhancements. Adoption of the capping parameters is designed to maximize the number of properties moving to full CVA-based taxation with the capping enhancements providing a four-year phase-out and/or immediate exit from the capping program for an eligible municipality. In 2017, the Province provided municipalities with additional flexibility such as the option to limit the capping protection to reassessment-related changes prior to 2017, and exclusion of vacant land from the four-year phase-out eligibility criteria providing that the remaining properties are within 50 per cent of CVA level taxes. The Region’s 2017 Tax Capping Policy – Selection of Options staff report presented to Regional Council on May 25, 2017 details the capping options selected for implementation in the 2017 taxation year. The legislation permits the costs of capping to be funded by limiting the property tax decreases within the subject property class.

While the local municipalities have the jurisdiction responsibility for managing the tax collection system, the Region is responsible for acting as the “banker” in order to balance out the overall impact of the capping initiative on a broader Regional basis. Implementation may cause some year-to-year variances. Such post-billing capping variances are written-off at the local municipal level and funded between the Region, the local municipality and the school board based on the tax rate prorated shares of the write-offs.

19. Segmented Information

The Region of Peel is a diversified municipal government institution providing a wide range of services to its residents that include: general government, protection to property and

persons, transportation, environmental, health and social and family services. The Region also controls and administers Peel Housing Corporation, a non-profit housing organization.

For management reporting purposes, the Region's operations and activities are reported by Program Services. Program Services were created for the purpose of recording specific activities to attain certain objectives in accordance with regulations, restrictions or limitations. Regional services are provided by divisions and their activities are reported in Program Services.

Divisions disclosed in the Segmented Information, along with the services they provide, are as follows:

General Government

General government comprises divisions under Finance, Corporate Services and the Executive Office, Council and Digital & Information Services. The divisions provide direct support to the various citizen-facing Regional services, as well as Council and Committee. These divisions also supply financial and administrative leadership for the Regional Corporation.

Also included are corporate expenses and revenues that are not directly attributable to any individual service, but do impact the overall tax requirement.

Protection to Property and Persons

Protection to property and persons consists of Police Services and the conservation authorities. Police Services partners with the community to maintain social order and contribute to a safe environment in which to live, work and visit. Funding is provided to support the operating costs, special projects and land purchases for three conservation authorities in the Region.

Transportation Services

Transportation services is responsible for Roads and TransHelp services. The mandate of the Roads division is to provide safe, reliable and secure roads while respecting the environment. TransHelp provides transit services to Peel residents unable to utilize conventional modes of public transportation.

GO Transit

GO Transit includes the Region's apportionment of capital costs billed by GO Transit.

Gas Tax Transferred to Local Municipalities

This segment includes the Federal Gas Tax revenue that is transferred to local municipalities.

Environmental Services

Environmental services is responsible for Water, Wastewater and Waste Management Services. The Water Program sustainably delivers high quality drinking water, and the related support services, in an efficient and reliable manner. The mandate of Wastewater is to manage, collect and treat municipal wastewater. Waste Management provides environmentally sustainable waste management services to residents and small businesses while maximizing recovery of valuable resources.

Health Services

Health services includes Public Health and Paramedic Services. Public Health is mandated by the *Ontario Health Protection and Promotion Act* and other legislation. Public Health provides programs and services in six key areas: communicable disease control and prevention; clinical services; enforcement; youth and adult illness prevention; early childhood development; and health surveillance. The mandate of Paramedic Services is to decrease suffering and improve and promote community safety.

Social and Family Services

Children's services plans, manages and coordinates a Region-wide early learning and child care system. Long-Term Care operates five long-term care facilities for seniors. Ontario Works delivers a range of programs providing employment and financial assistance to residents in need.

Social Housing

Social housing is responsible for administering social housing providers, the rent supplement programs, and managing a social housing waiting list.

Peel Housing Corporation is a non-profit housing company providing over 16,000 residents with affordable rental units.

Planning and Development

Regional planning provides planning policy and research and development planning services that respond to the growth and change experienced in Peel.

Assessment Services

Assessment Services is the funding to the Municipal Property Assessment Corporation, which administers province-wide property assessment services for municipalities.

Segmented Information

For the year ended December 31, 2017

(All dollars in \$000)

	General Government		Protection to Property & Persons		Transportation Services		Go Transit		Gas Tax Transferred To Area Municipalities		Environmental Services	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Operations Revenue												
Levies on area municipalities	991,309	963,485	-	-	-	-	-	-	-	-	-	-
Direct charges on ratepayers	-	-	-	-	-	-	-	-	-	-	369,259	365,280
Contributions - other governments	15,123	14,556	16,970	14,887	14,899	6,831	-	-	32,724	32,724	47,983	39,078
Contributions - developers	798	398	3,303	3,883	23,481	34,272	-	-	-	-	221,159	271,159
Contributed tangible capital assets	-	-	-	-	1,680	9,904	-	-	-	-	33,192	47,696
Investment income	11,762	12,356	4,655	4,832	5,332	5,637	-	-	-	-	24,752	23,070
Fees and service charges	32,539	29,605	26,631	24,265	7,895	10,590	-	-	-	-	27,570	22,840
	<u>1,051,531</u>	<u>1,020,400</u>	<u>51,559</u>	<u>47,867</u>	<u>53,287</u>	<u>67,234</u>	-	-	<u>32,724</u>	<u>32,724</u>	<u>723,915</u>	<u>769,123</u>
Expenses												
Salaries and wages	73,279	68,380	368,860	362,187	41,997	40,596	-	-	-	-	54,187	53,515
Services and rents	30,469	41,316	30,336	28,879	26,394	24,513	-	-	-	-	171,438	150,619
Materials and supplies	3,558	3,785	11,068	10,412	8,078	4,989	-	-	-	-	50,538	54,455
Grants and transfer payments	27,066	23,667	43,630	41,809	131	(7)	-	-	32,725	32,725	-	-
Debt charges	3,007	3,044	-	-	605	648	-	-	-	-	57,977	55,065
Intra-government transfers	(89,596)	(88,995)	(14,431)	(14,430)	(24,853)	(23,710)	-	-	-	-	55,684	55,295
Amortization	16,063	18,006	11,997	11,893	54,088	54,060	-	-	-	-	168,529	163,903
Other operating expenses	15,768	19,357	8,072	12,577	73,612	20,861	13,843	18,291	-	-	38,117	44,458
	<u>79,614</u>	<u>88,560</u>	<u>459,532</u>	<u>453,327</u>	<u>180,052</u>	<u>121,950</u>	<u>13,843</u>	<u>18,291</u>	<u>32,725</u>	<u>32,725</u>	<u>596,470</u>	<u>577,310</u>
Annual Surplus (Deficit)	<u>971,917</u>	<u>931,840</u>	<u>(407,973)</u>	<u>(405,460)</u>	<u>(126,765)</u>	<u>(54,716)</u>	<u>(13,843)</u>	<u>(18,291)</u>	<u>1</u>	<u>-</u>	<u>127,445</u>	<u>191,813</u>

Segmented Information

For the year ended December 31, 2017

(All dollars in \$000)

	Health Services		Social & Family Services		Social Housing		Planning & Development		Assessment Services		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Operations Revenue												
Levies on area municipalities	-	-	-	-	-	-	-	-	-	-	991,309	963,485
Direct charges on ratepayers	-	-	-	-	-	-	-	-	-	-	369,259	365,280
Contributions - other governments	91,088	86,802	408,318	379,928	48,546	37,206	-	-	-	-	675,651	612,012
Contributions - developers	536	894	23	-	-	451	-	-	-	-	249,300	311,057
Contributed tangible capital assets	-	-	-	-	-	1,015	-	-	-	-	34,872	58,615
Investment income	1,902	1,665	2,232	2,024	6,482	6,215	-	-	236	247	57,353	56,046
Fees and service charges	1,123	951	18,151	17,787	59,859	59,999	962	844	-	3	174,730	166,884
	94,649	90,312	428,724	399,739	114,887	104,886	962	844	236	250	2,552,474	2,533,379
Expenses												
Salaries and wages	121,780	116,582	130,378	130,304	8,771	8,437	7,989	7,981	-	-	807,241	787,982
Services and rents	11,247	11,349	12,935	11,302	64,049	58,629	651	646	18,503	18,019	366,022	345,272
Materials and supplies	6,668	6,128	7,072	7,023	44	25	23	18	-	-	87,049	86,835
Grants and transfer payments	783	577	353,334	329,440	53,817	64,385	30	30	-	-	511,516	492,626
Debt charges	-	-	-	-	7,660	8,873	-	-	-	-	69,249	67,630
Intra-government transfers	14,576	11,852	15,364	16,233	6,352	5,511	(2,075)	(2,212)	-	-	(38,979)	(40,456)
Amortization	5,590	3,947	3,954	3,644	14,972	14,639	18	18	-	-	275,211	270,110
Other operating expenses	3,776	559	5,748	3,320	24,050	16,004	20	15	-	-	183,006	135,442
	164,420	150,994	528,785	501,266	179,715	176,503	6,656	6,496	18,503	18,019	2,260,315	2,145,441
Annual Surplus (Deficit)	(69,771)	(60,682)	(100,061)	(101,527)	(64,828)	(71,617)	(5,694)	(5,652)	(18,267)	(17,769)	292,159	387,938



REPORT
Meeting Date: 2018-04-19
Audit and Risk Committee

For Information

DATE: April 4, 2018

REPORT TITLE: **2017 PEEL HOUSING CORPORATION FINANCIAL STATEMENTS**

FROM: Dan Labrecque, General Manager, Peel Living
Stephanie Nagel, Treasurer, Peel Living

OBJECTIVE

To present the 2017 Peel Housing Corporation (operating as Peel Living) unaudited financial statements.

REPORT HIGHLIGHTS

- Peel Living's 2017 financial statements have been audited by Deloitte, the Region's external auditors.
- Deloitte will issue their Auditor's Report once the statements are approved by the Peel Housing Corporation Board of Directors.
- The financial statements are prepared in accordance with the Canadian public sector accounting standards, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.
- There are no unadjusted audit differences arising from the 2017 external audit.

DISCUSSION

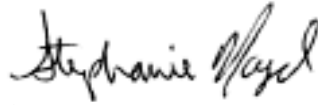
The 2017 Statement of Financial Position; Statement of Operations; Statement of Remeasurement Gains and Losses; Statement of Change in Net Debt; and Statement of Cash Flows, along with the notes to the financial statements are attached to the subject report.

These statements reflect the financial activities of Peel Housing Corporation and are the representation of management. The statements have been prepared by Regional staff in accordance with the Canadian public sector accounting standards, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. There are no unrecorded audit differences arising from the 2017 external audit.

2017 PEEL HOUSING CORPORATION FINANCIAL STATEMENTS

CONCLUSION

The 2017 financial statements for Peel Housing Corporation are presented for Audit and Risk Committee's review.



Stephanie Nagel, Treasurer, Peel Living



Dan Labrecque, General Manager, Peel Living

Approved for Submission:



D. Szwarc, Chief Administrative Officer

APPENDICES

Appendix I – 2017 Peel Housing Corporation Financial Statements

For further information regarding this report, please contact Stephanie Nagel at 905 791 7800 ext. 7105 or via email at stephanie.nagel@peelregion.ca.

Authored By: Monique Hynes

(Unaudited)

Financial statements of

Peel Housing Corporation

December 31, 2017

Financial statements of

Peel Housing Corporation

December 31, 2017

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Independent Auditor's Report

To the Board of Directors of
Peel Housing Corporation

We have audited the accompanying financial statements of Peel Housing Corporation, which comprise the statement of financial position as at December 31, 2017, and the statements of operations, remeasurement gains and losses, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

APPENDIX I **4.2 - 6**
2017 PEEL HOUSING CORPORATION FINANCIAL STATEMENTS

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Peel Housing Corporation as at December 31, 2017, and the results of its operations, change in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants
Licensed Public Accountants
_____, 2018

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Peel Housing Corporation Statement of Financial Position

As at December 31, 2017

	2017	2016
Financial assets		
Investments, unrestricted (Note 3)	\$ 13,893,267	\$ 13,927,713
Accounts receivable (Note 4)	4,805,025	2,776,262
Investments, restricted (Note 3)	15,994,633	14,713,200
	34,692,925	31,417,175
Liabilities		
Accounts payable and accrued liabilities (Note 7)	11,470,308	8,695,488
Rental deposits	4,289,859	4,246,159
Post-employment liabilities (Note 8)	109,199	108,937
Mortgages payable on income producing properties (Note 9)	173,721,143	195,891,103
Long term debt (Note 10)	34,507,776	34,991,445
	224,098,285	243,933,132
Net debt	(189,405,360)	(212,515,957)
Non-financial assets		
Tangible capital assets (Note 5)	419,571,419	429,021,985
Prepaid expenses	1,160,871	1,166,354
	\$ 420,732,290	\$ 430,188,339
Accumulated surplus (Note 12)	\$ 231,326,930	\$ 217,672,382
Accumulated surplus comprising:		
Accumulated operating surplus	\$ 229,911,668	\$ 216,774,598
Accumulated remeasurement gains	1,415,262	897,784
	\$ 231,326,930	\$ 217,672,382

The accompanying notes are an integral part of these financial statements.

Peel Housing Corporation Statement of Operations

For the year ended December 31, 2017

	2017 Budget (Note 18)	2017 Actual	2016 Actual
Revenues			
Rental income	\$ 59,338,373	\$ 59,860,712	\$ 58,807,711
Non-rental income	4,646,032	5,398,475	5,464,565
Interest income from operations	547,624	499,644	548,152
Government grants	41,705,281	38,197,368	33,176,322
Investment Income	262,838	262,838	322,817
Contributed capital (Note 11)	23,750	23,750	23,750
Total revenues	106,523,898	104,242,787	98,343,317
Expenses (Notes 14 and 19)			
Social housing	94,385,989	91,105,717	86,929,642
Total expenses	94,385,989	91,105,717	86,929,642
Annual operating surplus	12,137,909	13,137,070	11,413,675
Accumulated operating surplus, beginning of year	216,774,598	216,774,598	205,360,923
Accumulated operating surplus, end of year	\$ 228,912,507	\$ 229,911,668	\$ 216,774,598

The accompanying notes are an integral part of these financial statements.

Peel Housing Corporation Statement of Remeasurement Gains and Losses

For the year ended December 31, 2017

	2017	2016
Accumulated remeasurement gain, beginning of year	\$ 897,784	\$ 421,609
Unrealized gain attributable to:		
Investments	517,478	476,175
Remeasurement gain for the year	517,478	476,175
Accumulated remeasurement gain, end of year	\$ 1,415,262	\$ 897,784

The accompanying notes are an integral part of these financial statements.

Peel Housing Corporation Statement of Change in Net Debt

For the year ended December 31, 2017

	2017 Budget (Note 18)	2017 Actual	2016 Actual
Annual operating surplus	\$ 12,137,909	\$ 13,137,070	\$ 11,413,675
Acquisition of tangible capital assets	-	(1,626,395)	(816,804)
Amortization of tangible capital assets	11,076,961	11,076,961	10,913,227
	23,214,870	22,587,636	21,510,098
Acquisition of prepaid expenses	-	(1,433,081)	(1,338,077)
Use of prepaid expenses	-	1,438,564	1,392,683
	\$ -	\$ 5,483	\$ 54,606
Net remeasurement gains	-	517,478	476,175
	23,214,870	23,110,597	22,040,879
Net debt, beginning of year	(212,515,957)	(212,515,957)	(234,556,836)
Net debt, end of year	\$ (189,301,087)	\$ (189,405,360)	\$ (212,515,957)

The accompanying notes are an integral part of these financial statements.

Peel Housing Corporation Statement of Cash Flows

As at December 31, 2017

	2017	2016
Operating activities		
Annual operating surplus	\$ 13,137,070	\$ 11,413,675
Items not involving cash		
Amortization of tangible capital assets	11,076,961	10,913,227
Change in post-employment liabilities	262	470
Net remeasurement gains for the year	517,478	476,175
Change in non-cash assets and liabilities		
Accounts receivable	(2,028,763)	(545,546)
Accounts payable and accrued liabilities	2,774,820	1,478,298
Rental deposits	43,700	157,076
Prepaid expenses	5,483	54,606
Net change in cash from operating activities	25,527,011	23,947,981
Capital activity		
Acquisition of tangible capital assets	(1,626,395)	(816,804)
Net change in cash from capital activity	(1,626,395)	(816,804)
Investing activities		
Decrease (increase) in unrestricted investments	34,446	(266,687)
(Increase) in restricted investments	(1,281,433)	(145,742)
Net change in cash from investing activities	(1,246,987)	(412,429)
Financing activities		
Proceeds from Peel Region loan	4,175,772	1,353,767
Repayment of long-term debt	(4,659,441)	(1,023,750)
Repayment of mortgages payable	(22,169,960)	(23,048,765)
Net change in cash from financing activities	(22,653,629)	(22,718,748)
Net change in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -
Cash paid for interest	\$ 6,898,510	\$ 8,107,678
Cash received from interest	651,569	787,027

The accompanying notes are an integral part of these financial statements.

Peel Housing Corporation

Notes to the Financial Statements

For the year ended December 31, 2017

1. Introduction

Peel Housing Corporation (the "Corporation") was incorporated under the Ontario Business Corporations Act in 2003. The Corporation has issued 100 common shares which are owned entirely by the Regional Municipality of Peel (the "Region"). The Corporation was formed as a result of the amalgamation effective January 1, 2003 of Peel Non Profit Housing Corporation with Peel Regional Housing Corporation. The Corporation is a not-for-profit organization that provides and operates housing accommodation for people with low and modest income in the Region of Peel.

Effective October 1, 2001, the Region assumed from the Province of Ontario (the "Province") responsibility as Service Manager for social housing located in the Region of Peel. Effective January 1, 2012, the Corporation manages and operates its social housing units under the provisions of *Housing Services Act* ("HSA") and related regulations.

As of October 6, 2016, the Board of Directors consist of six members of Council including the Regional Chair.

2. Accounting Policies

The financial statements of the Corporation are the representation of management and are prepared in accordance with Canadian public sector accounting standards, as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada ("CPA Canada").

The focus of PSAB financial statements is on the financial position of the Corporation and the changes thereto. The statement of financial position reports the financial assets and liabilities, and the non-financial assets of the Corporation. Financial assets are those assets that could provide resources to discharge existing liabilities or finance future operations. Accumulated surplus represents the financial position and is the difference between assets and liabilities. This provides information about the Corporation's overall future revenue requirements and its ability to finance activities and meet its obligations.

a) Basis of Accounting

i. Accrual Method of Accounting

The Corporation follows the accrual method of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions or events occurred that gave rise to the revenues. Expenses are the cost of goods or services acquired in the period, whether or not payment has been made or invoices received.

ii. Recognition of Rental Income

Rental income relates to rent revenue earned on the lease of the Corporation's social housing units. Revenue is recognized as earned over the term of the lease.

iii. Recognition of Government Grants

Government transfers are received from the Service Manager and the Province for the provision of social housing services, building construction and other capital expenditures.

Government grants are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility

criteria have been met, reasonable estimates of the amounts can be made, and there are no stipulations which give rise to a liability.

iv. Recognition and Measurement of Financial Instruments

The Corporation accounts for its accounts receivable, investments, accounts payable and accrued liabilities, and long term debt according to PSAB's standards for accounting and reporting financial instruments. Portfolio investments held in equity instruments that are quoted in an active market are reported at fair market value in the financial statements.

The fair value of investments is determined by the combination of the fair market value of investments with Encasa Financial Inc. ("Encasa") and a pro-rated portion of the Region's investments to reflect the fact that the balance of the Corporation's investments is pooled with the Region. Only the Encasa investment is reported at market value in the financial statements. Transaction costs are expensed as incurred.

The carrying value of cash, accounts receivable, accounts payable and accrued liabilities approximate respective fair values due to their relatively short-term maturity. The carrying value of long term debt and vendor mortgage approximate fair value due to the terms and conditions of the borrowing arrangements compared to current market conditions of similar items.

v. Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

Assets	Useful life – years
Buildings	20 – 100
Building improvements	8 – 100
Equipment and furnishings	3 – 80
Vehicles	10

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is in service.

vi. Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at their fair value at the time of contribution. Revenue at an equal amount is recognized at the time of contribution.

vii. Accounts Receivable

The rent receivable portion of accounts receivable includes backdated rent receivables as determined in accordance with the HSA. These are established at the point of discovery.

viii. Capitalization of Costs

The Corporation capitalizes all development or construction related direct costs to income-producing property under construction. These costs include realty tax, project management fees, interest on construction loans and/or the interest relating to short-term bridge financing.

ix. Reserves

The capital replacement reserves for projects governed by the HSA, are established according to the terms of the agreements with the Service Manager. The remaining unallocated operating surpluses (including non-HSA projects) are transferred to reserves designated for capital expenditures and working funds.

The working fund reserves were established by the Board of Directors to provide for unforeseen operating and capital expenditures for which alternative financing cannot be arranged.

The energy conservation reserve was established by the Board of Directors with a view to reduce utility costs. Interest is to be paid calculated on 100 basis points above the Canada Bond Yield's rate having a term to maturity equivalent to the term the reserve is being asked to invest.

x. *Mortgages Payable on Income Producing Property*

On the interest adjustment date, construction loans payable are transferred to mortgages payable on income-producing property. The interest adjustment date represents the effective date for commencement of mortgage payments and receipt of government grants based on the original mortgage commitment obtained to finance the project. To the extent that final mortgage requirements may differ from the original mortgage commitment when final construction costs are known, mortgages payable on income-producing property are adjusted accordingly.

xi. *Liability for Contaminated Sites*

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when a site is not in productive use and the following criteria are met:

- a) an environmental standard exists,
- b) contamination exceeds the environmental standard,
- c) the Corporation is directly responsible or accepts responsibility for the liability,
- d) future economic benefits will be given up, and,
- e) a reasonable estimate of the liability can be made.

A liability is recognized as management's estimate of the cost directly attributable to remediation activities and would include post-remediation operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

xii. *Use of Estimates*

The preparation of financial statements in conformity with the Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during the period. Significant estimates relate to accounts receivable, accrued liabilities and amortization. Actual amounts could differ from those estimates.

APPENDIX I **4.2 - 15**
2017 PEEL HOUSING CORPORATION FINANCIAL STATEMENTS

(Unaudited)

3. Investments

The Corporation's investments of \$2,896,596 (2016 – \$2,896,596) with Encasa had a fair market value of \$4,311,858 as at December 31, 2017 (2016 – \$3,794,380). The net accumulated unrealized gain of \$1,415,262 (2016 – \$897,784) for restricted investments is reported in the statement of re-measurement gains and losses and in the statement of financial position as an increase to restricted investments.

