The Region of Peel Audit and Risk Committee met on May 25, 2017 at 8:35 a.m., in the Council Chamber, 5th Floor, Regional Administrative Headquarters 10 Peel Centre Drive, Suite A, Brampton, Ontario.

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

Members Absent: Nil

Also Present: D. Szwarc, Chief Administrative Officer; L. Graham-Watson, Commissioner of Corporate Services; P. O'Connor, Regional Solicitor; S. VanOfwegen, Commissioner of Finance, Chief Financial Officer and Acting Commissioner of Service Innovation, Information & Technology; J. Smith, Commissioner of Public Works; N. Polsinelli, Commissioner of Health Services; D. Bingham, Treasurer and Director of Corporate Finance; M. Morris, Director, Internal Audit; K. Lockyer, Regional Clerk; H. West, Committee Clerk; D. Obaseki, Acting Legislative Assistant

1. **DECLARATIONS OF CONFLICTS OF INTEREST** – Nil

2. **APPROVAL OF AGENDA**

   **RECOMMENDATION ARC-7-2017:**

   That the agenda for the May 25, 2017, Audit and Risk Committee meeting be approved.

3. **DELEGATIONS**

3.1. **Stephen VanOfwegen, Commissioner of Finance and Chief Financial Officer, Region of Peel**, Presenting the 2015 Government Finance Officers Association Canadian Award for Financial Reporting to Corporate Finance Staff

   Received

* See text for arrivals
  ♦ See text for departures
Stephen VanOfwegen, Commissioner of Finance and Chief Financial Officer, recognized staff from the Corporate Finance team for their work on the 2015 Annual Financial Report. He announced that the Region of Peel received the Government Finance Officers Association Canadian Award for Excellence in Accounting and Financial Reporting for 2015, for the 15th consecutive year, noting that 2015 was the first year that the financial statements were compliant with the Accessibility for Ontario Disability Act requirements.

3.2. Paul Lech, Partner, Risk Advisory, and Danaish Singh, Manager, Deloitte, Regarding the Region of Peel Cash Management Strategy Plan

Paul Lech, Partner, Risk Advisory, Deloitte, stated that Deloitte was retained to review the Region of Peel’s Treasury organization and Cash Management Strategy to ensure that the Region of Peel is well equipped to optimize investment returns. He outlined the observations and recommendations that are being made to heighten investment returns, including: 1) investment strategy practices; 2) borrowing strategy implementation; and, 3) a treasury function evolution. Paul Lech advised that the recommendations could be implemented within the Region’s current risk appetite.

In response to a question raised by Councillor Miles, Stephen VanOfwegen, Commissioner of Finance and Chief Financial Officer, stated that the Region of Peel currently administers approximately 40 investment transactions per year in a ‘passive’ environment and that similar sized municipalities that use an ‘active’ investment strategy will make approximately 700 transactions per year. He noted that additional staff such as a Portfolio Manager, Investment staff and Analysts would be required to meet the ‘active’ investment transaction demands.

In response to a question raised by Councillor Starr regarding comparisons of peer benchmarks, Stephen VanOfwegen stated that in 2015, two municipalities using an ‘active’ investment approach had a 3.95 and 4.48 per cent return compared to the Region of Peel’s ‘passive’ investment return at 3.1 per cent. He noted that it is anticipated that annual returns will increase by at least 0.10 per cent resulting in additional investment income of $2.3M. A comprehensive benchmarking program for different investment streams will be implemented and monitored closely.

Councillor Starr asked if staff have looked at pooling funds through municipalities that are using an active investment approach and whether there would be efficiencies by pooling funds. Dave Bingham, Treasurer and Director of Corporate Finance, responded that the active investment approach deals primarily with fixed income due to the current legislation. He noted that the proposed Prudent Investment Legislation will set out the ability to leverage prudent options and to work in different pools. Dave Bingham added that there is currently a pooled fund called “One Fund” which is offered through the Association of Municipalities of Ontario and the Municipal Finance Officers’ Association, however the Region of Peel’s investment rates are higher and the costs are lower.

Councillor Ras requested that staff provide a status update to Regional Council in approximately six months.
4. REPORTS

4.1. Region of Peel Cash Management Strategy

RECOMMENDATION ARC-8-2017:

That the Region of Peel’s Cash Management Strategy, be approved;

And further, that four Full Time Equivalents required to enable the Region of Peel’s Cash Management Strategy, be approved;

And further, that the annual costs to enable the Region of Peel’s Cash Management Strategy, estimated to be $800,000 including staffing, funded from within the existing 2017 Budget or from a working fund reserve draw if required, be approved;

And further, that a capital project in the amount of $985,000 and funded from the Financial Management Information Systems reserve R2313, to support the 18-24 month Cash Management Strategy implementation project, be approved.

5. COMMUNICATIONS – Nil

6. IN CAMERA MATTERS – Nil

7. OTHER BUSINESS – Nil

8. NEXT MEETING

The next meeting of the Audit and Risk Committee is scheduled for October 5, 2017 at 11:00 a.m. in the Council Chamber, 5th floor, Regional Administrative Headquarters, Suite A, 10 Peel Centre Drive, Brampton, Ontario.

Please forward regrets to Helena West, Committee Clerk, (905) 791-7800 ext. 4697 or at helena.west@peelregion.ca.

9. ADJOURNMENT

The meeting adjourned at 9:02 a.m.