The balance of the Corporation's funds is with the Region for investment purposes which earn interest based on the Region's investment yield.

As at December 31, 2017, the Corporation's unrestricted investments had a fair market value of \$14,070,821 (2016 – \$14,266,401).

At December 31, 2017, the Corporation's restricted investments had a fair market value of \$16,199,043 (2016 – \$14,978,720). Rental deposits and reserve funds established by legislation or by the Board are disclosed as a restricted investment.

4. Accounts Receivable

Accounts receivable consists of the following:

	2017	2016
Rents	\$ 901,085	\$ 928,752
HST receivable	639,817	579,236
Other	1,592,526	938,917
Region of Peel	1,671,597	329,357
Total	\$ 4,805,025	\$ 2,776,262

APPENDIX I **4.2 - 16**
2017 PEEL HOUSING CORPORATION FINANCIAL STATEMENTS

(Unaudited)

5. Tangible Capital Assets

2017

COST	Balance at December 31, 2016		Additions		Disposals		Balance at December 31, 2017	
Land	\$	142,017,280	\$	78,600	\$	-	\$	142,095,880
Buildings and building improvements		543,340,362		-		-		543,340,362
Vehicles		21,961		-		-		21,961
Equipment and Furnishings		676,811		-		-		676,811
Construction work in progress		738,206		1,547,795		-		2,286,001
Total cost	\$	686,794,620	\$	1,626,395	\$	-	\$	688,421,015

ACCUMULATED AMORTIZATION	Balance at December 31, 2016		Disposals		Amortization		Balance at December 31, 2017	
Land	\$	-	\$	-	\$	-	\$	-
Buildings and building improvements		257,530,376		-		11,048,381		268,578,757
Vehicles		15,482		-		1,977		17,459
Equipment and Furnishings		226,777		-		26,603		253,380
Total accumulated amortization	\$	257,772,635	\$	-	\$	11,076,961	\$	268,849,596

NET BOOK VALUE	Balance at December 31, 2017	
Land	\$	142,095,880
Buildings and building improvements		274,761,605
Vehicles		4,502
Equipment and Furnishings		423,431
Construction work in progress		2,286,001
Total net book value	\$	419,571,419

APPENDIX I **4.2 - 17**
2017 PEEL HOUSING CORPORATION FINANCIAL STATEMENTS

(Unaudited)

2016

COST	Balance at December 31, 2015	Additions	Disposals	Balance at December 31, 2016
Land	\$ 141,938,681	\$ 78,599	\$ -	\$ 142,017,280
Buildings and building improvements	543,340,362	-	-	543,340,362
Vehicles	21,961	-	-	21,961
Equipment and Furnishings	676,811	-	-	676,811
Construction work in progress	-	738,206	-	738,206
Total cost	\$ 685,977,815	\$ 816,805	\$ -	\$ 686,794,620

ACCUMULATED AMORTIZATION	Balance at December 31, 2015	Disposals	Amortization	Balance at December 31, 2016
Land	\$ -	\$ -	\$ -	-
Buildings and building improvements	246,645,728	-	10,884,648	257,530,376
Vehicles	13,506	-	1,976	15,482
Equipment and Furnishings	200,174	-	26,603	226,777
Total accumulated amortization	\$ 246,859,408	\$ -	\$ 10,913,227	\$ 257,772,635

NET BOOK VALUE	Balance at December 31, 2016
Land	\$ 142,017,280
Buildings and building improvements	285,809,987
Vehicles	6,478
Equipment and Furnishings	450,034
Construction work in progress	738,206
Total net book value	\$ 429,021,985

During the year, the Corporation capitalized \$111,800 (2016 – \$82,663) of interest relating to various capital projects. There were no contributed tangible capital assets during the year (2016 - \$Nil). During the year, there were no write-downs of assets (2016 – \$Nil). The Corporation has no tangible capital assets recognized at a nominal value.

6. Contaminated Sites

As at December 31, 2017, there are no contaminated sites that meet the specified criteria and no liability (2016 -\$Nil) for contaminated sites has been recorded in these financial statements.

7. Accounts Payable and Accrued Liabilities

The amount due to the Region at December 31, 2017 of \$Nil (2016 – \$239,935) is included in accounts payable and accrued liabilities, and does not bear interest and has no specific terms of payment.

Long term debt payable to the Region is disclosed in note 10.

8. Post-Employment Liabilities

The liability for retirement benefits on the statement of financial position is the result of a full actuarial valuation as at December 31, 2017 for the Corporation's share of costs associated with extending the coverage for health, dental and life insurance benefits to qualifying employees, with estimates to December 31, 2020. Benefit coverage, except for life insurance coverage, ceases at the age of 65.

The following significant actuarial assumptions adopted in the valuation were based on management's best estimates.

- Future discount rates 4.0 per cent per year
- Future inflation rate 1.75 per cent per year
- Future salaries Escalate at 2.75 per cent per year
- Future dental premium rates Escalate at 3.75 per cent per year
- Future health care premium rates Initial rate of 6.75 per cent decreasing by 0.33 per cent per year to the ultimate rate of 3.75 per cent

The following are the actuarial results for the accrued benefit liability reported on the statement of financial position:

Retirement Benefits Liability	2017	2016
Accrued benefit obligation at January 1	\$ 108,937	\$ 108,467
Add: benefit service cost	2,801	2,671
Add: interest accrued	5,248	5,228
Deduct: benefit payments	(7,787)	(7,429)
Accrued benefit obligation at December 31	109,199	108,937
Liability at December 31	\$ 109,199	\$ 108,937

APPENDIX I **4.2 - 19**
2017 PEEL HOUSING CORPORATION FINANCIAL STATEMENTS

(Unaudited)

Retirement Benefits Expense	2017	2016
Current period benefit cost	\$ 2,801	\$ 2,671
Interest on accrued benefit obligation	5,248	5,228
Total	\$ 8,049	\$ 7,899

9. Mortgages Payable on Income Producing Properties

Mortgages are secured by a first charge on specific assets of the Corporation with amortization periods that range from 5 to 50 years and interest ranging from 1.04 per cent to 8.0 per cent. Generally, interest rates are fixed for either 5 or 10 years.

Estimated principal repayments in respect to these mortgages for the years 2018-2022 and thereafter are as follows:

	Principal Repayments
2018	\$ 21,018,201
2019	19,062,172
2020	18,277,234
2021	18,489,016
2022	18,451,427
Subsequent to 2022	78,423,093
Total	\$ 173,721,143

Interest paid during the year amounted to \$6,898,510 (2016 – \$8,107,678).

APPENDIX I **4.2 - 20**
2017 PEEL HOUSING CORPORATION FINANCIAL STATEMENTS

(Unaudited)

10. Long Term Debt

Long term debt consists primarily of four loans from the Region and forgivable loans with the Province associated with some of the properties developed with the Region.

	2017	2016
Region of Peel Loans:		
2005 Summerville Pines Current term is 2.9 per cent for ten years from March 6, 2016 to March 5, 2026, amortized over 35 years; payments made are based on the operating surplus of the project.	\$ 7,031,611	\$ 11,480,646
Service Manager Capital/Infrastructure Repayable Subsidy Interest rates currently range from 2.99 to 3.37 per cent payable over 15 years commencing with the various property locations' respective Operating Agreement end dates.	20,445,633	18,042,481
2013 Land Acquisition Purchase of land adjacent to Twin Pines, with an interest rate of 3.2 per cent, with an open term to repay.	2,841,962	2,763,362
Twin Pines Site Development Development of the Twin Pines site, with an interest rate of 2.95 per cent, with an open term to repay.	2,245,570	738,206
Provincial loans (forgivable):		
Forgiven after 20 years once program requirements have been met.	1,943,000	1,966,750
Total	\$ 34,507,776	\$ 34,991,445

Interest paid during the year amounted to \$911,356 (2016 – \$897,534).

11. Contributed Capital

The following summarizes changes to the balance for contributed capital.

	2017	2016
Balance at the beginning of the year	\$ 18,831,254	\$ 18,807,504
Assisted Housing in Peel forgivable loan	23,750	23,750
Total	\$ 18,855,004	\$ 18,831,254

APPENDIX I **4.2 - 21**
2017 PEEL HOUSING CORPORATION FINANCIAL STATEMENTS

(Unaudited)

12. Accumulated Surplus

The accumulated surplus consists of the following:

	2017	2016
Accumulated operating surplus:		
Investment in tangible capital assets	\$ 213,328,250	\$ 206,284,516
Reserves	17,558,886	9,085,886
Contributed capital	18,855,004	18,831,254
Capital fund	(20,445,633)	(18,042,481)
Accumulated surplus from operations	724,260	724,260
Unfunded liability – retiree benefits	(109,199)	(108,937)
Common shares	100	100
	229,911,668	216,774,598
Unrealized gain on restricted investments	1,415,262	897,784
Total Accumulated Surplus	\$ 231,326,930	\$ 217,672,382

13. Surplus/(Deficit) from Housing Program Administration

Overhead costs are related to administrative functions performed by the Region and are allocated based on the buildings' weighted unit count.

	2017	2016
Total revenue	\$ 750,907	\$ 895,855
Less: expenses	10,603,090	10,135,265
Deficit before the under noted items	(9,852,184)	(9,239,410)
Transfer of investment income to reserve funds	(262,838)	(322,817)
Transfer of investment revenue to last month's rent	(63,194)	(81,586)
Transfer of investment income to operations	(325,536)	(382,623)
Administrative expense recovered from operations	9,550,727	9,069,742
Administrative allocation to Region of Peel buildings	953,025	956,694
Surplus/(deficit) from housing program administration	\$ -	\$ -

14. Expenses by Object

The statement of operations reports expenses for the Corporation by function. The following is a summary of expenses by object.

	2017	2016
Salary and wages	\$ 4,977,434	\$ 4,940,343
Municipal taxes	12,653,766	12,306,861
Amortization	11,079,961	10,913,227
Debt interest charges	7,809,866	9,005,212
Other operating expenses	54,584,690	49,763,999
Total	\$ 91,105,717	\$ 86,929,642

15. Contingent Liabilities

As at December 31, 2017, the Corporation has certain legal disputes outstanding that have arisen in the ordinary course of operations. No provision has been made in 2017 for costs or losses, as all claims are expected to be covered by insurance or the consequences are undeterminable at this time.

16. Risks

a) Credit Risk

The Corporation is subject to credit risks from its tenants as a result of counterparty default. This risk is mitigated by prudent monitoring procedures.

b) Interest Rate Risk

The Corporation is subject to interest rate fluctuations on its mortgages and long term debt. The Corporation currently does not use any hedging strategies to mitigate this interest rate exposure.

c) Market Risk

Market risk arises as a result of trading in fixed income securities and equities. Fluctuations in the market expose the Corporation to a risk of loss. The Corporation mitigates this risk through cash management processes and compliance to the approved investment policy.

APPENDIX I **4.2 - 23**
2017 PEEL HOUSING CORPORATION FINANCIAL STATEMENTS

(Unaudited)

17. Commitments

The Corporation has obligations under non-cancellable operating leases with the Region for various service agreements.

The expected payments to the expiry of leases and agreements are as follows:

	Payments
2018	\$ 2,051,497
2019	2,051,497
2020	2,051,497
2021	2,051,497
2022	2,051,497
Subsequent to 2022	51,397,321
Total	\$ 61,654,806

18. Budget Reconciliation

The budget amounts presented in the financial statements are based on the 2017 operating and capital budgets approved by the Board on November 3rd, 2016 and February 16th, 2017 respectively. The following reconciles the approved budget to the budget amounts presented in the financial statements using the accrual basis of accounting, in accordance with PSAS.

	Revenues	Expenses
Board Approved Operating Budget	\$111,766,310	\$88,761,189
Board Approved Capital Budget	-	23,295,917
PSAB Adjustment		
Amortization	-	(12,054,698)
Other Adjustments		
Investment income	262,838	-
Contributed capital	23,750	-
Twin Pines re-development capital project	(5,529,000)	(5,529,000)
Other	-	(87,419)
Budget as presented in Financial Statements	\$106,523,898	\$94,385,989

19. Comparative Figures

Certain prior year figures have been reclassified to conform to the financial statement presentation adopted in the current year.



REPORT
Meeting Date: 2018-04-19
Audit and Risk Committee

For Information

DATE: April 4, 2018

REPORT TITLE: **2017 DELOITTE AUDIT RESULTS REPORT**

FROM: Stephen VanOfwegen, Commissioner of Finance and Chief Financial Officer
 Stephanie Nagel, Treasurer, Peel Living

OBJECTIVE

To provide the Audit and Risk Committee with a summary of the external audit results for both the Region of Peel and Peel Housing Corporation, as issued by our external auditors, Deloitte, for the year ending December 31, 2017.

REPORT HIGHLIGHTS

- Deloitte has recently completed their 2017 audit of the Region of Peel and Peel Housing Corporation.
- Deloitte has prepared an Audit Results report summarizing the key findings and audit results and the report is attached to the subject report as Appendix I.
- There are no uncorrected misstatements in the financial statements of the Region of Peel and of Peel Housing Corporation for 2017.
- There are no significant internal control deficiencies.
- There are no management letter comments for 2017.

DISCUSSION

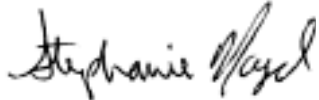
On an annual basis, the external auditors provide the Region of Peel and the Peel Housing Corporation with audits in accordance with generally accepted auditing standards. The audits for the 2017 fiscal year have been completed and Deloitte has issued their Audit Results report which is attached as Appendix I. This report highlights the main findings from the external audits, the status of the audits, the audit risks, internal control matters and the Management Letters for both the Region and Peel Housing Corporation.

The audits did not identify any significant deficiencies in internal controls. There are no misstatements resulting from the current audits. There are no management letter comments for 2017.

2017 DELOITTE AUDIT RESULTS REPORT

CONCLUSION

Deloitte's Audit Results report, attached as Appendix I, is presented for Audit and Risk Committee's review.



Stephanie Nagel, Treasurer, Peel Living



Stephen VanOfwegen, Commissioner of Finance and Chief Financial Officer

Approved for Submission:



D. Swarc, Chief Administrative Officer

APPENDICES

Appendix I - Report to the Audit and Risk Committee on the 2017 Audits

For further information regarding this report, please contact Stephanie Nagel at 905 791 7800 ext. 7105 or via email at stephanie.nagel@peelregion.ca.

Authored By: Monique Hynes



**Regional Municipality of Peel and
Peel Housing Corporation**
Report to the Audit and Risk
Committee on the 2017 audits

To be presented on April 19, 2018



Deloitte LLP
400 Applewood Crescent
Suite 500
Vaughan ON L4K 0C3
Canada

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Fax: (416) 601 6151
www.deloitte.ca

March 23, 2018

Private and confidential

Members of the Audit and Risk Committee
Regional Municipality of Peel
10 Peel Centre Drive
Brampton ON L6T 4B9

Re: Report on audited annual financial statements

Dear the Audit and Risk Committee Members:

We are pleased to submit this report on the results of our audit of the consolidated financial statements of the Regional Municipality of Peel (the "Region") and the financial statements of Peel Housing Corporation ("PHC") for the 2017 fiscal year. This report summarizes the scope of our audits, our findings and reviews certain other matters that we believe to be of interest to you.

As agreed in our Master Services Agreement dated July 22, 2016, we have performed audits of the following, in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"):

- Consolidated financial statements of the Region as at, and for the year ended, December 31, 2017, prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS")
- Financial statements of PHC as at, and for the year ended, December 31, 2017, prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS")
- Financial statements of the Regional Municipality of Peel Trust Funds (the "Trust Funds") as at, and for the year ended, December 31, 2017, and
- Financial statements of the Regional Municipality of Peel Debt Retirement and Sinking Funds (the "Debt Retirement and Sinking Funds") as at, and for the year ended, December 31, 2017.

Herein after, collectively referred to as the "Financial Statements".

We expect to issue our Independent Auditor's Reports on the financial statements of the Region, the Trust Funds, and the Debt Retirement and Sinking Funds upon approval of the financial statements by the Treasurer. Our Independent Auditor's Report on the financial statements of PHC will be issued upon approval of the financial statements by PHC's Board of Directors.

Our audit has been conducted in accordance with the audit plan dated August 22, 2017 that was presented to the Audit and Risk Committee.

This report is intended solely for the information and use of the Regional Council through the Audit and Risk Committee, PHC Board of Directors, management and others within the Region and PHC, and is not intended to be, and should not be, used by anyone other than these specified parties.

We look forward to discussing this report summarizing the outcome of our audit with you and answering any questions you may have.

Yours truly,

Original signed by Deloitte

Chartered Professional Accountants
Licensed Public Accountants

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Our audit explained

This report summarizes the main findings arising from our audits.

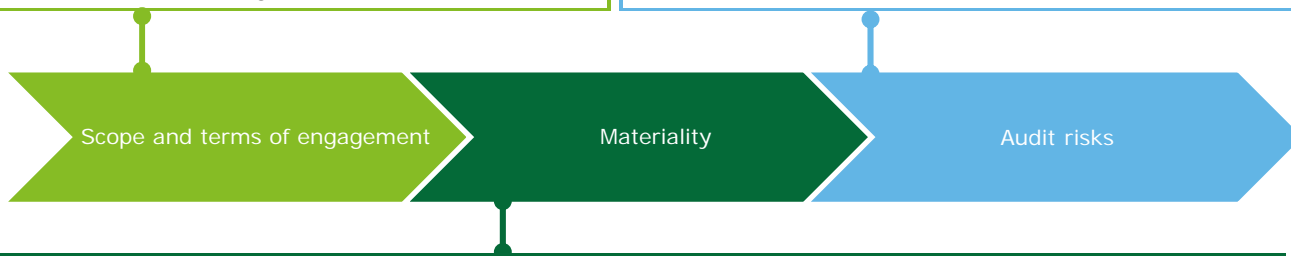
Audit scope and terms of engagement

We have been asked to perform audits of the financial statements of the Region, PHC, the Trust Funds and the Debt Retirement and Sinking Funds (collectively, the "Region") in accordance with Canadian Public Sector Accounting Standards ("PSAS") as at and for the year ended December 31, 2017. Our audits were conducted in accordance with Canadian Generally Accepted Auditing Standards ("Canadian GAAS").

The terms and conditions of our engagement are described in the Master Services Agreement dated July 22, 2016, which was signed on behalf of the Committee and management.

Audit risks

Through our risk assessment process, we have identified the audit risks. These risks of material misstatement and related audit responses are discussed in the Audit Risks section of this report.

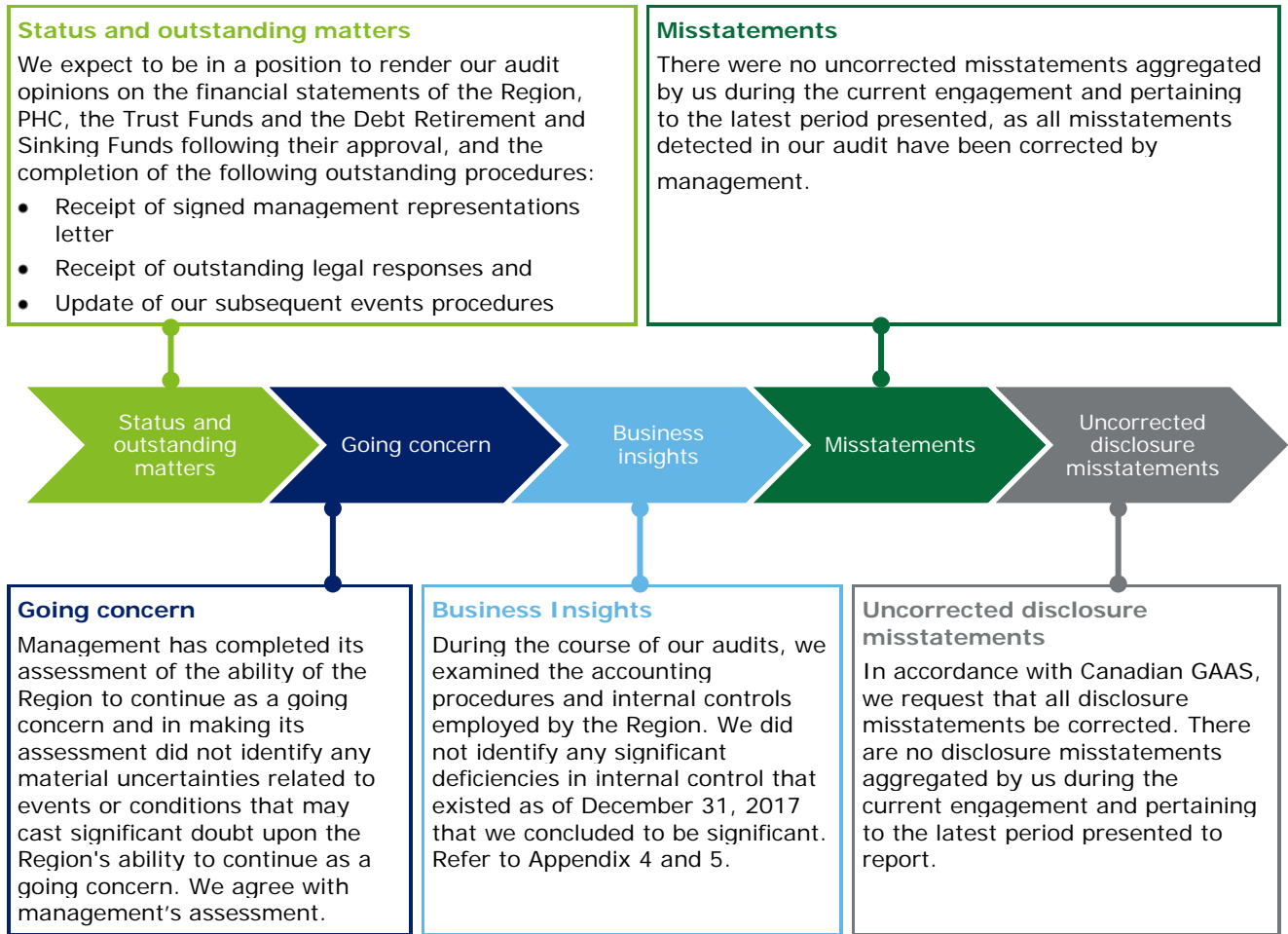


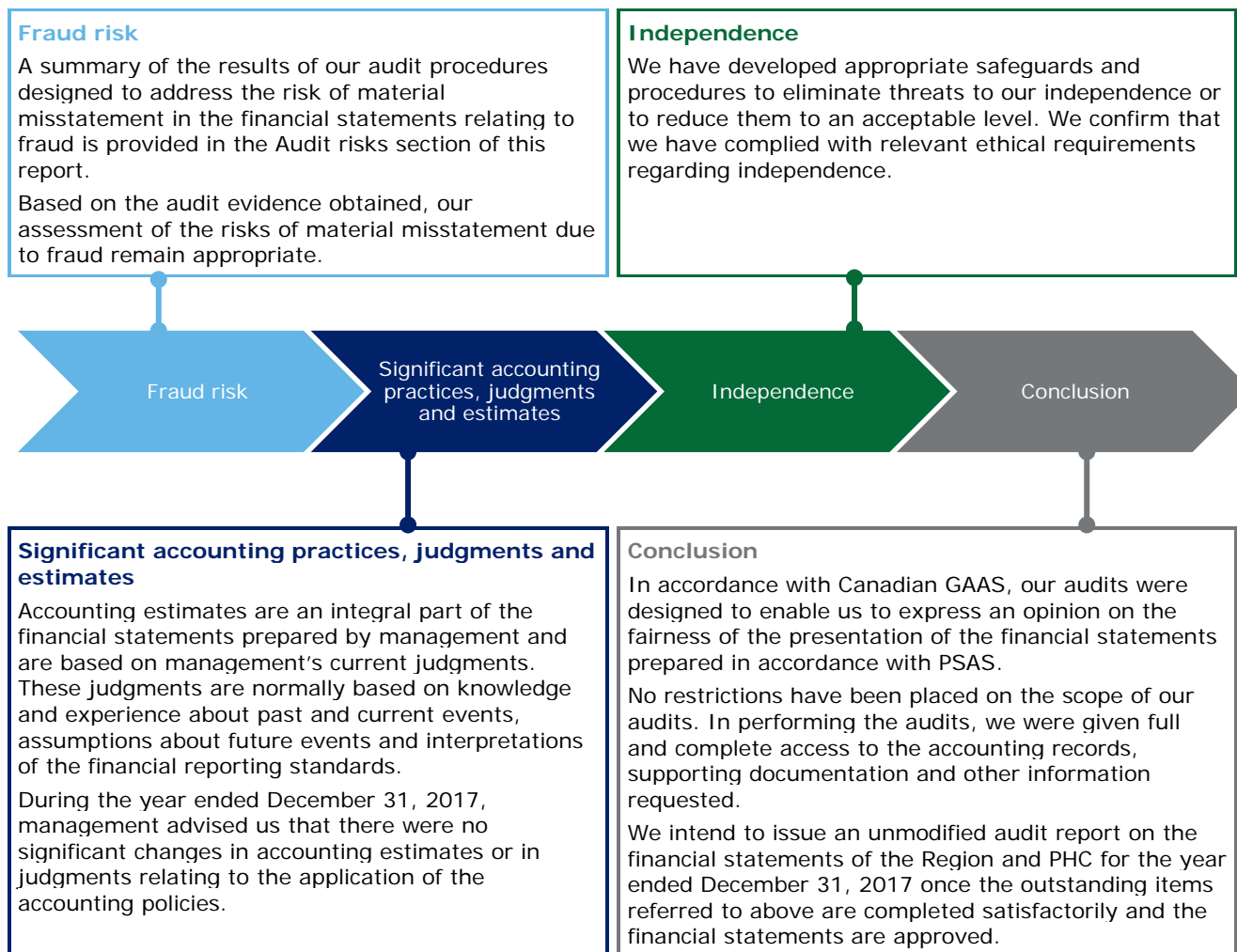
Materiality

We are responsible for providing reasonable assurance that your financial statements as a whole are free from material misstatement.

Materiality levels were determined on the basis of total revenues.

We have informed the Committee of all uncorrected misstatements greater than a clearly trivial amount of 5% of materiality and any misstatements that are, in our judgment, qualitatively material. In accordance with Canadian GAAS, we asked that any misstatements be corrected.





Audit risks

Region of Peel

Revenue and deferred revenue amounts*

<p>Audit risk</p> <p>Canadian Auditing Standards include the presumption of a fraud risk involving improper revenue recognition.</p>	<p>Our audit response</p> <ul style="list-style-type: none"> Substantive testing to determine if restricted contributions (i.e., development charges, gas tax, conditional grants, etc.) have been recognized as revenue in the appropriate period. 	<p>Audit results</p> <p>No significant issues were noted as a result of this testing.</p>
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Year-end cut-off

<p>Audit risk</p> <p>Determine if cut-off of revenues and expenses is appropriate.</p>	<p>Our audit response</p> <ul style="list-style-type: none"> Substantive testing on accounts payable, accrued liabilities, deferred revenue and accounts receivable, and Test disbursements subsequent to year-end. 	<p>Audit results</p> <p>No significant issues were noted as a result of this testing.</p>
---	--	--

Tangible capital assets

<p>Risk identified</p> <p>Appropriate accounting and disclosure.</p>	<p>Our audit response</p> <ul style="list-style-type: none"> Test assumptions used in determining completeness, valuation, recording and cut-off of 2017 additions and disposals, and Testing of calculations of amortization. 	<p>Audit results</p> <p>No significant issues were noted as a result of this testing .</p>
---	---	---

Year-end accruals and other estimates (including salaries, employee future benefits, landfill closure and post-closure liability, contaminated sites, and allowance for doubtful accounts)

Audit risk

Estimates require management judgments and assumptions.

Our audit response

- Obtain documentation on management's control over accounting estimates and assess risk
- Review and assess the consistency of major assumptions used to develop significant accounting estimates
- Compare actual historical experience to models employed in such calculations
- Obtain calculations from experts for accruals such as employee future benefit liability and landfill liability, and assess assumptions and data used to prepare the report, and
- Review actual outcome of prior year estimates.

Audit results

No significant issues were noted as a result of this testing.

Management override of controls*

Audit risk

Management override of controls is a presumed area of risk in a financial statement audit due to management’s ability to override controls that otherwise appear to be operating effectively.

Our audit response

- Our audit tests the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of financial statements
- We will obtain an understanding of the business rationale for significant transactions that we become aware of that are outside of the normal course of business, or that otherwise appear to be unusual given our understanding of the Region and its environment
- We will review accounting estimates for bias and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement
- In addition, experienced Deloitte personnel will be assigned to the testing and review of journal entries and areas of estimates, and
- Professional skepticism will be maintained throughout the audit.

Audit results

Management has represented to us that they have not identified any fraud or illegal items and our audit procedures support this assessment.

Peel Housing Corporation

Tenant and other receivables/revenue*

Audit risk

Canadian Auditing Standards include the presumption of a fraud risk involving improper revenue recognition. Valuation of tenant and other receivables.

Our audit response

- Review aging reports and estimate allowance for doubtful tenant receivables for reasonableness
- Confirm subsidies received from the Service Manager, and
- Perform detail testing of tenant and other receivables and related revenue.

Audit results

No significant issues were noted as a result of this testing.

Tangible capital assets

Audit risk

Appropriate accounting and disclosure.

Our audit response

- Substantive testing of capital asset additions and disposals, and
- Testing of calculations of amortization.

Audit results

No significant issues were noted as a result of this testing.

Long-term debt

Audit risk

Appropriate accounting and disclosure..

Our audit response

- Confirm long-term debt balances, and
- Recalculate interest.

Audit results

No significant issues were noted as a result of this testing.

*These areas have been identified as areas of significant risk.

Other reportable matters

The following summarizes the status and findings of key aspects of our audit. In the appendices to this report, we have provided additional information related to certain matters we committed to report to the Audit and Risk Committee as part of the audit plan.

	Comment
Changes to the audit plan	The audits were conducted in accordance with our audit plan, which was communicated to the Committee. We confirm that there have been no amendments to the audit scope and approach communicated in the audit plan
Significant difficulties encountered in performing the audit	We did not encounter any significant difficulties while performing the audits. There were no significant delays in receiving information from management required for the audits nor was there an unnecessarily brief timetable in which to complete the audits.
Related party transactions	Related party transactions or balances have been properly disclosed in the financial statements. We have not identified any related party transactions that were not in the normal course of operations and that involved significant judgments by management concerning measurement or disclosure.
Disagreements with management	During the course of our audits, there were no disagreements with management about matters that individually or in the aggregate could be significant to the financial statements.
Consultation with other accountants	Management has informed us that the Region and PHC has not consulted with other accountants about auditing or accounting matters.
Legal and regulatory compliance	Our limited procedures did not identify any areas of material non-compliance with laws and regulations by the Region and PHC.
Post-balance sheet events	At the date of finalizing this report, we are not aware of any significant post balance sheet events.

Appendix 1 – Communication requirements

Required communication	Reference	Refer to this report or document described below
Audit Service Plan		
1. Our responsibilities under Canadian GAAS, including forming and expressing an opinion on the financial statements	CAS ¹ 260.14	Master services agreement dated July 22, 2016
2. An overview of the overall audit strategy, addressing: <ul style="list-style-type: none"> a. Timing of the audit b. Significant risks, including fraud risks c. Nature and extent of specialized skill or knowledge needed to perform the planned audit procedures related to significant risk d. Names, locations, and planned responsibilities of other independent public accounting firms or others that perform audit procedures in the audit 	CAS 260.15	Audit service plan dated August 22, 2017
3. Significant transactions outside of the normal course of business, including related party transactions	CAS 260 App. 2, CAS 550.27	Audit service plan dated August 22, 2017
Enquiries of those charged with governance		
4. How those charged with governance exercise oversight over management's process for identifying and responding to the risk of fraud and the internal control that management has established to mitigate these risks	CAS 240.20	We are not aware of any fraudulent events
5. Any known suspected or alleged fraud affecting the Region	CAS 240.21	None noted
6. Whether the Region is in compliance with laws and regulations	CAS 250.14	Other reportable matters section
Year End Communication		
7. Fraud or possible fraud identified through the audit process	CAS 240.40-.42	None noted
8. Significant accounting policies, practices, unusual transactions, and our related conclusions	CAS 260.16 a.	Other reportable matters section

¹ CAS: Canadian Auditing Standards – CAS are issued by the Auditing and Assurance Standards Board of CPA Canada

APPENDIX I
2017 DELOITTE AUDIT RESULTS REPORT 4.3 - 15

Regional Municipality of Peel and Peel Housing Corporation | Appendix – Communication requirements

Required communication	Reference	Refer to this report or document described below
9. Alternative treatments for accounting policies and practices that have been discussed with management during the current audit period	CAS 260.16 a.	Other reportable matters section
10. Matters related to going concern	CAS 570.23	Page 2 of this report
11. Management judgments and accounting estimates	CAS 260.16 a.	Other reportable matters section
12. Significant difficulties, if any, encountered during the audit	CAS 260.16 b.	Other reportable matters section
13. Material written communications between management and us, including management representation letters	CAS 260.16 c.	Master services agreement dated July 22, 2016; audit service plan dated August 22, 2017, and Management representation letter – Appendix 6
14. Other matters that are significant to the oversight of the financial reporting process	CAS 260.16d.	None
15. Modifications to our Independent Auditor's Reports.	CAS 260.A18	None
16. Our views of significant accounting or auditing matters for which management consulted with other accountants and about which we have concerns	CAS 260.A19	None
17. Significant matters discussed with management	CAS 260.A.19	None
18. Matters involving non-compliance with laws and regulations that come to our attention.	CAS 250.23	None noted
19. Significant deficiencies in internal control, if any, identified by us in the conduct of the audit of the financial statements	CAS 265	None noted
20. Uncorrected misstatements and disclosure items	CAS 450.12-13	None noted
21. Any significant matters arising during the audit in connection with the Region's related parties	CAS 550.27	None noted

Appendix 2 – Independence letter



Deloitte LLP
400 Applewood Crescent
Suite 500
Vaughan ON L4K 0C3
Canada

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Fax: 416-601-6151
www.deloitte.ca

March 23, 2018

Private and confidential

The Members of the Audit and Risk Committee
Regional Municipality of Peel
10 Peel Centre Drive
Brampton ON L6T 4B9

Dear Audit and Risk Committee Members:

We have been engaged to audit the consolidated financial statements of Regional Municipality of Peel (the "Region") and the financial statements of Peel Housing Corporation ("PHC") for the year ended December 31, 2017.

You have requested that we communicate in writing with you regarding our compliance with relevant ethical requirements regarding independence as well as all relationships and other matters between the Region, PHC, our Firm and network firms that, in our professional judgment, may reasonably be thought to bear on our independence. You have also requested us to communicate the related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level.

In determining which relationships to report, we have considered relevant rules and related interpretations prescribed by the appropriate provincial regulator/ordre and applicable legislation, covering such matters as:

- a) Holding a financial interest, either directly or indirectly, in a client.
- b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client.
- c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client.
- d) Economic dependence on a client.
- e) Provision of services in addition to the audit engagement.

We confirm to you that the engagement team and others in the firm as appropriate, the firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since March 21, 2017, the date of our last letter.

We are not aware of any relationships between the Deloitte Entities (defined as the Member Firms of Deloitte Touche Tohmatsu Limited and their respective affiliates) and the Region, PHC and its affiliates, or persons in financial reporting oversight roles at the Region and its affiliates, that, in our professional judgment, may reasonably be thought to bear on independence, that have occurred from March 21, 2017 to March 23, 2018.

APPENDIX I
2017 DELOITTE AUDIT RESULTS REPORT 4.3 - 18

Regional Municipality of Peel
March 23, 2018
Page 2

We hereby confirm that we are independent with respect to the Region and PHC in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario as of March 23, 2018.

This letter is intended solely for the information and use of the Committee, management, and others within the Region and PHC and is not intended to and be should not be used for any other purposes.

We look forward to discussing with you the matters addressed in this letter at our upcoming meeting on.

Yours truly,

Original signed by Deloitte

Chartered Professional Accountants
Licensed Public Accountants

Appendix 3 – Corrected and uncorrected misstatements

Corrected and uncorrected misstatements

There were no corrected or uncorrected misstatements .

Appendix 4 – Region management letter

March 23, 2018

Private and confidential

Mr. Dan Labrecque
General Manager
Peel Housing Corporation
10 Peel Centre Drive
Brampton ON L6P 4B9

Dear Mr. Labrecque:

We have audited the financial statements (hereinafter referred to as "annual financial statements") of Peel Housing Corporation ("PHC") as at and for the year ended December 31, 2017 and will issue our Independent Auditor's Report thereon upon approval of the Board of Directors. In planning and performing our audit of PHC's annual financial statements, we considered PHC's internal control over financial reporting in order to determine the nature, extent and timing of our auditing procedures for the purpose of expressing our opinion on the annual financial statements. A financial statement audit does not include examining the effectiveness of internal control and does not provide assurance on internal control.

The maintenance of adequate controls designed to fulfill control objectives is the responsibility of management. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, controls found to be functioning at a point in time, may later be found deficient because of the performance of those responsible for applying them, and there can be no assurance that controls currently in existence will prove to be adequate in the future as changes take place in PHC.

Our consideration of internal control over financial reporting in our audit of the annual financial statements would not necessarily disclose all internal control matters that might be weaknesses under Canadian Auditing Standards. A weakness in internal control is a deficiency in the design or effective operation of internal control. A weakness in internal control is significant if the deficiency is such that a material misstatement is not likely to be prevented or detected in the financial statements being audited.

This letter is intended solely for the purposes of management and those charged with governance and is not suitable for any other purposes. We shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this letter has not been prepared for, and is not intended for, any other purposes.

Definitions

A control deficiency is a deficiency in the design or effective operation of internal control. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective is not always met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

Canadian Auditing Standards

A material weakness is a deficiency or combination of deficiencies in internal control over financial reporting, such that a material misstatement of PHC's annual financial statements is not likely to be prevented or detected.

Professional standards

Professional standards require us to communicate significant deficiencies identified during the audit to management and those charged with governance.

Peel Housing Corporation
March 23, 2018
Page 2

Material weaknesses

During the audit, we did not identify any control deficiencies that, individually or in the aggregate, we consider to be material weaknesses as defined above.

Yours very truly,

Original signed by Deloitte

Chartered Professional Accountants
Licensed Public Accountants

c: Members of the Audit and Risk Committee

Appendix 5 – Peel Housing Corporation management letter

March 23, 2018

Private and confidential

Mr. Stephen VanOfwegen
Commissioner of Finance and Chief Financial Officer
Regional Municipality of Peel
10 Peel Centre Drive
Brampton ON L6T 4B9

Dear Mr. VanOfwegen:

We have audited the financial statements (hereinafter referred to as "annual financial statements") of Regional Municipality of Peel (the "Region") as at and for the year ended December 31, 2017 and will issue our Independent Auditor's Report thereon upon approval by the Treasurer. In planning and performing our audit of the Regions' annual financial statements, we reviewed the Region's systems and internal controls to the extent we considered necessary to make an evaluation of such systems and procedures in accordance with Canadian generally accepted auditing standards. Under these standards, the fundamental purpose of the evaluation is to assess audit risk and to establish a basis for reliance on the internal controls in determining the nature, extent and timing of other auditing procedures, which are necessary for the expression of an opinion on the financial statements; it is not to determine whether internal controls are adequate for management's purposes.

The maintenance of adequate controls designed to fulfill control objectives is the responsibility of management. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, controls found to be functioning at a point in time, may later be found deficient because of the performance of those responsible for applying them, and there can be no assurance that controls currently in existence will prove to be adequate in the future as changes take place in the Region.

Our consideration of internal control over financial reporting in our audit of the annual financial statements would not necessarily disclose all internal control matters that might be weaknesses under Canadian Auditing Standards. A weakness in internal control is a deficiency in the design or effective operation of internal control. A weakness in internal control is significant if the deficiency is such that a material misstatement is not likely to be prevented or detected in the financial statements being audited.

This letter is intended solely for the purposes of management and those charged with governance and is not suitable for any other purposes. We shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this letter has not been prepared for, and is not intended for, any other purposes.

Definitions

A control deficiency is a deficiency in the design or effective operation of internal control. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective is not always met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

Canadian Auditing Standards

A material weakness is a deficiency or combination of deficiencies in internal control over financial reporting, such that a material misstatement of Region's annual financial statements is not likely to be prevented or detected.

Professional standards

Professional standards require us to communicate significant deficiencies identified during the audit to management and those charged with governance.

Regional Municipality of Peel
March 23, 2018
Page 2

Material weaknesses

During the audit, we did not identify any control deficiencies that, individually or in the aggregate, we consider to be material weaknesses as defined above.

Yours truly,

Original signed by Deloitte

Chartered Professional Accountants
Licensed Public Accountants

Enclosure

c: Members of the Audit and Risk Committee

Appendix 6 – Draft management representation letter

[Corporation letterhead]

_____, 2018

Private and confidential

Deloitte LLP
400 Applewood Crescent
Suite 500
Vaughan ON L4K 0C3

Dear Mr. Trevor Ferguson:

Subject: financial statements of the Peel Housing Corporation for the year ended December 31, 2017

This representation letter is provided in connection with the audit by Deloitte LLP ("Deloitte" or "you") of the financial statements of the Peel Housing Corporation (the "Corporation" or "we" or "us") for the year ended December 31, 2017, and a summary of significant accounting policies and other explanatory information (the "Financial Statements") for the purpose of expressing an opinion as to whether the Financial Statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Corporation in accordance with Public Sector Accounting Standards ("PSAS").

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial statements

1. We have fulfilled our responsibilities as set out in the terms of the Master Services Agreement between the Corporation and Deloitte dated July 22, 2016 for the preparation of the Financial Statements in accordance with PSAS. In particular, the Financial Statements are fairly presented, in all material respects, and present the financial position of the Corporation as at December 31, 2017 and the results of its operations and cash flows for the years then ended in accordance with PSAS.
2. Significant assumptions used in making estimates, including those measured at fair value, are reasonable.

In preparing the Financial Statements in accordance with PSAS, management makes judgments and assumptions about the future and uses estimates. The completeness and appropriateness of the disclosures related to estimates are in accordance with PSAS. The Corporation has appropriately disclosed in the Financial Statements the nature of measurement uncertainties that are material, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the Financial Statements.

The measurement methods, including the related assumptions and models, used in determining the estimates, including fair value, were appropriate, reasonable and consistently applied in accordance with PSAS and appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity. No events have occurred subsequent to December 31, 2017 that require adjustment to the estimates and disclosures included in the Financial Statements.

There are no changes in management's method of determining significant estimates in the current year.

Deloitte LLP
_____, 2018

Page 2

3. All related party relationships and transactions have been appropriately accounted for and disclosed in the Financial Statements in accordance with the requirements of PSAS.
4. We have determined that the Financial Statements are complete as of the date of this letter as this is the date when there are no changes to the Financial Statements (including disclosures) planned or expected. Financial Statements have been approved in accordance with our process to finalize financial statements.
5. We have completed our review of events after December 31, 2017 and up to the date of this letter. All events subsequent to the date of the Financial Statements and for which PSAS requires adjustment or disclosure have been adjusted or disclosed. Accounting estimates and disclosures included in the Financial Statements that are impacted by subsequent events have been appropriately adjusted.
6. The Financial Statements are free of material errors and omissions.

Information provided

7. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation of the Financial Statements, such as records, documentation and other matters.
 - b. All relevant information as well as additional information that you have requested from us for the purpose of the audit; and,
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
8. All transactions have been properly recorded in the accounting records and are reflected in the Financial Statements.
9. We have disclosed to you the results of our assessment of the risk that the Financial Statements may be materially misstated as a result of fraud.
10. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the Financial Statements.
11. We have disclosed to you all information in relation to allegations of actual, suspected or alleged fraud, or illegal or suspected illegal acts affecting the Corporation.
12. We have disclosed to you all communications from regulatory agencies concerning non-compliance with or deficiencies financial reporting practices and all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the Financial Statements.
13. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware, including guarantees, non-monetary transactions and transactions for no consideration.
14. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
15. We have disclosed to you all known, actual or possible litigation and claims, whether or not they have been discussed with our lawyers, whose effects should be considered when preparing the Financial Statements. As appropriate, these items have been disclosed and accounted for in the Financial Statements in accordance with PSAS.

Deloitte LLP
_____, 2018

Page 3

Independence matters

For purposes of the following paragraphs, "Deloitte" shall mean Deloitte LLP and Deloitte Touche Tohmatsu Limited, including related member firms and affiliates.

16. Prior to the Corporation having any substantive employment conversations with a former or current Deloitte engagement team member, the Corporation has held discussions with Deloitte and obtained approval from the Audit and Risk Committee.
17. We have ensured that all services performed by Deloitte with respect to this engagement have been pre-approved by the Audit and Risk Committee in accordance with its established approval policies and procedures.

Other matters

18. The Corporation has satisfactory title to and control over all assets, and there are no liens or encumbrances on such assets. We have disclosed to you and in the Financial Statements all assets that have been pledged as collateral.
19. We have disclosed to you all liabilities, provisions, contingent liabilities and contingent assets, including those associated with guarantees, whether written or oral, and they are appropriately reflected in the Financial Statements.
20. We have disclosed to you, and the Corporation has complied with all aspects of contractual agreements that could have a material effect on the Financial Statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
21. We have disclosed to you all the documents that we expect to issue that may comprise other information, in the context of CAS 720, *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*.

Selection of accounting policies and recording of transactions

22. The Corporation's accounting policies and their method of application have been applied on a basis consistent with that of the audited financial statements as at and for the year ended December 31, 2016.

Work of management's experts

23. We agree with the work of management's experts in evaluating the employee future benefits liability, and have adequately considered the competence and capabilities of the experts in determining amounts and disclosures used in the Financial Statements and underlying accounting records. We did not give any, nor cause any, instructions to be given to management's experts with respect to values or amounts derived in an attempt to bias their work, and we are not aware of any matters that have impacted the independence or objectivity of the experts.

Plans or intentions affecting carrying value/classification of assets and liabilities

24. We have disclosed to you all plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the Financial Statements.

Investments

25. With regard to the Corporation's investments, we have disclosed to you any events that have occurred and facts that have been discovered with respect to such investment that would indicate any other than temporary impairment of the investment's value.

Employee future benefits

26. Employee future benefit costs, assets, and obligations have been properly recorded and adequately disclosed in the Financial Statements including those arising under defined benefit and defined contribution plans as well as termination arrangements. We believe that the actuarial assumptions and methods used to measure defined benefit plan assets, liabilities and costs for financial accounting purposes are appropriate in the circumstances.

Deloitte LLP
_____, 2018

Page 4

27. We have disclosed to you any intentions of terminating any of our pension plans or withdrawing from the multi-employer plan, or taking any other action that could result in an effective termination or reportable event for any of the plans. We have disclosed to you any occurrences that could result in the termination of any of our pension or multi-employer plans to which we contribute.
28. We are unable to determine the possibility of a withdrawal liability in a multi-employer benefit plan.
29. We do not plan to make frequent amendments to our pension or other post-retirement benefit plans.

Liabilities for contaminated sites

30. We have evaluated all of our tangible capital assets that we own or accept responsibility, and have not identified any sites in which contamination exceeds an environmental standard.

Various matters

31. The following have been properly recorded and, when appropriate, adequately disclosed and presented in the Financial Statements:
 - a. Economic dependence on another party
 - b. Losses arising from sale and purchase commitments
 - c. Agreements to buy back assets previously sold
 - d. Provisions for future removal and site restoration costs
 - e. Financial instruments with significant individual or group concentration of credit risk, and related maximum credit risk exposure
 - f. Sales with recourse provisions
 - g. Sales incentives, including cash consideration provided to customers and vendor rebates
 - h. Arrangements with financial institutions involving compensating balances or other arrangements involving restriction on cash balances and line-of-credit or similar arrangements
 - i. All impaired loans receivable
 - j. Loans that have been restructured to provide a reduction or deferral of interest or principal payments because of borrower financial difficulties.

Deloitte LLP
_____, 2018

Page 5

32. We have not provided you access to review certain minutes and reports which may violate the solicitor-client privilege. The Regional Solicitor has reviewed all minutes and reports impacted by the solicitor-client privilege, and has concluded that there are no material liabilities or contractual obligations included in them which are not already reflected in the financial statements of the Corporation.

Yours truly,

Peel Housing Corporation

Dan Labrecque, General Manager, Peel Living

Stephanie Nagel, Treasurer, Peel Living

John Arcella, Deputy Treasurer, Peel Living

D
R
A
F
T

[Region letterhead]

_____, 2018

Private and confidential

Deloitte LLP
400 Applewood Crescent
Suite 500
Vaughan ON L4K 0C3

Dear Mr. Trevor Ferguson:

Subject: Consolidated financial statements of the Regional Municipality of Peel for the year ended December 31, 2017

This representation letter is provided in connection with the audit by Deloitte LLP ("Deloitte" or "you") of the consolidated financial statements of the Regional Municipality of Peel (the "Region" or "we" or "us") for the year ended December 31, 2017, and a summary of significant accounting policies and other explanatory information (the "Financial Statements") for the purpose of expressing an opinion as to whether the Financial Statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Region in accordance with Public Sector Accounting Standards ("PSAS").

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial statements

1. We have fulfilled our responsibilities as set out in the terms of the Master Services Agreement between the Region and Deloitte dated July 22, 2016 for the preparation of the Financial Statements in accordance with PSAS. In particular, the Financial Statements are fairly presented, in all material respects, and present the financial position of the Region as at December 31, 2017 and the results of its operations and cash flows for the years then ended in accordance with PSAS.
2. Significant assumptions used in making estimates, including those measured at fair value, are reasonable.

In preparing the Financial Statements in accordance with PSAS, management makes judgments and assumptions about the future and uses estimates. The completeness and appropriateness of the disclosures related to estimates are in accordance with PSAS. The Region has appropriately disclosed in the Financial Statements the nature of measurement uncertainties that are material, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the Financial Statements.

The measurement methods, including the related assumptions and models, used in determining the estimates, including fair value, were appropriate, reasonable and consistently applied in accordance with PSAS and appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity. No events have occurred subsequent to December 31, 2017 that require adjustment to the estimates and disclosures included in the Financial Statements.

There are no changes in management's method of determining significant estimates in the current year.

Deloitte LLP

Page 2

3. All related party relationships and transactions have been appropriately accounted for and disclosed in the Financial Statements in accordance with the requirements of PSAS.
4. We have determined that the Financial Statements are complete as of the date of this letter as this is the date when there are no changes to the Financial Statements (including disclosures) planned or expected. Financial Statements have been approved in accordance with our process to finalize financial statements.
5. We have completed our review of events after December 31, 2017 and up to the date of this letter. All events subsequent to the date of the Financial Statements and for which PSAS requires adjustment or disclosure have been adjusted or disclosed. Accounting estimates and disclosures included in the Financial Statements that are impacted by subsequent events have been appropriately adjusted.
6. The Financial Statements are free of material errors and omissions.

Information provided

7. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation of the Financial Statements, such as records, documentation and other matters.
 - b. All relevant information as well as additional information that you have requested from us for the purpose of the audit; and,
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
8. All transactions have been properly recorded in the accounting records and are reflected in the Financial Statements.
9. We have disclosed to you the results of our assessment of the risk that the Financial Statements may be materially misstated as a result of fraud.
10. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the Financial Statements.
11. We have disclosed to you all information in relation to allegations of actual, suspected or alleged fraud, or illegal or suspected illegal acts affecting the Region.
12. We have disclosed to you all communications from regulatory agencies concerning non-compliance with or deficiencies financial reporting practices and all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the Financial Statements.
13. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware, including guarantees, non-monetary transactions and transactions for no consideration.
14. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

Deloitte LLP

Page 3

15. We have disclosed to you all known, actual or possible litigation and claims, whether or not they have been discussed with our lawyers, whose effects should be considered when preparing the Financial Statements. As appropriate, these items have been disclosed and accounted for in the Financial Statements in accordance with PSAS.

Independence matters

For purposes of the following paragraphs, "Deloitte" shall mean Deloitte LLP and Deloitte Touche Tohmatsu Limited, including related member firms and affiliates.

16. Prior to the Region having any substantive employment conversations with a former or current Deloitte engagement team member, the Region has held discussions with Deloitte and obtained approval from the Audit and Risk Committee.
17. We have ensured that all services performed by Deloitte with respect to this engagement have been pre-approved by the Audit and Risk Committee in accordance with its established approval policies and procedures.

Other matters

18. The Region has satisfactory title to and control over all assets, and there are no liens or encumbrances on such assets. We have disclosed to you and in the Financial Statements all assets that have been pledged as collateral.
19. We have disclosed to you all liabilities, provisions, contingent liabilities and contingent assets, including those associated with guarantees, whether written or oral, and they are appropriately reflected in the Financial Statements.
20. We have disclosed to you, and the Region has complied with all aspects of contractual agreements that could have a material effect on the Financial Statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
21. We have disclosed to you all the documents that we expect to issue that may comprise other information, in the context of CAS 720, *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*.

Selection of accounting policies and recording of transactions

22. The Region's accounting policies and their method of application have been applied on a basis consistent with that of the audited consolidated financial statements as at and for the year ended December 31, 2016.

Work of management's experts

23. We agree with the work of management's experts in evaluating the landfill liability and employee future benefits liability, and have adequately considered the competence and capabilities of the experts in determining amounts and disclosures used in the Financial Statements and underlying accounting records. We did not give any, nor cause any, instructions to be given to management's experts with respect to values or amounts derived in an attempt to bias their work, and we are not aware of any matters that have impacted the independence or objectivity of the experts.

Plans or intentions affecting carrying value/classification of assets and liabilities

24. We have disclosed to you all plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the Financial Statements.

Deloitte LLP

Page 4

Loans and receivables

25. The Region is responsible for determining and maintaining the adequacy of the allowance for doubtful notes, loans, and accounts receivable, as well as estimates used to determine such amounts. Management believes the allowances are adequate to absorb currently estimated bad debts in the account balances.
26. We have identified to you all forgivable loans and loans with concessionary terms and have appropriately reflected these instruments in the financial statements.

Investments

27. With regard to the Region's investments, we have disclosed to you any events that have occurred and facts that have been discovered with respect to such investment that would indicate any other than temporary impairment of the investment's value.

Employee future benefits

28. Employee future benefit costs, assets, and obligations have been properly recorded and adequately disclosed in the Financial Statements including those arising under defined benefit and defined contribution plans as well as termination arrangements. We believe that the actuarial assumptions and methods used to measure defined benefit plan assets, liabilities and costs for financial accounting purposes are appropriate in the circumstances.
29. We have disclosed to you any intentions of terminating any of our pension plans or withdrawing from the multi-employer plan, or taking any other action that could result in an effective termination or reportable event for any of the plans. We have disclosed to you any occurrences that could result in the termination of any of our pension or multi-employer plans to which we contribute.
30. We are unable to determine the possibility of a withdrawal liability in a multi-employer benefit plan.
31. We do not plan to make frequent amendments to our pension or other post-retirement benefit plans.

Liabilities for contaminated sites

32. We have evaluated all of our tangible capital assets that we own or accept responsibility, and have not identified any sites in which contamination exceeds an environmental standard.

Deferred revenue relating to York-Peel Water Supply Agreement

33. With respect to the deferred revenue amount relating to the York-Peel Water Supply Agreement, we believe that the amount represents management's best estimate of the liability as at December 31, 2017, and incorporates our best judgment and assumptions about the transaction up to the date of this letter. Management believes the deferred revenue amount adequately represents the Region's liability.

Deloitte LLP

Page 5

Various matters

34. The following have been properly recorded and, when appropriate, adequately disclosed and presented in the Financial Statements:
- a. Economic dependence on another party
 - b. Losses arising from sale and purchase commitments
 - c. Agreements to buy back assets previously sold
 - d. Provisions for future removal and site restoration costs
 - e. Financial instruments with significant individual or group concentration of credit risk, and related maximum credit risk exposure
 - f. Sales with recourse provisions
 - g. Sales incentives, including cash consideration provided to customers and vendor rebates
 - h. Arrangements with financial institutions involving compensating balances or other arrangements involving restriction on cash balances and line-of-credit or similar arrangements
 - i. All impaired loans receivable
 - j. Loans that have been restructured to provide a reduction or deferral of interest or principal payments because of borrower financial difficulties.
35. We have not provided you access to review certain minutes and reports which may violate the solicitor-client privilege. The Regional Solicitor has reviewed all minutes and reports impacted by the solicitor-client privilege, and has concluded that there are no material liabilities or contractual obligations included in them which are not already reflected in the consolidated financial statements of the Region.

Yours truly,

Regional Municipality of Peel

David Szwarc,
Chief Administrative Officer

Stephen VanOfwegen,
Chief Financial Officer and Commissioner of Finance

Stephanie Nagel,
Treasurer and Director, Corporate Finance

Appendix 7 – New and revised Auditor Reporting Standards

On April 11, 2017, the Canadian Auditing and Assurance Standards Board (AASB) approved new and revised Canadian Auditing Standards (CASs) on auditor reporting which will be effective for audits of financial statements for periods ending on or after December 15, 2018 with earlier application permitted.

While a number of CASs were impacted, the most significant changes made relate to the following four standards:

- Revised CAS 700, Forming an Opinion and Reporting on Financial Statements
- New CAS 701, Communicating Key Audit Matters in the Independent Auditor’s Report
- Revised CAS 720, The Auditor’s Responsibilities Relating to Other Information
- Revised CAS 570, Going Concern

These CASs are based on the International Auditing and Assurance Standards Board’s (IAASB) new and revised International Standards on Auditing (ISAs) that were effective for periods ending on or after December 15, 2016 however there are two significant differences:

1. Deferral of the effective date for application by one year, and
2. Amending the scope of reporting Key Audit Matters so that such matters are communicated in the auditor’s report only when required by law or regulation or the auditor decides to do so.

The following sets out the enhancements made to the new Independent Auditor’s Report

Changes to the Auditor’s Report and new reporting requirements

For all audits

Auditor’s opinion	<ul style="list-style-type: none"> • auditor’s opinion moved from the end of the auditor’s report to the very beginning
Auditor’s independence and ethics	<ul style="list-style-type: none"> • an explicit statement of the auditor’s independence in accordance with relevant ethical requirements and the auditor’s fulfillment of other ethical responsibilities
Going concern	<ul style="list-style-type: none"> • a separate section under the heading “Material Uncertainty Related to Going Concern”, when a material uncertainty exists related to an entity’s ability to continue as a going concern and is adequately disclosed in the financial statements
Other information	<ul style="list-style-type: none"> • a separate section under the heading “Other Information”, when an entity prepares other information (e.g., an annual report) containing or accompanying the entity’s financial statements and auditor’s report thereon, to explain management’s and the auditor’s responsibilities for the other information and the auditor’s conclusion from reading and considering the other information
Roles and Responsibilities	<ul style="list-style-type: none"> • an enhanced description of management’s responsibilities for assessing the entity’s ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate • identification of those charged with governance (when applicable) and their responsibility for the oversight of the financial reporting process

-
- an enhanced description of the auditor’s responsibilities to conclude on the appropriateness of management’s use of the going concern basis of accounting
 - an enhanced description of the auditor’s responsibilities in an audit of group financial statements

For audits of entities where the auditor decides or law or regulation requires reporting of key audit matters

- Key audit matters**
- a separate section under the heading “Key Audit Matters”, when law or regulation requires the auditor, or the auditor decides, to communicate key audit matters in the auditor’s report to those charged with governance that, in the auditor’s judgment, were of most significance to the audit
-

We will work to provide Regional Municipality of Peel and the Audit and Risk Committee with guidance on the implications of the new and revised auditor reporting standards.

Benefits

- **Transparency** into the audit and discussions between the auditor, those charged with governance, and management
- **More robust** discussions between auditors and those charged with governance
- **Enhanced** communications between all stakeholders including regulators
- **Relevant** auditor’s reports and insights into the complexities of the entity
- **Comparability** across industries and audit firms
- **Improved** audit and financial reporting quality

Highlights of Changes to Performance Requirements with respect to Going Concern

Auditors are now required to evaluate the adequacy of management’s disclosure in the financial statements for “close calls” related to going concern (i.e., when events or conditions were identified that may cast significant doubt of an entity’s ability to continue as a going concern but due to management’s plans, the auditor concluded that no material uncertainty exists).

The following are some considerations for those charged with governance to start discussing with their auditor.

Implementation considerations for those charged with governance

- **KAMs:** If applicable, this commentary in the audit report will have a significant impact on the timing of:
 - Meetings between the auditor and the Audit and Risk Committee to discuss risks, which will form the basis of KAMs
 - Meetings with the auditor to identify, discuss and challenge KAMs as early as possible, and
 - Review of the auditor’s report as the process will likely be more rigorous.
- **Going Concern:** Increased auditor focus may heighten your scrutiny of management’s process for assessing the entity’s ability to continue as a going concern and the relevance and completeness of related disclosures in the financial statements, particularly for “close calls”.
- **Other information:** Discuss with the auditor which documents will be within the scope of “other information”, evaluate timeframes for drafting and finalizing these documents, and assess documents for consistency with financial statements to ensure factually correct and reasonable.

Resources

The AASB is currently working with CPA Canada and other groups to drive the effective implementation of the new standards through a broad range of communications, tools and guidance materials for stakeholders. CPA Canada has issued a number of [Audit and Assurance alerts](#) in June 2017 discussing key features of the changes and will be releasing a web portal devoted exclusively to the topic of implementing auditor reporting. Webinars and other publications will be issued throughout the remainder of the year, including an update expected in December incorporating the changes to the new auditor's report into a revised reporting guide, "[Reporting Implications of New Auditing and Accounting Standards](#)."

- Keep abreast of the Canadian project at www.cfr.deloitte.ca.
- Information relating to the new and revised CASs and conforming amendments to other CASs can be found on the [AASB website](#).

We encourage you to engage your engagement partner or any other member of the Deloitte Team with any questions or enquiries related to the new and revised auditor reporting standards.

Appendix 8 – New and Revised Accounting and Auditing Standards

The following is a summary of certain new standards, amendments and proposals that will become effective in 2017 and beyond.

To review all recent amendments that will impact your organization in the foreseeable future, we invite you to review our revamped [Standard-setting Activities Digest](#), included in our Centre for Financial Reporting (www.cfr.deloitte.ca).

Public Sector Accounting Standards

Topic	Description	Effective Date
Section PS 3430 - Restructuring transactions	This new section was published by PSAB in June 2015. It establishes standards on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.	This section applies to restructuring transactions occurring in fiscal years beginning on or after April 1, 2018. Earlier adoption is permitted.
Section PS 1201 - Financial statement presentation	This new section was published by PSAB in June 2011. It revises and replaces Section PS 1200 Financial statement presentation. It establishes general reporting principles and standards for the disclosure of information in government financial statements.	This Section is effective when Sections PS 2601 and PS 3450 are adopted.
Section PS 2601 Foreign currency translation.	This section revises and replaces PS 2600, Foreign currency translation. It establishes standards on how to account for and report transactions that are denominated in a foreign currency in government financial statements.	This Section is effective for fiscal years beginning on or after April 1, 2019. For government organizations that applied the CPA Canada Handbook – Accounting prior to adopting the CPA Canada Public Sector Accounting Handbook, this Section applies to fiscal years beginning on or after April 1, 2012. Governments and government organizations would also adopt Section PS 3450 at the same time. Earlier adoption is permitted.
Section PS 3041 - Portfolio investments	This section revises and replaces PS 3040, Portfolio investments. It establishes standards on how to account for and report portfolio investments in government financial statements.	This Section is effective when Sections PS 1201, PS 2601 and PS 3450 are adopted.

APPENDIX I

2017 DELOITTE AUDIT RESULTS REPORT 4.3 - 41

Regional Municipality of Peel and Peel Housing Corporation | Appendix – New and Revised Accounting and Auditing Standards

Topic	Description	Effective Date
Section PS 3450 - Financial instruments	This new section was published by PSAB in June 2011. It establishes standards on how to account for and report all types of financial instruments including derivatives.	This section is effective for fiscal years beginning on or after April 1, 2019. For government organizations that applied the CPA Canada Handbook – Accounting prior to adopting the CPA Canada Public Sector Accounting Handbook, this Section applies to fiscal years beginning on or after April 1, 2012. Governments and government organizations would also adopt PS 2601 at the same time. Earlier adoption is permitted.

Appendix 9 – Deloitte resources a click away

At Deloitte, we are devoted to excellence in the provision of professional services and advice, always focused on client service. We have developed a series of resources, which contain relevant and timely information.

<input type="checkbox"/> Canada's Best Managed Companies www.bestmanagedcompanies.ca	<ul style="list-style-type: none"> • Directors • CEO/CFO 	The Canada's Best Managed Companies designation symbolizes Canadian corporate success: companies focused on their core vision, creating stakeholder value and excelling in the global economy.
<input type="checkbox"/> Centre for financial reporting www.cfr.deloitte.ca	<ul style="list-style-type: none"> • Directors • CEO/CFO • Controller • Financial reporting team 	Web site designed by Deloitte to provide the most comprehensive information on the web about financial reporting frameworks used in Canada.
<input type="checkbox"/> Financial Reporting Insights www.iasplus.com/fri	<ul style="list-style-type: none"> • CFO • Controller • Financial reporting team 	Monthly electronic communications that helps you to stay on top of standard-setting initiatives impacting financial reporting in Canada.
<input type="checkbox"/> On the board's agenda	<ul style="list-style-type: none"> • Directors • CEO/CFO 	Bi-monthly publication examining a key topic in detail, including the perspectives of a Deloitte professional with deep expertise in the subject matter as well as the views of an experienced external director.
<input type="checkbox"/> State of change www.iasplus.com/StateOfChange	<ul style="list-style-type: none"> • CFO • VP Finance • Controller • Financial reporting team 	Bi-monthly newsletter providing insights into key trends, developments, issues and challenges facing the not-for-profit sector in Canada, with a Deloitte point of view.
<input type="checkbox"/> Deloitte Financial Reporting Update www.deloitte.com/ca/update	<ul style="list-style-type: none"> • CFO • VP Finance • Controller • Financial reporting team 	Learning webcasts offered throughout the year featuring our professionals discussing critical issues that affect your business.



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For Information

DATE: April 4, 2018

REPORT TITLE: **2017 REGION OF PEEL DEBT RETIREMENT AND SINKING FUNDS FINANCIAL STATEMENTS**

FROM: Stephen VanOfwegen, Commissioner of Finance and Chief Financial Officer

OBJECTIVE

To present the Region of Peel unaudited 2017 Debt Retirement and Sinking Funds financial statements.

REPORT HIGHLIGHTS

- On an annual basis, Region of Peel management prepares the Region's Debt Retirement and Sinking Funds financial statements and these are audited by Deloitte, the Region's external auditors.
- The external auditors have completed their audit and it is anticipated that their Auditor's Report will be issued on April 19, 2018 once all audit procedures have been completed, as per auditing standards.
- The Region's Debt Retirement Fund is a separate fund maintained for the purpose of providing periodic payments of debt service associated with one debenture series assumed by the Town of Caledon. This fund was fully depleted by December 31, 2017.
- The Region's Sinking Funds are separate funds maintained for the purpose of providing periodic repayments for debt to be retired by mean of sinking funds.

DISCUSSION

The 2017 Debt Retirement and Sinking Funds financial statements were prepared by Region of Peel management in accordance with Canadian public sector accounting standards, as recommended by the Public Sector Board. The Debt Retirement Fund is a separate fund maintained for the purpose of providing periodic payments of debt service costs associated with Debenture Series "AD" assumed by the Town of Caledon to be retired by means of debt retirement funds on hand with the Region. This fund was fully depleted as at December 31, 2017. The Town of Caledon made a payment to the Region for the difference between the residual balance in the fund and the interest and principal due in December 2017. Caledon will assume the remaining balance for future years.

2017 REGION OF PEEL DEBT RETIREMENT AND SINKING FUNDS

The Region of Peel Sinking Fund is a separate fund maintained for the purpose of providing periodic repayments for debt to be retired by means of sinking funds. The Region makes the payments to the sinking funds and together with interest income compounded annually, the debt will be retired at maturity. At December 31, 2017 the Region has a balance of \$215.6 million in the sinking funds representing both the Region's funds and the funds for the Town of Caledon.

The Treasurer meets annually with the Debt Retirement and Sinking Fund Committee once the external audit is complete and the Committee reviews and receives the Auditor's Report and financial statements. Committee members are the Peel Treasurer and Director, Corporate Finance (chair) and the three local municipalities' Treasurers.

CONCLUSION

The 2017 Region of Peel Debt Retirement and Sinking Funds financial statements are presented for the Audit and Risk Committee's review.



Stephen VanOfwegen, Commissioner of Finance and Chief Financial Officer

Approved for Submission:



D. Szwarc, Chief Administrative Officer

APPENDICES

Appendix I – 2017 Region of Peel Debt Retirement and Sinking Funds Financial Statements

For further information regarding this report, please contact Stephanie Nagel at 905 791 7800 ext. 7105 or via email at stephanie.nagel@peelregion.ca.

Authored By: Monique Hynes

APPENDIX I
2017 REGION OF PEEL DEBT RETIREMENT AND SINKING FUNDS FINANCIAL STATEMENTS

Debt retirement and sinking funds financial statements of

The Regional Municipality of Peel

December 31, 2017

**APPENDIX I
2017 REGION OF PEEL DEBT RETIREMENT AND SINKING FUNDS FINANCIAL STATEMENTS**

Debt retirement and sinking funds financial statements of

The Regional Municipality of Peel

December 31, 2017

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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the
Regional Municipality of Peel

We have audited the accompanying financial statements of the Debt Retirement and Sinking Funds of the Regional Municipality of Peel, which comprise the statement of financial position as at December 31, 2017, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**APPENDIX I
2017 REGION OF PEEL DEBT RETIREMENT AND SINKING FUNDS FINANCIAL STATEMENTS**

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Debt Retirement and Sinking Funds of the Regional Municipality of Peel as at December 31, 2017, and the results of its operations, change in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants
Licensed Public Accountants
_____, 2018

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APPENDIX I

2017 REGION OF PEEL DEBT RETIREMENT AND SINKING FUNDS FINANCIAL STATEMENTS

**The Regional Municipality of Peel
Debt Retirement and Sinking Funds Statement of Financial Position**

As at December 31, 2017

(All dollars in \$000)

	2017	2016
FINANCIAL ASSETS		
Cash	\$ 44,880	\$ 27,097
Accrued interest	308	246
Investments (Note 9)		
(Fair value 2017 – \$177,178; 2016 – \$135,245)	170,457	135,178
TOTAL FINANCIAL ASSETS	215,645	162,521
LIABILITY		
Actuarial requirements for retirement of sinking fund debt (Note 2d)	212,121	159,901
NET FINANCIAL ASSETS	3,524	2,620
ASSET ALLOCATION		
Region of Peel	215,419	161,921
Town of Caledon	226	600
	\$ 215,645	\$ 162,521
ASSET ALLOCATION		
Debt retirement fund	-	413
Sinking fund	215,645	162,108
	\$ 215,645	\$ 162,521

The accompanying notes are an integral part of these financial statements.

APPENDIX I

2017 REGION OF PEEL DEBT RETIREMENT AND SINKING FUNDS FINANCIAL STATEMENTS

**The Regional Municipality of Peel
Debt Retirement and Sinking Funds Statement of Operations**

For the year ended December 31, 2017

(All dollars in \$000)

	2017	2016
REVENUES		
Contributions (Note 6)	\$ 46,703	\$ 33,011
Investment income	6,841	5,013
TOTAL REVENUES	53,544	38,024
EXPENSES		
Provision for actuarial requirements	52,220	37,311
Payment of principal from debt retirement fund	-	2,046
Payment of interest from debt retirement fund	420	599
TOTAL EXPENSES	52,640	39,956
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FOR THE YEAR	\$ 904	\$ (1,932)

The accompanying notes are an integral part of these financial statements.

APPENDIX I

2017 REGION OF PEEL DEBT RETIREMENT AND SINKING FUNDS FINANCIAL STATEMENTS

**The Regional Municipality of Peel
Debt Retirement and Sinking Funds Statement of Cash Flows**

For the year ended December 31, 2017

(All dollars in \$000)

	2017	2016
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 904	\$ (1,932)
Change in non-cash assets and liabilities		
Accrued interest	(62)	(26)
Increase in actuarial requirements	52,220	37,311
NET CHANGE IN CASH FROM OPERATING ACTIVITIES	53,062	35,353
INVESTING ACTIVITIES		
Acquisition of investments	(35,279)	(77,990)
NET CHANGE IN CASH FROM INVESTING ACTIVITIES	(35,279)	(77,990)
Net change in cash	17,783	(42,637)
Cash, beginning of year	27,097	69,734
CASH, END OF YEAR	\$ 44,880	\$ 27,097

**The Regional Municipality of Peel
Debt Retirement and Sinking Funds Statement of Change in Net Financial Assets**

For the year ended December 31, 2017

(All dollars in \$000)

	2017	2016
Excess (deficiency) of revenues over expenses for the year	\$ 904	\$ (1,932)
Net financial assets, beginning of year	2,620	4,552
NET FINANCIAL ASSETS, END OF YEAR	\$ 3,524	\$ 2,620

The accompanying notes are an integral part of these financial statements.

The Regional Municipality of Peel Debt Retirement and Sinking Funds

Notes to the Financial Statements

For the year ended December 31, 2017

(All dollars in \$000)

1. Purpose of Funds

The Region of Peel Debt Retirement Fund is a separate fund maintained for the purpose of providing periodic repayments of debt associated with Debenture Series "AD" assumed by the Town of Caledon to be retired by means of debt retirement funds on hand with the Regional Municipality of Peel (the "Region") and further contributions from the Town of Caledon.

The Region of Peel Sinking Fund is a separate fund maintained for the purpose of providing periodic repayments for debt to be retired by means of sinking funds.

2. Summary of Significant Accounting Policies

These financial statements are the representation of management and are prepared by management in accordance Canadian public sector accounting standards, as recommended by Public Sector Accounting Board ("PSAB") of Chartered Professional Accountants of Canada ("CPA Canada"). The significant accounting policies are summarized below:

(a) Basis of Accounting

The Region of Peel Debt Retirement and Sinking Funds follow the accrual method of accounting for revenues and expenditures.

(b) Revenue Recognition

Contributions are recognized in the year receivable. Investment income is recognized as revenue when earned.

(c) Investments

Investments are recorded at amortized cost. Discounts on zero-coupon bonds are amortized on a compound interest basis over the term of the investment. The discounts or premiums on any coupon-bearing investment are amortized on a straight-line basis over the term of the investment.

Investment purchases are accounted for on the settlement date. There are no transaction costs incurred in the purchase of investments.

(d) Provision for Actuarial Requirements

The provision for actuarial requirements for the Sinking Fund represents the amounts required which, together with interest compounded annually, will be sufficient to retire the related debt at maturity, based on contributions to the Sinking Fund to date. The actuarial requirements were calculated using a rate of 4 per cent per annum on debt issued in 2010 and 2 per cent, 2.5 per cent, 3.25 per cent or 4 per cent per annum on debt issued in 2011 and thereafter. The excess or deficiency of financial assets over these requirements is included in the fund balance.

APPENDIX I

2017 REGION OF PEEL DEBT RETIREMENT AND SINKING FUNDS FINANCIAL STATEMENTS

3. Caledon Debt Retirement Fund

The Caledon Debt Retirement Fund was fully depleted by December 31, 2017. The Town of Caledon made a payment to the Region for the difference between the residual balance in the fund and the interest and principal due in December 2017.

The Town of Caledon will assume the remaining balance of the debt repayments related to Debenture Series "AD" in the amount of \$4,793.

4. Allocation of Series DQ Debenture Repayment

The Town of Caledon continues to pay \$433 in Series DQ debt that was spent on projects unrelated to the arterial road transferred to the Region in 2014. The interest expense and sinking fund payments related to that portion of debt will be paid annually by the Town of Caledon to the Region.

5. Allocation of Surplus

In 2017, there was no surplus declared payable to the Region by the Debt Retirement and Sinking Fund Committee (2016 – \$nil).

The following is the apportionment of the sinking fund balance.

Sinking Fund Surplus / (Deficit)

	2017 Total	2016 Total	Town of Caledon	Region of Peel
	\$	\$	%	%
Series DQ	230	216	0.09	99.91
Series EB	831	724	0.32	99.68
Series EC	1,837	1,213	-	100
Series EP	(14)	(9)	-	100
Series EQ	626	63	-	100
Series FX	14	-	-	100
	3,524	2,207	-	-

6. Contributions

In 2017, there were no contributions made to the Debt Retirement Fund (2016 – \$nil). Contributions to the Sinking Fund were \$46,703 (2015 – \$33,011).

7. Financial Instruments

The Debt Retirement Fund and Sinking Funds are subject to market risk and interest rate price risk with respect to the investment portfolio.

APPENDIX I

2017 REGION OF PEEL DEBT RETIREMENT AND SINKING FUNDS FINANCIAL STATEMENTS

8. Principal Repayment

Annual principal repayments issued on behalf of the Town of Caledon are due as follows:

	\$
2031	641
2041	433
Total	1,074

9. Investment Portfolio

Investments consist of provincial, municipal and bank bonds bearing yield rates from 2.11 to 4.44 per cent, and coupon rates from 3.05 to 5.20 per cent, maturing from December 2021 to January 2053.

10. Excess Over Actuarial Requirements

	2017	2016
Consists of:	\$	\$
Debt Retirement Fund	-	413
Sinking Fund	3,524	2,207
Total	3,524	2,620

For Information

DATE: April 4, 2018

REPORT TITLE: **2017 REGION OF PEEL TRUST FUNDS FINANCIAL STATEMENTS**

FROM: Stephen VanOfwegen, Commissioner of Finance and Chief Financial Officer

OBJECTIVE

To present the 2017 Region of Peel unaudited Trust Funds financial statements.

REPORT HIGHLIGHTS

- Funds are held in trust by the Region of Peel on behalf of the residents of the long term care homes.
- Separate financial statements reflect the funds held in trust which consist of deposits and withdrawals from residents and payments made on behalf of the residents such as for cable television.
- Residents can make fund withdrawals as funds are required.
- Deloitte, the Region's external auditors have completed their annual audit and it is anticipated that their Auditor's Report will be issued on April 19, 2018, once all audit procedures have been completed, as per auditing standards.

DISCUSSION

Residents of Peel Manor, Sheridan Villa, Tall Pines, Malton Village and Davis Centre can deposit funds to a trust fund, withdraw money as they need funds, and direct home staff to make payments from the trust funds. These funds are segregated from the Region of Peel operations and a separate bank account is used to administer the trust funds. The average bank account balance on a monthly basis was approximately \$253,145 in 2017. When residents leave the home, the resident's remaining deposit is returned to them.

On an annual basis, Deloitte, Peel's external auditors, audit the trust funds and provide an audit opinion. It is anticipated that the signed Auditor's Report will be issued by Deloitte on April 19, 2018. The 2017 financial statements are attached as Appendix I.

2017 REGION OF PEEL TRUST FUNDS FINANCIAL STATEMENTS

CONCLUSION

The 2017 Trust Funds financial statements are presented for the Audit and Risk Committee's review.



Stephen VanOfwegen, Commissioner of Finance and Chief Financial Officer

Approved for Submission:



D. Szwarc, Chief Administrative Officer

APPENDICES

Appendix I – 2017 Trust Funds Financial Statements

For further information regarding this report, please contact Stephanie Nagel at 905 791 7800 ext. 7105 or via email at stephanie.nagel@peelregion.ca.

Authored By: Monique Hynes

APPENDIX I
2017 REGION OF PEEL TRUST FUNDS FINANCIAL STATEMENTS

Trust funds financial statements of

The Regional Municipality of Peel

December 31, 2017

APPENDIX I
2017 REGION OF PEEL TRUST FUNDS FINANCIAL STATEMENTS

Trust funds financial statements of

The Regional Municipality of Peel

December 31, 2017

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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of
the Regional Municipality of Peel

We have audited the accompanying financial statements of the trust funds of the Regional Municipality of Peel, which comprise the statement of financial position as at December 31, 2017, and the statements of financial activities and fund balance and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

APPENDIX I
2017 REGION OF PEEL TRUST FUNDS FINANCIAL STATEMENTS

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the trust funds of the Regional Municipality of Peel as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants
Licensed Public Accountants
_____, 2018

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APPENDIX I
2017 REGION OF PEEL TRUST FUNDS FINANCIAL STATEMENTS

The Regional Municipality of Peel Trust Funds
Statement of Financial Position

As at December 31, 2017
 (All dollars in \$000)

	2017	2016
FINANCIAL ASSET		
Cash	\$ 196	\$ 213
FUND BALANCE		
Residents' equity	\$ 196	\$ 213

The Regional Municipality of Peel Trust Funds
Statement of Financial Activities and Fund Balance

For the year ended December 31, 2017
 (All dollars in \$000)

	2017	2016
REVENUES		
Deposits from residents	\$ 503	\$ 466
EXPENSES		
Payment for maintenance, withdrawals by residents and estate payments	520	444
(Deficiency) excess of revenues over expenses	(17)	22
Fund balance, beginning of year	213	191
FUND BALANCE, END OF YEAR	\$ 196	\$ 213

The accompanying notes are an integral part of these financial statements.

APPENDIX I
2017 REGION OF PEEL TRUST FUNDS FINANCIAL STATEMENTS

(Unaudited)

The Regional Municipality of Peel Trust Funds
Statement of Cash Flows

For the year ended December 31, 2017
 (All dollars in \$000)

	2017		2016
(Deficiency) excess of revenues over expenses	\$ (17)	\$	22
Cash, beginning of year	213		191
CASH, END OF YEAR	\$ 196	\$	213

The accompanying notes are an integral part of these financial statements.

APPENDIX I
2017 REGION OF PEEL TRUST FUNDS FINANCIAL STATEMENTS

The Regional Municipality of Peel Trust Funds

Notes to the Financial Statements

For the year ended December 31, 2017

1. Significant Accounting Policies

These financial statements reflect the financial position, financial operations, and cash flows of funds held in trust by the Regional Municipality of Peel (“the Region”) for residents of the Peel Manor and Sheridan Villa Senior Citizens’ Residences, the Tall Pines and Malton Village Long Term Care Centres, and the Vera M. Davis Community Care Centre.

These financial statements are the representation of management and are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations, and reflect the following policies:

a) Basis of Accounting

Revenues are recorded in the period in which the transactions or events occurred that gave rise to the revenue.

Expenses are recorded in the period the goods and services are acquired and a liability is incurred, or transfers are due.

b) Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

DATE: April 6, 2018

REPORT TITLE: **NEW PROCUREMENT BY-LAW**

FROM: Stephen VanOfwegen, Commissioner of Finance and Chief Financial Officer

RECOMMENDATION

That a revised Procurement By-law, as generally described in the report of the Commissioner of Finance and Chief Financial Officer, titled “New Procurement By-law”, be presented to Regional Council for enactment.

REPORT HIGHLIGHTS

- The *Municipal Act, 2001*, as amended mandates that municipalities have formal policies that govern the procurement of goods and services and that these policies be reviewed on a regular basis.
- A review of the Region of Peel’s current Procurement By-law has been undertaken with a view to aligning procurement practices with Council-endorsed policies and legislative changes; modernizing Peel’s procurement practices; and enhancing clarity and transparency.
- The recommended changes serve to render a new Procurement By-law that is modernized and reflective of current public procurement trends, and that continues to reflect the guiding principles of integrity, fairness, openness, and transparency in the Region of Peel’s procurement processes.

DISCUSSION

1. Background

Transparent and accountable public sector procurement is one of the ways that trust and confidence in the stewardship of public funds is maintained. Public sector organizations such as the Region of Peel can demonstrate accountability by adopting sound policies and procedures that govern the procurement of goods and services.

The *Municipal Act, 2001* mandates that municipalities have formal policies that govern the procurement of goods and services, and that these policies be reviewed regularly. This requirement is fulfilled by the Region of Peel through the adoption of its Procurement By-law, which is reviewed every five years. Regional Council plays a key role in setting policy through the approval of the By-law. The current By-law was approved by Regional Council in November, 2013 and has been under review by staff over the last year.

NEW PROCUREMENT BY-LAW

The By-law review has focused on enhancing alignment with Council-endorsed policies and changes in legislation; modernizing Peel's procurement practices; and enhancing clarity and transparency. The elements of the review have included environmental scans, recent trade agreements, Council-endorsed policies, procurement activity, public procurement trends and program input. The review has revealed opportunities for the Region of Peel to achieve the above-referenced outcomes and continue to enhance its operational excellence, recently recognized by the National Institute of Governmental Procurement (NIGP) for the twelfth consecutive year, through the By-law changes described in this Report. A draft of the revised By-law is attached as Appendix III of this Report.

2. Key By-law Changes**a) Alignment with Regional Policies and Legislative Requirements**

Since the enactment of the current By-law in 2013, the Region of Peel has adopted strategies, policies and programs that have an impact on, or can be enabled through, the Region's procurement processes. These include Sustainable Procurement (as an element of the Council-endorsed Corporate Social Responsibility Strategy), a robust Vendor Performance Management program and a move to electronic bidding. The By-law changes include those that are necessary in order to align the By-law with these strategies, policies and programs, and to enable the ongoing development of related policies and procedures. A sustainable procurement policy is currently under development and is expected to be in place by mid-year. The policy will encourage that, where possible, consideration be given to environmental impacts and social and economic well-being in the development of procurement documents, evaluation criteria and procurement decisions. The development of sustainable procurement guidelines and procedures will commence in the fall of 2018, with implementation to begin thereafter. Additional information on the sustainable procurement process will be available in an upcoming Corporate Social Responsibility report scheduled for May, 2018. The new Procurement By-law will enable the development and implementation of sustainable procurement policies, guidelines and procedures.

Additionally, the federal and provincial governments have recently entered into three new trade agreements which have implications on municipal procurement practices. These include the *Comprehensive Economic and Trade Agreement*, the *Canadian Free Trade Agreement* and the *Ontario-Quebec Trade and Cooperation Agreement*. Staff reported to Council in February of this year with an overview of the municipal procurement implications of these trade agreements, which include requirements around bid posting and bid open periods, non-discriminatory technical specifications, selective tendering procedures, vendor debriefings, and the disclosure of evaluation information. Peel's procurement practices are already consistent with the principles and spirit of these trade agreements, however, changes to the By-law, as well as the development of related policies and procedures under the By-law, are necessary to enable full compliance.

b) Modernizing Procurement Practices

A comprehensive environmental scan of the procurement by-laws and practices of other municipalities has demonstrated that, while the Region's current By-law embodies similar best-in-class procurement principles, there are opportunities to modernize procurement practices at the Region. Modernization will enable the Region of Peel's By-law and practices to reflect current public procurement trends and will

NEW PROCUREMENT BY-LAW

make the Region's processes more efficient and improve cycle times, ultimately enhancing operational excellence.

i) RFP Awards and Best Value Bids

A key area in which modernization is recommended is in the award process for Requests for Proposals (RFPs). Under Peel's current By-law, all RFP awards above \$500,000 are brought to Council for award. This is inconsistent with modernized practices adopted by many municipalities. Appendix I shows the results of an environmental scan of other municipalities and their approaches to RFP awards. As seen from Appendix I many municipalities, including Mississauga and Brampton, have delegated staff authority to award RFPs of all values, provided that the award is within budget and is being made to the "Best Value Bid". The new By-law adopts this approach. The concept of a "Best Value Bid" is prevalent in modern public procurement and considers the optimal balance of technical merit and cost, determined in accordance with pre-set evaluation criteria set out in an RFP. It is represented by the highest scoring proposal following evaluation in an RFP process. A summary of the approval authorities recommended under the new By-law is shown on Appendix II. The only proposed change from the current By-law is with respect to the awarding of RFPs.

With defined procedures outlined in procurement documents that dictate how awards will be determined, and limited legal latitude to deviate from awarding contracts to the winning bidder, the award process essentially becomes an administrative function that is most efficiently carried out by staff, unless there is an irregularity requiring Council's attention. The recommended approach balances these issues by requiring that Council approval be sought where there is a recommendation to award to any bid that is not the Best Value Bid. Transparency is achieved through regular tri-annual procurement activity reporting to Council, as well as posting of all award information on the Region's website. This approach modernizes Peel's practices, makes them consistent with those of other municipalities, and promotes efficiency and reduced procurement cycle times.

ii) Flexible Procurement

In keeping with modernized procurement practices that reflect current public procurement trends, the new By-law introduces enhanced flexibility by recognizing negotiated RFPs and Best and Final Offer (BAFO) processes. A BAFO process, for example, involves a multi-stage RFP process whereby proposals are evaluated and initial feedback provided to bidders on ways in which the proposals could be improved to better meet the Region's needs. Short-listed bidders are then permitted to submit revised proposals that represent their "best and final offer", for the Region's final evaluation. Used in appropriate circumstances, these processes permit the flexibility of carrying out defined negotiations within the parameters of a competitive RFP process, and can lead to the receipt of higher quality submissions that most closely reflect the Region's needs and that offer the best value for money. BAFO processes are not new to Peel and were recently used successfully in two major affordable housing development RFPs.

NEW PROCUREMENT BY-LAW**c) Enhanced Clarity and Transparency**

The new By-law includes general clarifications for enhanced interpretation and addresses changes necessary to align with current business practices, as well as the Region of Peel's Document Execution By-law. Clarity around procedural issues such as tied bids is provided. Some procedural matters have been moved out of the By-law and into policies and procedures to enable them to remain fluid, with flexibility to revise them in response to new issues and requirements as needed. Clarifications will further ensure the necessary delegated authority to the Chief Financial Officer to award contracts during periods where Council does not meet for a period in excess of 21 days (summer), and during periods where Council is restricted in its actions under s. 275 of the *Municipal Act, 2001* (lame duck periods), where necessary in order to carry on the business of the Regional Corporation.

CONCLUSION

Recommended changes to the Procurement By-law serve to render a new Procurement By-law that is modernized and reflective of current public procurement trends, that continues to reflect the principles of integrity, fairness, openness, and transparency, and that will continue to secure the Region of Peel's position as a leader in public sector procurement. It is recommended that the new By-law be brought forward to Regional Council for enactment.



Stephen VanOfwegen, Commissioner of Finance and Chief Financial Officer

Approved for Submission:


D. Szwarc, Chief Administrative Officer

APPENDICES

Appendix I – Summary of Environmental Scan

Appendix II – Summary of Proposed Approval Authorities

Appendix III – Draft Procurement By-law

For further information regarding this report, please contact Sarah Ramoutar, Purchasing Advisor, Finance, extension 4234, sarah.ramoutar@peelregion.ca.

Authored By: Patricia Caza, Director, Procurement, and Sarah Ramoutar, Purchasing Advisor, Finance

SUMMARY OF ENVIRONMENTAL SCAN

Municipality	Request for Proposal Approval Thresholds	Approval Authority
City of Mississauga	Greater than \$500,000	Department Head & Director of Purchasing
	Council approval not required to approve award if within budget and "Best Value Bid"	
City of Brampton	Greater than \$1,000,000	CAO
	Council approval not required to approve awards	
Town of Caledon	Between \$50,000 up to \$2,000,000 Provided award is within budget and to the best value bid	Department Director
	Greater than \$2,000,000	Council
Region of Halton	Greater than \$100,000	CAO
	Council approval not required to approve award if within budget and "Best Value Bid"	
City of Ottawa	Greater than \$500,000	Deputy City Manager
	Council approval not required to approve award if within budget and "Best Value Bid"	
City of Toronto	Between \$500,000 up to \$20,000,000	Bid Award Panel (CFO/ City Manager)
	Greater than \$20,000,000	Standing Committee
	Council approval not required to approve award if within budget and "Best Value Bid"	
Region of York	Between \$500,000 up to \$2,000,000	CAO
	Greater than \$2,000,000	Council
Region of Durham	Between \$40,000 up to \$125,000	Manager of Supply and Services
	Greater than \$125,000	Council / Standing Committee
Region of Waterloo	Between \$150,000 up to \$1,000,000	CAO
	Greater than \$1,000,000	Council

SUMMARY OF PROPOSED APPROVAL AUTHORITIES

Method of Procurement	Dollar Range	Procurement Authority
Direct Purchase	Up to \$10,000	Any employee authorized by the Director of Procurement
Informal Request for Quotation	Greater than \$10,000 up to \$25,000	Any employee authorized by the Director of Procurement including employees under Clause 4.2
Request for Quotation * where recommended award is within budget and the Best Value Bid (defined for Quotations as the lowest cost compliant Bid)	Greater than \$25,000 up to \$100,000	Manager of Procurement
Request for Tender *where recommended award is within budget and the Best Value Bid (defined for Tenders as the lowest cost compliant Bid)	Greater than \$100,000 up to \$500,000	Director of Procurement
	Greater than \$500,000	Chief Financial Officer/ Deputy Chief of Police
Request for Proposal *where recommended award is within budget and the Best Value Bid (defined for Proposals as the highest ranked compliant Bid)	Greater than \$10,000 up to \$500,000	Director of Procurement
	Greater than \$500,000	Chief Financial Officer/ Deputy Chief of Police
Direct Negotiation	Greater than \$10,000 up to \$100,000	Director of Procurement
	Greater than \$100,000 up to \$250,000	Chief Financial Officer/ Deputy Chief of Police
	Greater than \$250,000	Regional Council/Police Services Board
Irregular Result *where recommended award exceeds budget and is not the Best Value Bid for all procurements	All Dollar Values	Regional Council/Police Services Board

**APPENDIX III
NEW PROCUREMENT BY-LAW**

DRAFT PROCUREMENT BY-LAW

THE REGIONAL MUNICIPALITY OF PEEL

BY-LAW NUMBER XXX-2018

**A BY-LAW TO GOVERN THE PROCUREMENT AND DISPOSAL OF GOODS
AND SERVICES AND TO REPEAL BY-LAW 113-2013.**

WHEREAS subsection 270(1)(3) of the *Municipal Act*, 2001, S.O 2001, c.25, as amended, requires a municipality to adopt policies with respect to its procurement of goods and services;

AND WHEREAS under subsection 4(3) of the *Police Services Act*, R.S.O. 1990, c. P.15, the Region is responsible for providing all the infrastructure and administration necessary for the provision of adequate and effective police services;

AND WHEREAS the Council of The Regional Municipality of Peel has deemed it desirable to set out its policies with respect to its procurement of goods and services;

AND WHEREAS this By-law establishes the authority and sets out the policies and methods by which goods and services will be procured and disposed of for the purposes of The Regional Municipality of Peel and for police purposes, subject to certain exceptions set out herein;

NOW THEREFORE, the Council of The Regional Municipality of Peel enacts as follows:

PART I - PROCUREMENT GUIDING PRINCIPLES

In the interpretation and application of this By-law, regard shall be had to the following guiding principles:

- 1.1 to maintain trust and confidence in the stewardship of public funds through objective, fair, transparent and efficient procurement processes;
- 1.2 to promote effective use of funds allocated by Regional Council through procurement methods, disposals and decisions that achieve best value for money;
- 1.3 to promote procurement processes and decisions that are in compliance with applicable legislation and trade agreements and that are consistent with the strategic objectives established for the Region of Peel, Peel Regional Police and Peel Housing Corporation;
- 1.4 to promote procurement practices that have regard for the accessibility of persons with disabilities; and
- 1.5 to promote sustainable procurement in a manner that has regard for the due consideration of sustainability in the acquisition of goods and services, including the consideration of social, environmental and economic factors.

PART II – DEFINITIONS

- 2.1 The words and phrases listed hereunder when used in this By-law and the schedules hereto shall have the following meanings ascribed to them:
 - 2.1.1 “Award” means authorization to proceed with the purchase of goods and/or services from a chosen Vendor.
 - 2.1.2 “Best and Final Offer” means a multi-stage procurement process within a Request for Proposal that contemplates a final stage whereby Bidders may submit a best and final offer for the Region’s evaluation and final selection.

- 2.1.3 “Best Value Bid” means the optimal balance of technical merit and cost determined in accordance with pre-set evaluation criteria disclosed in a Bid Solicitation for the purpose of making an Award. For Requests for Tenders and Requests for Quotations, the best value bid is the lowest cost compliant Bid meeting technical specifications and qualifications. For Requests for Proposals, the best value is the highest ranked compliant Bid following the evaluation of proposals.
- 2.1.4 “Bid” means an offer or submission from a Vendor in response to a Bid Solicitation which is subject to acceptance or rejection by the Region.
- 2.1.5 “Bidder” has the same meaning as Vendor.
- 2.1.6 “Bid Solicitation” means a formal request for Bids including a Request for Quotation, Request for Tender or Request for Proposal.
- 2.1.7 “Blanket Purchase Contract” means any contract for the purchase of goods and services which will be required frequently or repetitively but where the exact quantity of goods and services required may not be precisely known or the time period during which the goods and services are to be delivered may not be precisely determined, but having a maximum limit on both the total price or value of all goods and services and the time period during which all goods and services are to be supplied under such contract.
- 2.1.8 “Board” means The Regional Municipality of Peel Police Services Board.
- 2.1.9 “Chief Administrative Officer” means the employee designated as such by the Regional Council and any person who has been authorized to temporarily act as Chief Administrative Officer during an absence or vacancy in the office.
- 2.1.10 “Chief Financial Officer” means the Chief Financial Officer for the Region and any person who has been authorized to temporarily act as Chief Financial Officer during an absence or vacancy in the office.
- 2.1.11 “Chief of Police” means the Chief of the Peel Regional Police and any person who has been authorized to temporarily act as Chief of Police during an absence or vacancy in the office.
- 2.1.12 “compliant” means, in relation to a Bid or the Vendor making a Bid in response to a particular method of Procurement being used under this By-law, that the Bid or the Vendor as the case may be, complies or has complied in all material respects with the requirements of the particular method of Procurement as reflected in the documents issued for that purpose and is not liable to disqualification for failure to comply.
- 2.1.13 “Delivered confidentially” means delivered under circumstances where:
- 2.1.13.1 All or part of the goods and services relate to any matter of such kind as may be considered by Regional Council, or in the case of procurement of goods and services required for police purposes, by the Board, in the absence of the public; or
- 2.1.13.2 The goods and services include the creation of records, the disclosure of which could be denied upon receipt of a request under the *Municipal Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c.M.56.
- 2.1.14 “Department Head” includes the Chief Administrative Officer and any officer or employee of the Region who is designated as a Commissioner or Department Head, or in the case of procurement or disposal of goods or services required for police purposes, includes the Executive Director of the Police Services Board

acting solely with respect to Board procurement matters, the Chief of Police, Deputy Chiefs of Police, or any person who has been authorized to temporarily act as any of the above.

- 2.1.15 “Deputy Chief of Police” means the Deputy Chief of the Peel Regional Police or any person that has been authorized to temporarily act as Deputy Chief of Police during an absence or vacancy in the office.
- 2.1.16 “Direct Negotiation” means a non-competitive procurement method and refers to the negotiation of an agreement for the purchase of goods and services where there is no open competition among or between Vendors, or where any other condition under 5.2 of this By-law applies.
- 2.1.17 “Direct Purchase” means a non-competitive procurement method and refers to the direct order and purchase of goods and services from a Vendor valued at \$10,000 or less, exclusive of taxes.
- 2.1.18 “Director” means an employee of the Region who is designated as a Director or Director/Superintendent of the Police Service and any person who has been authorized to temporarily act as a Director during an absence or vacancy in the office.
- 2.1.19 “Director of Procurement” means an employee designated as such by the Region and any person who has been authorized to temporarily act as Director of Procurement during an absence or vacancy in the office.
- 2.1.20 “dispose” means the sale, exchange, transfer or gift of goods owned by the Region which are surplus to its needs and "disposal" and "disposed" shall have similar meanings.
- 2.1.21 “emergency” means a situation or impending situation that constitutes a danger of major proportions that could result in serious harm to persons or substantial damage to property and that is caused by the forces of nature, a disease or other health risk, an accident, or an act whether intentional or otherwise.
- 2.1.22 “goods” includes any tangible or intangible personal property and all legal or equitable rights or interest in or to the same, and includes all materials, equipment, fixtures and structures to be delivered, installed or constructed at or upon any real or leasehold property but does not include any lease, right or permission relating to the use or occupation of real property notwithstanding that such lease, right or permission may be classified in law as personal property.
- 2.1.23 “goods and services” includes either goods alone or services alone or any combination thereof.
- 2.1.24 “goods or services required for police purposes” means goods and services required to discharge the responsibility of the Region for providing all the infrastructure and administration necessary for the provision of adequate and effective police services and includes goods or services which are to be supplied to the Board.
- 2.1.25 “Informal Request for Quotation” means a request by the Region seeking Bids from potential Vendors to obtain goods and services up to \$25,000 to obtain low dollar value of goods and services expeditiously and cost effectively.
- 2.1.26 “Irregular Result” means a result in a Procurement in which:
 - 2.1.26.1 the Best Value Bid exceeds the approved budget allocation; or

- 2.1.26.2 for any reason the Award of the contract to or the purchase from the Bidder having submitted the Best Value Bid is inappropriate or not in the best interests of the Region or of Police Service as the case may be.
- 2.1.27 “Negotiated RFP” means a Request for Proposal which allows for consecutive or concurrent negotiations to be conducted with Bidders on any of the contract terms including, but not limited to, the technical specifications, commercial terms and/or prices following the process outlined in the Request for Proposal.
- 2.1.28 “Police Service” means The Regional Municipality of Peel Police Service.
- 2.1.29 “prescribed” means prescribed by a procurement procedure.
- 2.1.30 “price or value” means in relation to any quantity or amount of goods and services the purchase price if known or the total estimated cost to purchase the particular goods and services at the relevant time, exclusive of all applicable taxes and delivery charges and in relation to goods and services purchased by way of rental agreement or lease, shall mean the lesser of:
- 2.1.30.1 An amount which would otherwise be the purchase price exclusive of all applicable taxes and delivery charges, if the goods and services were acquired other than by rental agreement or lease; and
- 2.1.30.2 An amount equal to the total of all rental or lease costs for the term of the rental agreement or lease.
- 2.1.31 “procure” or “purchase” includes the acquisition of any legal or equitable interest, right or title in goods and services or the making of any contract or offer for goods and services and includes the lease of goods and services; and “procured” “procuring” “purchased” and “purchasing” shall have similar meanings.
- 2.1.32 “Procurement” means the procurement function of the Region including the Director of Procurement and those employees who report either directly or indirectly to the Director of Procurement.
- 2.1.33 “procurement procedures” means procurement procedures established by the Director of Procurement under Part III of this By-law.
- 2.1.34 “Purchase Order” means a document used to acquire goods and services.
- 2.1.35 “Region” means The Regional Municipality of Peel.
- 2.1.36 “Regional Council” means the Council of The Regional Municipality of Peel, including the Chair.
- 2.1.37 “Request for Expression of Interest” means a request by the Region seeking responses from potential Vendors for the purpose of determining the interest of the marketplace in providing goods or services contemplated to be procured by the Region.
- 2.1.38 “Request for Information” means a request by the Region seeking responses from potential Vendors for the purpose of gathering information from the marketplace to provide a scope of work or services contemplated to be procured by the Region.
- 2.1.39 “Request for Prequalification” means a request by the Region preceding a Request for Proposal, Request for Quotation or a Request for Tender seeking Bids from potential Vendors where it is deemed that the nature and complexity of the work involved warrants the time and effort required to pre-select the most experienced and qualified Vendors.

- 2.1.40 "Request for Proposal" means a request by the Region seeking Bids from potential Vendors to obtain goods and services of a unique or complex nature where all or part of the requirements cannot be precisely defined, and with the expectation that the Best Value Bid resulting from an evaluation of criteria which includes a combination of price, technical and/or other factors and meeting the requirements specified in the Request for Proposal, would be accepted, subject to any other provisions of the contract documents and this By-law, and includes a Best and Final Offer and a Negotiated RFP.
- 2.1.41 "Request for Quotation" means a request by the Region seeking Bids from potential Vendors to obtain goods and services with a value not exceeding \$100,000, excluding taxes, whenever the requirements can be precisely defined, with the expectation that the Best Value Bid meeting the requirements specified in the Request for Quotation, would be accepted, subject to any other provisions of the contract documents and this By-law.
- 2.1.42 "Request for Tender" means a request by the Region seeking Bids from potential Vendors to obtain goods and services with a value greater than \$100,000, excluding taxes, whenever the requirements can be precisely defined, with the expectation that the Best Value Bid meeting the requirements specified in the Request for Tender, would be accepted, subject to any other provisions of the contract documents and this By-law.
- 2.1.43 "Requisition" includes both any document, whether electronic or printed, prescribed for use in initiating the purchase of required goods and services and the activity of initiating the purchase of required goods and services; and "requisitioning" and "requisitioned" shall have similar meanings.
- 2.1.44 "Services" includes all professional and consulting services, all services in relation to real property or personal property including without limiting the foregoing the delivery, installation, construction, maintenance, repair, restoration, demolition or removal of personal property and real property and all other services of any nature and kind save and except only services to be delivered by an officer or employee of the Region or a member or employee of the Police Service in accordance with terms of employment.
- 2.1.45 "tied bid" means two or more compliant Bids which score equally after evaluation, or otherwise are equal, and which are the Best Value Bids received in accordance with Procurement policies and procedures.
- 2.1.46 "Vendor" means an individual, corporation, or organization offering goods and services including but not limited to contractors, consultants, suppliers and service organizations.
- 2.1.47 "Vendor Performance Management" means the Region's program which involves the evaluation of Vendor performance by employees of the Region, the maintenance of the records relating to such evaluation, and the use of such records to determine a Vendor's eligibility to participate in future procurements and to evaluate a Vendor's eligibility for Award.

Part III – APPLICATION

- 3.1 All goods and services required for the purposes of the Region or required for police purposes, save and except only those goods and services set out in Schedule "A" to this By-law, which may contain conditions to which the exceptions set out in Schedule "A" are subject, shall be purchased and disposed of in accordance with the provisions of this By-law unless:
- 3.1.1 Regional Council, or in the case of goods and services required for police purposes, the Board, by resolution directs that any particular purchase or disposal of goods and services shall be carried out in some other manner; or

- 3.1.2 Any applicable law of the Province of Ontario or of Canada requires that the purchase or disposal be carried out in some other manner.
- 3.2 A resolution adopted under 3.1.1:
 - 3.2.1 shall be a matter of public record;
 - 3.2.2 shall state that the Regional Council or the Board as the case may be, is satisfied that it is necessary in the public interest that the procurement or disposal be carried out otherwise than in accordance with the provisions of this By-law and give the reason or reasons for so concluding; and
 - 3.2.3 need not identify the nature of the goods or services to be procured or disposed of.
- 3.3 Before adopting a resolution under 3.1.1 the Regional Council or the Board, as the case may be, shall afford the Director of Procurement an opportunity upon reasonable notice to be heard concerning the proposed resolution.
- 3.4 Where the circumstances mentioned in subsection 3.1.1 or 3.1.2 occur, the procurement or disposal of those goods and services shall be carried out in accordance with the resolution or the applicable law, as the case may be, to the extent required, and the provisions of this By-law shall in all other respects continue to apply to such procurement or disposal with all necessary modifications.
- 3.5 The Director of Procurement may establish procurement policies and procedures consistent with this By-law and the objectives set out in Part I relating to:
 - 3.5.1 the form, content and use of forms, whether electronic or printed, including Requisitions, Purchase Orders, bonds, letters of credit and other forms of guarantee or surety, the Bid Solicitation, and other contract documents;
 - 3.5.2 the identification of those goods and services which, notwithstanding their individual price or value and having regard to the frequency of purchase and nature of those goods and services, are more effectively acquired or disposed of by a method applicable to goods and services of a higher price or value or through co-operative purchasing;
 - 3.5.3 the implementation of financial controls meeting the audit requirements of the Region to ensure that those responsible for requisitioning and purchasing goods and services are held accountable for their decisions;
 - 3.5.4 methods of acquisition or disposal which will more effectively achieve the objectives of this By-law where alternative methods are permitted hereunder, and the process to be followed in the issuing of Bid Solicitations, receipt and evaluation of Bids and the process to be followed in relation thereto;
 - 3.5.5 sustainable procurement, including the use and consideration of procurement criteria in the acquisition of goods and services that have regard for social, environmental and economic factors;
 - 3.5.6 Bid Solicitation, including policies and procedures with respect to electronic bidding and that include compliance with applicable law and trade agreements;
 - 3.5.7 irregularities contained in Bids and acceptable rectifications;
 - 3.5.8 the development, conduct, use and application of a Vendor Performance Management program;
 - 3.5.9 procedures governing Vendor disputes;

- 3.5.10 in-house bids; and
- 3.5.11 any other aspect of process or procedure not specifically provided for in this By-law.
- 3.6 Notwithstanding 3.1 of this By-law, those goods and services set out in Schedule "A" may be purchased under the authority of this By-law without adhering to the other requirements of this By-law, and the Director of Procurement is authorized to issue a Purchase Order for those goods and services.
- 3.7 Despite the provisions of 3.6 of this By-Law, the Director of Procurement may request that the purchase of any particular goods and services under Schedule A adheres to the provisions of this By-law where reasonable and appropriate to do so, and in the best interest of the Region.

PART IV - PURCHASING RESPONSIBILITIES AND PURCHASE CONTRACTS

- 4.1 Unless otherwise provided in accordance with this By-law, the Director of Procurement and the authorized employees of Procurement shall act as agents for the Region for the procurement of all goods and services, and shall be responsible for providing all necessary advice and services required for such procurements in accordance with a method of procurement authorized under this By-law. In doing so, the Director of Procurement may delegate to authorized employees of Procurement, such portions of authority delegated to him or her under this By-law, provided that such delegation shall not exceed the limits of the authority of the Director of Procurement under this By-law, including the financial limits delegated to him or her in Schedule "B".
- 4.2 The Director of Procurement, with the approval of the Department Head or a Director responsible for the employees concerned may delegate to an employee or employees who are not employed with Procurement or to a member or employee of the Police Service, all or part of the authority to act as agent for the purchase of goods and services having a price or value up to a designated amount not to exceed the amount indicated in Schedule "B", and the authority may be limited to a particular class of goods and services and upon such other terms and conditions as may be appropriate.
- 4.3 In discharging his or her responsibilities and exercising his or her authorities under this By-law, the Director of Procurement shall:
 - 4.3.1 be accountable and report to the Chief Administrative Officer or in the case of the purchase or disposal of goods or services required for police purposes, to the Chief of Police;
 - 4.3.2 be subject to the direction, consistent with the requirements of this By-law, of Department Heads, concerning the need for specifications of goods and services to be procured; and
 - 4.3.3 adhere to policies communicated by the Chief Administrative Officer or in the case of procurement of goods and services required for police purposes, policies of the Board communicated by the Chief, provided always that such policies are consistent with the provisions of this By-law.
 - 4.3.4 undertake a comprehensive review of this By-law every five (5) years and report to Regional Council accordingly.
 - 4.3.5 review and publish Procurement policies and procedures on an ongoing basis.
 - 4.3.6 have regard to the code of purchasing ethics established by the National Institute of Governmental Procurement and the Supply Chain Management Association of Canada and shall ensure such codes are communicated to employees involved in the procurement process, particularly those with delegated authority.

- 4.4 Before communicating or adopting a policy under 4.3.3 the Chief Administrative Officer, or the Board as the case may be shall afford the Director of Procurement an opportunity upon reasonable notice to be heard concerning the proposed policy.
- 4.5 No procurement of goods and services shall be authorized unless:
 - 4.5.1 the authorization is sought in compliance with this By-law and any applicable procurement procedures;
 - 4.5.2 a method of procurement permitted under this By-law has been used;
 - 4.5.3 the form and content of all documents forming part of the purchase contract including the Bid Solicitation, Purchase Order, form of agreement, contract or other terms and conditions have been reviewed by Procurement or an agent to whom authority has been delegated under 4.2 and an appropriate person in the department responsible for requisitioning the goods and services; and
 - 4.5.4 the procurement has been approved by the appropriate authority under Part V.
- 4.6 Where in the opinion of the Director of Procurement circumstances give rise to an issue of adherence or non-adherence to the requirements of this By-law which cannot be resolved to his or her satisfaction, he or she shall report on such circumstances to the Regional Council and where such circumstances involve a purchase of goods or services required for police purposes, to the Police Services Board.
- 4.7 In the case of the procurement of goods or services having a value of less than \$10,000, the requirements of this By-law as to the method of procurement do not apply provided that such procurement is undertaken:
 - 4.7.1 in compliance with any applicable procurement procedures established under 3.5; and
 - 4.7.2 in a manner, which in the judgement of the Director of Procurement or of the employees authorized to make such purchase, best achieves the objectives of this By-law.
- 4.8 A record shall be prepared for and reviewed by the person who may authorize the procurement under Part V which may be in the form of a report setting out in sufficient detail the circumstances regarding compliance with 4.3.1 to 4.3.6 inclusive and any other matter or thing which the person or body authorizing the procurement ought to take into consideration before authorizing the procurement.
- 4.9 Where any goods and services are to be delivered confidentially, whether or not they are procured using Direct Negotiation, the Chief Administrative Officer, or in the case of a procurement of goods or services required for police purposes the Chief of Police, or any employee designated by them respectively, may act as agent and provide the necessary advice and services which would otherwise be provided by Procurement under 4.1 and shall make the record required under 4.8. All such acquisitions shall be reported annually and confidentially by the Chief Administrative Officer to the Regional Council or in the case of the procurement of goods and services required for police purposes by the Chief of Police, to the Board.
- 4.10 The Director of Procurement may, and is encouraged, to enter into arrangements with area municipalities, local boards and other public bodies or authorities for the procurement of goods and services on a co-operative or joint basis where there are economic advantages in doing so; provided that, under any such approved arrangement:
 - 4.10.1 the method of procurement used is a competitive method being the same or similar to a Request for Quotations, Request for Tender, or Request for Proposals; and

- 4.10.2 adequate arrangements for the provision of necessary advice and services in accordance with the method of acquisition have been made; and
 - 4.10.3 a record, similar to the record required under 4.8, will be provided prior to the authorization of the procurement.
- 4.11 Where the procurement of goods and services has been authorized in accordance with this By-law all documents forming part of the purchase contract, including any Purchase Order, form of agreement or contract or other terms and conditions, shall be executed by the signing officers duly authorized in that regard pursuant to the Region's Document Execution By-Law, as amended, provided that where a Purchase Order in the prescribed form is to be issued to the Vendor indicating the acceptance or awarding of the contract or as part of the documentation forming the contract of purchase, the Purchase Order may be executed by:
- 4.11.1 the Director of Procurement;
 - 4.11.2 an employee in Procurement authorized by the Director of Procurement; or
 - 4.11.3 any person authorized to do so under an approved delegation of authority pursuant to 4.2.

PART V - PROCUREMENT AUTHORITIES AND PROCUREMENT METHODS

- 5.1 Unless otherwise provided in accordance with this By-law, the procurement of all goods and services shall be authorized in accordance with the provisions of Schedule "B" to this By-law. Any person procuring goods and services on behalf of the Region shall do so using a Request for Expression of Interest, Request for Information, Request for Prequalification, Request for Proposal, Request for Quotation (including Request for Informal Quotation) or Request for Tender procurement method. A Best and Final Offer or Negotiated RFP may be used, where appropriate, as part of a Request for Proposal process. The procurement methods referenced above may be utilized individually or in combination with one another as may be appropriate in the circumstances.
- 5.2 Unless otherwise provided in accordance with this By-law, goods and services may be procured using the Direct Negotiation method only if one or more the following conditions apply:
- 5.2.1 the required goods and services are reasonably available from only one source by reason of the scarcity of supply in the market or the existence of exclusive rights held by any Vendor or the need for compatibility with goods and services previously acquired and there are no reasonable alternatives or substitutes;
 - 5.2.2 the required goods and services will be additional to similar goods and services being supplied under an existing contract (including contract extension or renewal);
 - 5.2.3 an attempt to procure the required goods and services has been made in good faith using a method other than Direct Negotiation under 5.1 which has failed to identify a successful Vendor and it is not reasonable or desirable that a further attempt to procure the goods and services be made using a method other than Direct Negotiation;
 - 5.2.4 the goods and services are required as a result of an emergency, which would not reasonably permit the use of a method other than Direct Negotiation;
 - 5.2.5 the required goods and services are to be supplied by a particular Vendor having special knowledge, skills, expertise or experience;
 - 5.2.6 the required goods and services are to be delivered confidentially; or

- 5.2.7 the goods and services have a value of less than \$10,000.
- 5.3 Goods and services may be purchased under a Blanket Purchase Contract, which shall be entered into in accordance with the provisions of this By-law applicable to the procurement of goods and services having a price or value equal to the total estimated cost of all the goods and services to be supplied under the Blanket Purchase Contract.
- 5.4 Where goods and services of a similar type are to be supplied on a repetitive basis from one or more Vendors either over a period of time in a calendar year or over the course of a season, those goods and services shall be purchased in accordance with the provisions of this By-law applicable to goods and services having a price or value equal to the total estimated cost of all such similar goods and services to be supplied in the whole calendar year or during the course of the entire season as the case may be.
- 5.5 Where goods and services have been procured from a Vendor under this By-law pursuant to an agreement, contract or Purchase Order of any kind (hereinafter called the "original purchase contract") no additional, similar or related goods and services shall be procured from the same Vendor by Direct Purchase or Direct Negotiation, whether as a contract extension, contract renewal or separate purchase, unless:
- 5.5.1 the cumulative total price or value of the additional goods and services and all previously purchased additional goods and services, if any, does not exceed 20 per cent of the total price or value of all goods and services supplied or to be supplied under the original purchase contract; or
- 5.5.2 new procurement authority is obtained in accordance with this By-law.
- 5.6 Notwithstanding the requirements of 5.5, the Director of Procurement may authorize payments for amendments to the original purchase necessary for work required to address unforeseen circumstances or any final contract payment related to the original purchase contract, if the budget is available.
- 5.7 Notwithstanding anything in this By-law, where any goods are available from a departmental inventory or under a Blanket Purchase Contract which are the same as or are a reasonable substitute for any required goods, the goods from the inventory or under the Blanket Purchase Contract shall be used unless the purchase of the goods from another source is approved by the Director of Procurement.
- 5.8 Notwithstanding anything in this By-law:
- 5.8.1 where there is no regular meeting of Regional Council scheduled during a period of time that is more than 21 days after the date of the previously scheduled regular Council meeting, the Chief Financial Officer is authorized to make Awards that would otherwise be required to be made by Council pursuant to the provisions of this By-law, where the Chief Financial Officer deems the making of the Award reasonably necessary to carry on the business of the Region, and;
- 5.8.2 during any periods of time that Council's actions are restricted under section 275 of *the Municipal Act, 2001*, as amended, the Chief Financial Officer is authorized to make Awards that would otherwise be required to be made by Council pursuant to the provisions of this By-law, where the Chief Financial Officer deems the making of the Award reasonably necessary to carry on the business of the Region.
- 5.9 Bid Solicitations shall comply with all applicable trade agreements, and shall include clear specifications, evaluation criteria and terms and conditions that can be applied in a fair, transparent and consistent manner.

PART VI - DISPOSAL OF PROPERTY

- 6.1 On an annual basis or at such time as may be prescribed by the Director of Procurement, all goods of the Region which have become surplus to its needs or the needs of the Police Service and that are to be disposed of, shall be listed with reasonable particularity and such lists shall be provided to Procurement.
- 6.2 Subject to 6.5 and any methods of disposal prescribed, surplus goods shall be sold, exchanged or otherwise disposed of by the Director of Procurement or an authorized employee in Procurement, using such methods of disposal and on such terms as are likely to achieve the highest net revenue or benefit or the reduction or avoidance of net cost from the disposition.
- 6.3 Procurement shall ensure that before any goods are disposed of, all Regional departments and the Chief of Police have been advised of availability of the goods and have been given an opportunity to acquire the same. Opportunity to purchase surplus goods may be given to other public agencies in such manner as may be prescribed by procurement procedures.
- 6.4 A report shall be submitted in accordance with the requirements of 6.2 to Regional Council or a Committee thereof summarizing the particulars of the disposition of all surplus goods pursuant to this By-law.
- 6.5 The Director of Procurement, with the approval of the Department Head responsible for the employees concerned, may delegate to an employee or employees not in Procurement, all or part of the responsibility and authority for the disposal of goods under 6.2 and the preparation of the report on the disposition of those goods required under 6.4 on such terms and conditions as may be appropriate including but not limited to:
 - 6.5.1 the use of any forms or methods of disposal prescribed under this By-law; and
 - 6.5.2 the keeping of records and timely provision of records and information to Procurement.

PART VII - PROHIBITIONS AND COMPLIANCE

- 7.1 All persons involved in the acquisition of goods and services provided for in this By-law shall act in a manner consistent with the requirements and objectives of this By-law.
- 7.2 No procurement of goods and services or any arrangements with respect to the procurement shall be made where quantity or delivery is divided or in any other manner arranged so that the price or value of goods and services to be acquired or the individual estimated value of goods to be disposed is artificially reduced. Without limiting the foregoing, where goods and services of the same kind or type are required in connection with one project, all of those goods and services shall be included in determining the price or value for the purposes of this By-law.
- 7.3 No goods and services shall be Requisitioned under this By-law by any person unless:
 - 7.3.1 the goods and services are legitimately required for the purposes of the Region, or for police purposes, or for any other local board or other agency on whose behalf the purchase is being undertaken; and
 - 7.3.2 to the best of that person's knowledge and belief, the funds for the purchase of the goods and services are available within an approved budget or the Requisition is expressly made subject to funding approval and, to the extent that they may be required, funds are available from any other local board, municipality or other agency on whose behalf the purchase of goods and services is also being made.

PART VIII - CONFLICT OF INTEREST

- 8.1 No goods and services shall be procured from a member of Regional Council, or an appointed officer, employee of the Region or of the Police Service or from any member of the Police Service or any spouse (including common law spouse), parent, grandparent, sibling, child, grandchild, niece, nephew, uncle or aunt of a member of Regional Council, or an appointed officer, employee or member, other than those services normally required under terms of employment where that person is an employee of the Region or of the Police Service unless, in addition to compliance with all other provisions of this By-law, the purchase has been approved by the Chief Administrative Officer or in the case of an employee of the Police Service, by the Chief of Police.
- 8.2 No member of Regional Council, or an appointed officer, employee of the Region or of the Police Service, member of the Police Service or any spouse (including common law spouse), parent, grandparent, sibling, child, grandchild, niece, nephew, uncle or aunt of an employee or member shall be permitted to purchase any surplus goods to be disposed of except by successfully bidding on the same at a public auction but in no case if the duties of that member of Regional Council, appointed officer or employee include making decisions regarding the disposal of such goods or activities relating to the conduct of the auction.
- 8.3 Members of Regional Council, appointed officers and employees of the Region or of the Police Service and members of the Police Service shall not knowingly cause or permit anything to be done or communicated to anyone which is likely to cause any potential Vendor or contractor to have an unfair advantage or disadvantage in obtaining a contract for the supply of goods and services to the Region or to the Police Service, or any other municipality, local board or public body involved in the procurement of goods and services either jointly or in co-operation with the Region.
- 8.4 No member of Regional Council, appointed officer, or employee of the Region or of the Police Service or member of the Police Service shall knowingly cause or permit anything to be done which will jeopardize the legal validity or fairness of any procurement of goods and services under this By-law or which is likely to subject the Region or the Police Service, to any claim, demand, action or proceeding as a result of such act or omission.

PART IX - LOBBYING RESTRICTIONS

- 9.1 Lobbying restrictions:
 - 9.1.1 Vendors, their employees, agents, and any others involved in a procurement process provided for in this By-law, shall not, during a Bid Solicitation process or any subsequent award, engage in any form of political or other lobbying whatsoever or seek to influence the outcome of the procurement process or subsequent Award. This restriction extends to all of the employees or appointed officers of the Region or of the Police Service, members of the Police Service and members of Regional Council.
 - 9.1.2 The Region may reject any Bid by a Vendor that engages in such lobbying, without further consideration, and may terminate that Vendor's right to continue in the purchasing process.
 - 9.1.3 During a Bid Solicitation process or any subsequent award, all communications shall be made to the Region's designated official point of contact as specified in the Bid Solicitation. No Vendor or person acting on behalf of a Vendor or group of Vendors, shall contact any member of Regional Council, Chair, Board or an appointed officer, consultant or any employee of the Region or of the Police Service, or member of the Police Service to attempt to seek information or to influence the Award.

- 9.1.4 Members of Regional Council, the Board, appointed officers and employees of the Region or of the Police Service, or members of Police Service, shall refer any inquiries about a Bid Solicitation process to the Director of Procurement.

PART X - NO LOCAL PREFERENCE

- 10.1 In accordance with the Region's Local Preference Procurement Policy and applicable trade agreements, goods and services shall not be afforded preferential treatment under this By-law or in any Bid Solicitation based on location or origin of the goods and services.

PART XI – UNSOLICITED OFFERS

- 11.1 Unsolicited offers received by the Region from a Bidder who has approached the Region to advise the Region of their ability or desire to provide the Region with goods and/or services shall be reviewed by the Director of Procurement for determination as to whether it is in the best interests of the Region to initiate a procurement process as set out in the By-law.

PART XII – OFFICIAL POINT OF CONTACT AND COMMUNICATIONS

- 12.1 An official point of contact shall be named in all Bid Solicitations, to respond to all communications in respect of the Bid Solicitation from the time of issuance, during the competitive process, and up to and including the announcement of Award. The official point of contact shall be the employee in Procurement indicated in the Bid Solicitation.

- 12.1.1 Communications for the purposes of 12.1 are communications between a Vendor, its employees and agents, the broader Vendor community, and members of Regional Council, Board, appointed officers and employees of the Region or of the Police Service, or members of the Police Service as they relate to the particular Bid Solicitation.

- 12.1.2 A Bid Solicitation may provide for the disqualification of any Vendor for failure to limit communications to the official point of contact.

PART XIII –TIED BIDS

- 13.1 In the case of two Tied Bids, the successful Vendor will be determined by a coin toss, conducted by the Director of Procurement or designate, in accordance with Procurement procedures. The award shall then be made to the winner of the coin toss. In the event that there are three or more Tied Bids, the Director of Procurement or designate, in the presence of Regional staff, shall conduct a lottery draw. The Award shall then be made to the winner of the lottery.

PART XIV – NO COST PROCUREMENT

- 14.1 A "no cost" procurement is a procurement where the Region will not bear any costs. These types of procurements include:

- 14.1.1 revenue generating opportunities, and/or
14.1.2 cost pass through to a third party.

- 14.2 "No cost" procurements must be acquired in the same manner and using the same procurement methods and corresponding approval requirements as procurements that have a cost to the Region, depending on the value of the no-cost procurement.

PART XV – VENDOR DEBRIEFINGS, DISPUTES

- 15.1 All requests for a formal or informal Vendor debriefing to obtain feedback on why a Bid was not successful must be received by the Region in writing and directed to the Director of Procurement. A request for a Vendor debriefing will not alter an Award decision.

- 15.2 All Vendor disputes, whether addressed to councillors or employees, shall be referred to the Director of Procurement for resolution, or as may otherwise be required in accordance with any applicable procurement policy or procedure. Objections to a recommendation for Award must be in writing. The Director of Procurement shall review the objection and, where the Award has not already been made, determine, in consultation with the Region's Legal Services where necessary, whether the Award should proceed. In such circumstances, the Director of Procurement or Chief Financial Officer may direct that the Award be made by Regional Council. In such case, the Director of Procurement and the Department Head on whose behalf the Bid Solicitation was issued and the Regional Solicitor shall report to Regional Council with respect to the recommendations for Award. The Director of Procurement or designate shall inform the Vendor of his/her right to make a deputation and shall advise the Vendor to contact the Regional Clerk's Office for further information on the deputation process.

PART XVI - AWARDS THAT REQUIRE COUNCIL APPROVAL

- 16.1 Notwithstanding anything in this By-law, Council approval of an Award is required:
- 16.1.1 where indicated pursuant to Schedule "B";
 - 16.1.2 where there is an Irregular Result;
 - 16.1.3 at the discretion of the Director of Procurement or Chief Financial Officer.

PART XVII- PROCUREMENT ACTIVITY REPORTING

- 17.1 On a regular basis, the Director of Procurement shall report to Regional Council providing a summary of procurement activities. The report may include, but is not limited to, information on the following activities:
- 17.1.1 contract Awards;
 - 17.1.2 disposal of surplus goods and equipment;
 - 17.1.3 emergency procurements;
 - 17.1.4 Awards during Regional Council recesses;
 - 17.1.5 non-compliance with this By-law;
 - 17.1.6 Awards based on unforeseen circumstances; and
 - 17.1.7 final contract payments related to the original purchase contract.

PART XVIII - GENERAL

- 18.1 Despite any other provision of this By-law, with respect to the procurement of goods and services required for police purposes which are to be supplied to the Board or with respect to the administration of such procurements, references to the Chief of Police shall be read instead as references to the Board's Executive Director, and the Executive Director and not the Chief of Police shall exercise all such authorities in relation to such procurements.
- 18.2 In interpreting this By-law a reference to the singular number shall be deemed to refer to the plural and vice versa, as the context may require.
- 18.3 Schedules "A" and "B" attached hereto shall form part of this By-law.
- 18.4 This By-law may be referred to as the "Region of Peel Procurement By-law, 2018".

- 18.5 If any section or sections of this By-law or parts thereof are found by any adjudicator of competent jurisdiction to be invalid or beyond the power of Council to enact, such section or sections or parts thereof shall be deemed to be severable and all other section or part of the By-law shall be deemed to be separate and independent there from and shall continue in full force and effect unless and until similarly found invalid or beyond the power of Council to enact.
- 18.6 By-law 113-2013, and any amendments, shall be repealed effective on the coming into force and effect of this By-law.
- 18.7 This By-law takes effect on the 1st day of July, 2018.

READ THREE TIMES AND PASSED IN OPEN COUNCIL this ____ day of _____, 2018.

Regional Clerk

Regional Chair

Schedule "A" to By-law Number xxx-2018

SCHEDULE "A" - EXCEPTIONS

This Schedule to the Procurement By-law identifies exemptions to the requirement that all procurements be undertaken pursuant to a procurement method outlined in Part V of this By-law.

Procurement staff must be consulted prior to embarking on any procurement outlined within this Schedule.

All agreements or contracts outlining any terms and conditions pursuant to a procurement under this Schedule shall be executed by the Director of Procurement or authorized signing officers as outlined in the Region's Document Execution By-law 32-2017, as amended from time to time .

Where there is potential for a competitive procurement process, Procurement staff shall recommend and assist with a procurement method outlined in Part V of this By-law.

The procurement and reporting methods described in this By-law do not apply to the following items, which shall be procured in accordance with any applicable Regional policies and procedures:

1. Petty cash
2. Expenditures for Training and Education including:
 - 2.1 Accommodation including meeting rooms and set-up.
 - 2.2 Catering and catered functions.
 - 2.3 Conferences, conventions, courses, workshops and seminars.
 - 2.4 Magazines, books and periodicals.
 - 2.5 Memberships in professional and vocational associations.
 - 2.6 Offsite training.
 - 2.7 Region/Peel Police hosted conferences.
3. Refundable expenses including:
 - 3.1 Travel, meals, accommodation and any related expenses.
4. Employer's General Expenses including:
 - 4.1 Advertising
 - 4.2 Contracts with Federal, Provincial or Municipal governments, Agencies, Boards, Commissions, Authorities, Utilities, and Railways including but not limited to requirements for goods and services incidental to an approved capital project and/or maintenance.
 - 4.3 Credit rating agencies.
 - 4.4 Licenses (e.g., vehicle, elevator, radio, firearm, etc.), certificates and other approvals required.
 - 4.5 Postage.
 - 4.6 Professional association surveys.
 - 4.7 Promotional display expenses.
 - 4.8 Regional charges to and from Area Municipalities.
 - 4.9 Short-term car/vehicle rentals.
 - 4.10 Toll road payments.
5. Professional and Special Services including:
 - 5.1 Accommodations, payments, fees provided to individuals, cooperatives, corporations and governments under Regional Council approved Programs including accommodation provided under Rent Supplement Agreements.
 - 5.2 Insurance coverage and bonds when purchased through the Region's insurance broker of record.

Schedule "A" to By-law Number xxx-2018

- 5.3 Legal counsel provided under the direction of the Region's insurance broker of record or to represent the Region for third party insurable claims as well as the purchase of any goods or services in the settlement of any claims.
 - 5.4 Legal Services provided in support of members under an agreement between the Board and an association of members of the Police Service and Forensic Accounting Services required for Police operational purposes.
 - 5.5 Professional and skilled services provided to individuals as part of approved programs of the Region, including but not limited to: medical services, dental services, laboratory services, home care services, counselling services, interpreter and translation services, day care/child care, music, entertainment, physiotherapy, podiatry, hairdressing, horticulture and skilled healthcare services.
 - 5.6 Provision of Employee and Member Assistance Programs.
 - 5.7 Professional services provided to the Board in support of collective agreement negotiations, external legal services and consulting services, provided that same are funded from Board allocations for such services.
 - 5.8 Other special fees and services including but not limited to witness fees, arbitrators, mediators, court reporters, investigators and other like services.
6. Utility charges including:
- 6.1 Basic telephone service
 - 6.2 Cable television service
 - 6.3 Electricity
 - 6.4 Natural Gas
 - 6.5 Water
7. Real Property including lease, rent, purchase, sale, land, buildings, leasehold interest, easements, encroachments, appraisals and payment of real estate commissions.
8. Payments required to be paid by the Region under statutory authority.
9. Subject to the provisions of the policy governing Front End Financing Agreements and Developer Reimbursements approved by Regional Council on October 30, 2003 as same may be amended from time to time (the "Policy"), works located on private property being developed, provided that the construction of the works at the expense of the Region has been approved by Regional Council in the Capital Budget for the year in which construction commences or a preceding year. This exemption is not applicable to works acquired by the Region, which are required or permitted by the Region to be the subject of a front end financing agreement.

SCHEDULE “B” - PROCUREMENT APPROVAL AUTHORITIES UNDER PART V

Method of Procurement	Dollar Range	Procurement Authority
Direct Purchase	Up to \$10,000	Any employee authorized by the Director of Procurement
Informal Request For Quotation	Greater than \$10,000 to \$25,000	Any employee authorized by the Director of Procurement including employees under Clause 4.2
Request for Quotation	Greater than \$25,000 to \$100,000	Manager of Procurement
Request for Tender	Greater than \$100,000 up to \$500,000	Director of Procurement
	Greater than \$500,000	Chief Financial Officer/ Deputy Chief of Police
Request for Proposal	Greater than \$10,000 to \$500,000	Director of Procurement
	Greater than \$500,000	Chief Financial Officer/ Deputy Chief of Police
Direct Negotiation	Greater than \$10,000 to \$100,000	Director of Procurement
	Greater than \$100,000 to \$250,000	Chief Financial Officer/ Deputy Chief of Police
	Greater than \$250,000	Regional Council/Police Services Board

**OTHER AWARDS REQUIRING COUNCIL APPROVAL
PROCUREMENT APPROVAL AUTHORITIES UNDER PART XVI**

Method of Procurement	Dollar Range	Procurement Authority
All procurement methods resulting in an Irregular Result (in accordance with s. 16.1.2)	All Dollar Values	Regional Council/Police Services Board
All procurement methods when directed by the Director of Procurement or the Chief Financial Officer (in accordance with s. 16.1.3)	All Dollar Values	Regional Council/Police Services Board



2018 Procurement By-Law

**Audit and Risk Committee
Thursday, April 19th, 2018**

Patricia Caza
Acting Director, Procurement



Why Update the Procurement By-law?

- Last update 2013
- Compliance with *Municipal Act, 2001* requirements
- Region's own requirements: 5-year Review
- Operational Excellence
 - National Institute of Governmental Procurement (NIGP) Outstanding Agency Achievement Award

Guiding Principles

Integrity

Fairness

Openness

Transparency

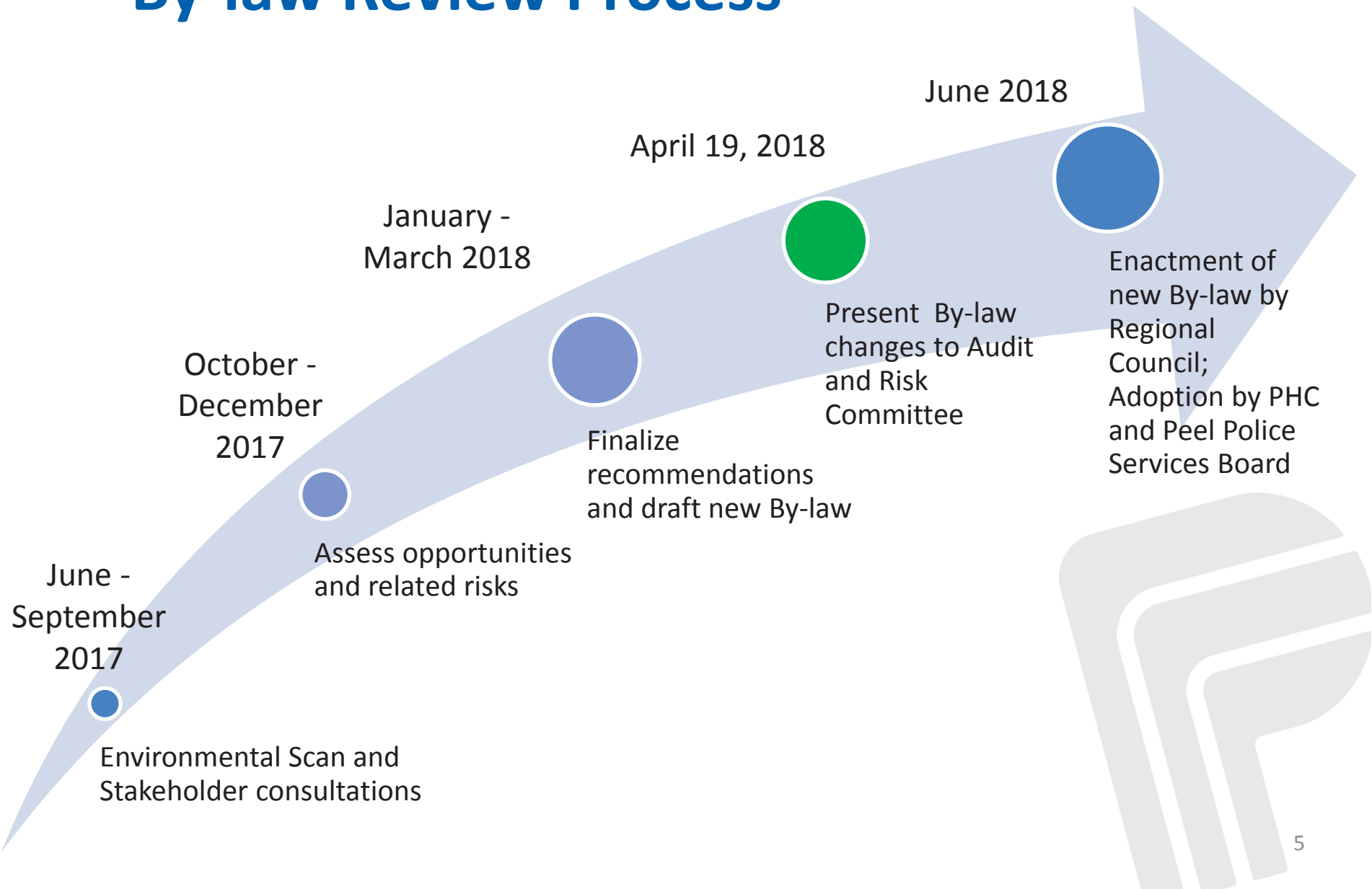
Focus of By-law Review



1. Alignment with Regional policies/programs and legislative requirements/trade agreements
2. Modernize Peel's procurement practices
3. Enhance clarity and transparency



By-law Review Process



Key By-law Changes

Alignment with Regional Policies and Legislative Requirements

- Sustainable Procurement
- Vendor Performance Management Program
- Electronic Bidding
- Government procurement requirements in recent CETA, CFTA and OQTCA Trade Agreements



Key By-law Changes

Modernizing Procurement Practices: RFP Awards

- **Best Value Bid** - The optimal balance of technical merit and cost
 - RFT – lowest compliant bid
(Example: standard watermain projects)
 - RFP – highest ranked compliant proposal
(Example: design engineering services)
- Peel's current state: Council awards RFPs above \$500,000
- Municipal scan: Staff authority to award RFPs of all values to Best Value Bid

SUMMARY OF ENVIRONMENTAL SCAN: RFP AWARDS

Municipality	Request for Proposal Approval Thresholds	Approval Authority
City of Mississauga	Greater than \$500,000	Department Head & Director of Purchasing
	Council approval not required to approve award if within budget and "Best Value Bid"	
City of Brampton	Greater than \$1,000,000	CAO
	Council approval not required to approve awards	
Town of Caledon	Between \$50,000 up to \$2,000,000 Provided award is within budget and to the best value bid	Department Director
	Greater than \$2,000,000	Council
Region of Halton	Greater than \$100,000	CAO
	Council approval not required to approve award if within budget and "Best Value Bid"	
City of Ottawa	Greater than \$500,000	Deputy City Manager
	Council approval not required to approve award if within budget and "Best Value Bid"	
City of Toronto	Between \$500,000 up to \$20,000,000	Bid Award Panel (CFO/ City Manager)
	Greater than \$20,000,000	Standing Committee
	Council approval not required to approve award if within budget and "Best Value Bid"	
Region of York	Between \$500,000 up to \$2,000,000	CAO
	Greater than \$2,000,000	Council
Region of Durham	Between \$40,000 up to \$125,000	Manager of Supply and Services
	Greater than \$125,000	Council / Standing Committee
Region of Waterloo	Between \$150,000 up to \$1,000,000	CAO
	Greater than \$1,000,000	Council

SUMMARY OF APPROVAL AUTHORITIES UNDER NEW BY-LAW

Method of Procurement	Dollar Range	Procurement Authority
Direct Purchase	Up to \$10,000	Any employee authorized by the Director of Procurement
Informal Request for Quotation	Greater than \$10,000 up to \$25,000	Any employee authorized by the Director of Procurement including employees under Clause 4.2
Request for Quotation (where award is within budget and to Best Value Bid)	Greater than \$25,000 up to \$100,000	Manager of Procurement
Request for Tender (where award is within budget and to Best Value Bid)	Greater than \$100,000 up to \$500,000	Director of Procurement
	Greater than \$500,000	Chief Financial Officer/ Deputy Chief of Police
Request for Proposal (where award is within budget and to Best Value Bid)	Greater than \$10,000 up to \$500,000	Director of Procurement
	Greater than \$500,000	Chief Financial Officer/ Deputy Chief of Police
Direct Negotiation	Greater than \$10,000 up to \$100,000	Director of Procurement
	Greater than \$100,000 up to \$250,000	Chief Financial Officer/ Deputy Chief of Police
	Greater than \$250,000	Regional Council/Police Services Board
Irregular Result (where recommended award is not within budget or is not Best Value Bid)	All Dollar Values	Regional Council/Police Services Board

Key By-law Changes

Modernizing Procurement Practices: RFP Awards

Delegated authority balanced by:

- limited legal latitude to deviate from awarding to winning bidder
- Council approval required for awards involving irregular results
- transparency through tri-annual procurement activity reporting to Council and public award posting

Key By-law Changes

Modernizing Procurement Practices

- Flexible Procurement
 - Negotiated RFPs
 - Best and Final Offer (BAFO) Processes
- Permit defined negotiations within the parameters of a competitive RFP process
- Successfully used in Peel
 - Example: Daniels affordable housing project



Key By-law Changes

Enhanced Clarity and Transparency

- Clarify and modernize language
- Alignment with current business practices
- Enable development of fluid policies and procedures
- Clarify delegated authority to CFO to award contracts during Council recesses and lame duck periods



New Procurement By-law

Results of By-law Review

A new Procurement By-law that is modernized and reflective of current public procurement trends, and that continues to embody the guiding principles of integrity, fairness, openness and transparency.



Questions?

2018 Procurement By-Law

Audit and Risk Committee

Thursday, April 19th, 2018

Patricia Caza

Acting Director, Procurement



For Information

DATE: April 4, 2018

REPORT TITLE: **BOARD OF HEALTH FINANCIAL CONTROLS CHECKLIST**

FROM: Stephen VanOfwegen, Commissioner of Finance and Chief Financial Officer
Nancy Polsinelli, Commissioner of Health Services
Jessica Hopkins, Medical Officer of Health

OBJECTIVE

To present the Audit and Risk Committee with the completed Board of Health Financial Controls Checklist, which is a review and assessment of the financial controls for the Public Health Unit and is required to be submitted to the Ministry of Health and Long-Term Care.

REPORT HIGHLIGHTS

- Funding for Public Health programs from the Ministry of Health and Long-Term Care is governed by the Public Health Funding and Accountability Agreement, which includes a schedule of financial controls.
- The Board of Health in the Region of Peel is Regional Council.
- Financial controls support the integrity of the Board of Health's financial statements, support the safeguarding of assets, and assist with the prevention and/or detection of significant errors including fraud.
- A review and assessment of financial controls is required through the Ministry's Financial Controls Checklist, which must also be received by the Board of Health for the 2017 funding year.
- Staff have reviewed the Financial Controls Checklist and assessed that the Board of Health is in compliance with the Ministry's requirements.

DISCUSSION
1. Background

Funding for Public Health programs from the Ministry of Health and Long-Term Care is governed by the Public Health Funding and Accountability Agreement (the "Accountability Agreement"), which since 2014 includes a schedule of financial controls.

BOARD OF HEALTH FINANCIAL CONTROLS CHECKLIST

Financial controls support the integrity of the Board of Health's (Regional Council's) financial statements, support the safeguarding of assets, and assist with the prevention and/or detection of significant errors including fraud.

The Board of Health is required to adhere to principles of financial controls that provide reasonable assurance that financial transactions include the following attributes: completeness, accuracy, authorization, validity, existence, error handling, segregation of duties, and presentation and disclosure.

The Board of Health is therefore required to have financial controls in place to meet the following objectives:

1. Controls are in place to ensure that financial information is accurately and completely collected, recorded, and reported.
2. Controls are in place to ensure that revenue receipts are collected and recorded on a timely basis.
3. Controls are in place to ensure that goods and services procurement, payroll and employee expenses are processed correctly and in accordance with applicable policies and directives.
4. Controls are in place in the fund disbursement process to prevent and detect errors, omissions or fraud.

A review and assessment of financial controls is required through the Ministry's Financial Controls Checklist, which must also be received by the Board of Health for the 2017 funding year.

2. Findings

The Financial Controls Checklist (attached in Appendix I) consists of a number of controls categorized under each of the four control objectives mentioned above.

Staff undertook a review of the Ministry's Checklist, comparing it to the Region of Peel's existing financial controls. The review assessed that the Region's financial controls are consistent with those in the Accountability Agreement.

CONCLUSION

Staff have reviewed the Financial Controls Checklist and assessed that the Board of Health is in compliance with the Ministry's requirement for financial controls as outlined in the Public Health Funding and Accountability Agreement.



Stephen VanOfwegen, Commissioner of Finance and Chief Financial Officer

BOARD OF HEALTH FINANCIAL CONTROLS CHECKLIST



Nancy Polsinelli, Commissioner of Health Services



Jessica Hopkins, MD MHSc CCFP FRCPC, Medical Officer of Health

Approved for Submission:



D. Szwarc, Chief Administrative Officer

APPENDICES

Appendix I – Financial Controls Checklist

For further information regarding this report, please contact Daniella Samulewski, Manager, Financial Support Unit, extension 2678.

Authored By: Heidi Bischof

Reviewed in workflow by:

Financial Support Unit

Financial Controls Checklist

Board of Health:	Board of Health for Peel Public Health	Period ended:	Dec. 31/17
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Objective:

- The objective of the Financial Controls Checklist is to provide the Board of Health and the Public Health Unit with a tool for evaluating financial controls while also promoting effective and efficient business practices.

Responsibilities:

- This checklist is for the management of the public health unit to document that controls have been implemented. The controls listed in the checklist are not meant to be exhaustive. Management of the public health unit should outline other key controls in place for achieving the control objectives. One must note that no effective financial control is achieved by signing the checklist. The control is achieved through carrying out the key controls themselves.
- The following table outlines the responsibilities for completing and using this Financial Controls Checklist.

Description of Responsibilities	Board of Health	Management of the Public Health Unit
• Completion of Financial Controls Checklist		✓
• Review and assessment of the completed Financial Controls Checklist	✓	✓
• Ongoing design of financial controls		✓
• Ongoing preparation of policies related to financial controls		✓
• Ongoing testing of financial controls		✓
• Ongoing monitoring of financial controls testing results	✓	✓
• Approval of key financial controls and related policies	✓	✓
• Implementation of financial controls		✓

Financial controls support the integrity of the Board of Health's financial statements, support the safeguarding of assets, and assist with the prevention and/or detection of significant errors including fraud. Effective financial controls provide reasonable assurance that financial transactions will include the following attributes:

- **Completeness** – all financial records are captured and included in the board of health's financial reports;
- **Accuracy** – the correct amounts are posted in the correct accounts;
- **Authorization** – the correct levels of authority (i.e. delegation of authority) are in place to approve payments and corrections including data entry and computer access;
- **Validity** – invoices received and paid are for work performed or products received and the transactions properly recorded;
- **Existence** – assets and liabilities and adequate documentation exists to support the item;
- **Error Handling** – errors are identified and corrected by appropriate individuals;
- **Segregation of Duties** – certain functions are kept separate to support the integrity of transactions and the financial statements; and,
- **Presentation and Disclosure** – timely preparation of financial reports in line with the approved accounting method (e.g., Generally Accepted Accounting Principles (GAAP)).

BOARD OF HEALTH FINANCIAL CONTROLS CHECKLIST

Control Objective	Controls / Description	Control Deficiency (If Any) And Potential Impact
<p>1. Controls are in place to ensure that financial information is accurately and completely collected, recorded and reported.</p>	<p>Please select (☒) any following controls that are relevant to your board of health:</p> <ul style="list-style-type: none"> ☒ Documented policies and procedures to provide a sense of the organization’s direction and address its objectives. ☒ Define approval limits to authorize appropriate individuals to perform appropriate activities. ☒ Segregation of duties (e.g., ensure the same person is not responsible for ordering, recording and paying for purchases). ☒ An authorized chart of accounts. ☒ All accounts reconciled on a regular and timely basis. ☒ Access to accounts is appropriately restricted. ☒ Regular comparison of budgeted versus actual dollar spending and variance analysis. ☒ Exception reports and the timeliness to clear transactions. ☒ Electronic system controls, such as access authorization, valid date range test, dollar value limits and batch totals, are in place to ensure data integrity. ☒ Use of a capital asset ledger. ☒ Delegate appropriate staff with authority to approve journal entries and credits. ☒ Trial balances including all asset accounts that are prepared and reviewed by supervisors on a monthly basis. <input type="checkbox"/> Other – (Please specify) 	<p><i>List control deficiencies and their potential impact.</i></p> <p><i>What is the action plan to correct the identified control deficiencies? Who is responsible to action the items? When will they be actioned?</i></p> <p><i>No control deficiencies noted at this time. When deficiencies are noted, risks are assessed and mitigating and/or improvements to controls are implemented, both in the interim and long-term.</i></p>

BOARD OF HEALTH FINANCIAL CONTROLS CHECKLIST


Control Objective	Controls / Description	Control Deficiency (If Any) And Potential Impact
<p>2. Controls are in place to ensure that revenue receipts are collected and recorded on a timely basis.</p>	<p>Please select (☒) any following controls that are relevant to your board of health:</p> <ul style="list-style-type: none"> ☒ Independent review of an aging accounts receivable report to ensure timely clearance of accounts receivable balances. ☒ Separate accounts receivable function from the cash receipts function. ☒ Accounts receivable sub-ledger is reconciled to the general ledger control account on a regular and timely basis. ☒ Original source documents are maintained and secured to support all receipts and expenditures. <input type="checkbox"/> Other – (Please specify) 	<p><i>List control deficiencies and their potential impact.</i></p> <p><i>What is the action plan to correct the identified control deficiencies? Who is responsible to action the items? When will they be actioned?</i></p> <p><i>No control deficiencies noted at this time. When deficiencies are noted, risks are assessed and mitigating and/or improvements to controls are implemented, both in the interim and long-term.</i></p>

BOARD OF HEALTH FINANCIAL CONTROLS CHECKLIST

Control Objective	Controls / Description	Control Deficiency (If Any) And Potential Impact
<p>3. Controls are in place to ensure that goods and services procurement, payroll and employee expenses are processed correctly and in accordance with applicable policies and directives.</p>	<p>Please select (☒) any following controls that are relevant to your board of health:</p> <ul style="list-style-type: none"> ☒ Policies are implemented to govern procurement of goods and services and expense reimbursement for employees and board members. ☒ Use appropriate procurement method to acquire goods and services in accordance with applicable policies and directives. ☒ Segregation of duties is used to apply the three way matching process (i.e. matching 1) purchase orders, with 2) packing slips, and with 3) invoices). ☒ Separate roles for setting up a vendor, approving payment and receiving goods. ☒ Separate roles for approving purchases and approving payment for purchases. ☒ Processes in place to take advantage of offered discounts. ☒ Monitoring of breaking down large dollar purchases into smaller invoices in an attempt to bypass approval limits. ☒ Accounts payable sub-ledger is reconciled to the general ledger control account on a regular and timely basis. ☒ Employee and Board member expenses are approved by appropriate individuals for reimbursement and are supported by itemized receipts. ☒ Original source documents are maintained and secured to support all receipts and expenditures. ☒ Regular monitoring to ensure compliance with applicable directives. ☒ Establish controls to prevent and detect duplicate payments. ☒ Policies are in place to govern the issue and use of credit cards, such as corporate, purchasing or travel cards, to employees and board members. . ☒ All credit card expenses are supported by original receipts, reviewed and approved by appropriate individuals in a timely manner.. ☒ Separate payroll preparation, disbursement and distribution functions. <input type="checkbox"/> Other – (Please specify) 	<p><i>List control deficiencies and their potential impact.</i></p> <p><i>What is the action plan to correct the identified control deficiencies? Who is responsible to action the items? When will they be actioned?</i></p> <p><i>No control deficiencies noted at this time. When deficiencies are noted, risks are assessed and mitigating and/or improvements to controls are implemented, both in the interim and long-term.</i></p>

Control Objective	Controls / Description	Control Deficiency (If Any) And Potential Impact
<p>4. Controls are place in the fund disbursement process to prevent and detect errors, omissions or fraud.</p>	<p>Please select (☒) any following controls that are relevant to your board of health:</p> <ul style="list-style-type: none"> ☒ Policy in place to define dollar limit for paying cash versus cheque. ☒ Cheques are sequentially numbered and access is restricted to those with authorization to issue payments. ☒ All cancelled or void cheques are accounted for along with explanation for cancellation. ☒ Process is in place for accruing liabilities. ☒ Stale-dated cheques are followed up on and cleared on a timely basis. ☒ Bank statements and cancelled cheques are reviewed on a regular and timely basis by a person other than the person processing the cheques / payments. ☒ Bank reconciliations occur monthly for all accounts and are independently reviewed by someone other than the person authorized to sign cheques. <input type="checkbox"/> Other – (Please specify) 	<p>List control deficiencies and their potential impact.</p> <p>What is the action plan to correct the identified control deficiencies? Who is responsible to action the items? When will they be actioned?</p> <p>No control deficiencies noted at this time. When deficiencies are noted, risks are assessed and mitigating and/or improvements to controls are implemented, both in the interim and long-term.</p>

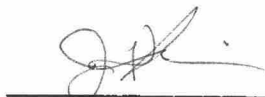
Prepared by :


 Daniella Semata-Sli
 Manager, Financial Support Unit

Date:

Feb 12/2018

Approved by :


 Medical Officer of Health/
 Chief Executive Officer

Date:

Feb 13, 2018

Received by the Board of Health at the board meeting held on:

Date:

April 19, 2018 (Audit Committee)



January 19, 2018

Rick L. Grimm, CPPO, CPPB
Chief Executive Officer

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David Szwarc
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Regional Municipality of Peel
10 Peel Centre Drive, Suite A, 5th Floor
Brampton, ON L6T 4B9

Dear Mr. Szwarc,

On behalf of the NIGP Governing Board, I am pleased to inform you that the Regional Municipality of Peel has earned reaccreditation for NIGP's Outstanding Agency Accreditation Award – OA⁴. Congratulations!

The OA⁴ award formally recognizes excellence in public procurement through the establishment of a body of standards that evidence sound procurement practice. The enclosed certificate and the achievement it represents is a testament to your procurement team's commitment to professional practice and demonstrated abilities.

Regional Municipality of Peel belongs to an elite group of procurement organizations. While the NIGP membership represents over 3,000 governmental agencies throughout the United States and Canada, only 149 governments have attained this distinction. The agency is now challenged by its OA⁴ peers to achieve the Pareto Award of Excellence in Public Procurement – the pinnacle achievement for public procurement agencies.

The enclosed certificate and the achievement it represents reinforces the credibility of your purchasing team - an accomplishment that should be highly regarded by the agency's elected officials and the citizenry you serve.

Again, my highest congratulations.

Sincerely,

Rick Grimm, CPPO, CPPB, FCIPS
Chief Executive Officer

Enclosure

RECEIVED
February 16, 2018
REGION OF PEEL
OFFICE OF THE REGIONAL CLERK

REFERRAL TO _____
RECOMMENDED _____
DIRECTION REQUIRED _____
RECEIPT RECOMMENDED

