



Background

The Governmental Accountability Framework largely comprises the following elements:

- Intergovernmental Steering Committee
- Contribution Agreement Funding Mechanism
- Government Audit Framework

Intergovernmental Steering Committee (IGSC)

As the three orders of government are ultimately accountable for their respective expenditure of funds through Waterfront Toronto, they established the IGSC at the outset of the creation of Waterfront Toronto.

The federal government is represented by the Deputy Minister of Infrastructure (Infrastructure Canada), the Province of Ontario by the Deputy Minister of the Ministry of Infrastructure, and the City of Toronto by the City Manager and/or the Deputy City Manager. Waterfront Toronto is invited to participate in quarterly meetings of the IGSC to discuss issues of importance and report its progress. Governments also have closed sessions of the IGSC without Waterfront Toronto present to discuss matters amongst themselves.

The Chair of the IGSC is rotated on a regular basis among the government partners.

The IGSC serves as a focal point for intergovernmental management and coordination on matters related to waterfront revitalization. Specifically, the IGSC's mandate is to:

- Coordinate activities of the three levels of government and Waterfront Toronto with respect to waterfront revitalization;
- Serve as a forum for information exchange and sharing of advice related to the implementation of projects;
- Undertake joint planning to ensure that proposed projects are in keeping with the goals and objectives of waterfront revitalization;
- Coordinate and manage contribution agreements and its related activities with Waterfront Toronto;
- Approve the 5-year plan, business plans and annual reports produced by Waterfront Toronto;
- Monitor Waterfront Toronto's annual budgets and forecasts;
- Discuss and evaluate governance options and models to ensure revitalization is implemented effectively and efficiently; and
- Establish working groups, as required, and provide advice and direction on sub-issues. For example, the Operations Working Group (OWG) is a sub-committee of the IGSC and meets quarterly (or as needed) to discuss the quarterly funding request and provide oversight with respect to the overall Contribution Agreement funding mechanism. The OWG is made up of Waterfront Toronto finance and project staff, together with representatives of each of the government secretariats.

The next IGSC meeting is scheduled for Monday, April 14, 2017.

Contribution Agreement Funding Mechanism

- The Corporation's key government funding mechanism is through Contribution Agreements (CAs), which provide funding on a project by project basis, based on pre-determined scope and key deliverables, over a defined time-period.
- Total committed funding to Waterfront Toronto from the three orders of government is currently \$1.3 billion. This represents approximately 73% of Waterfront Toronto planned investments of \$1.77 billion (net of \$0.37 billion non-Waterfront Toronto directed investments/government flow-throughs) as per the 2017/18 Corporate Plan.
- Of the \$1.3 billion total government funding for Waterfront Toronto projects, approximately \$1.2 billion in government funding is covered by 94 executed CAs (23 live/active CAs, 71 closed CAs). The remaining \$0.1 billion will be covered by future CAs mainly for the tri-government funding of the Cherry Street Stormwater & Lakefilling project.
- Waterfront Toronto receives funding from the governments quarterly in advance, through the CA Funding Request process.
- The Funding Request process is a comprehensive forecasting exercise based on current and future commitments for the next quarter, together with actual costs incurred and offset by funding received to date. This information is broken down by CA and by project.
- In support of the quarterly request amount (which covers all active CA's), Waterfront Toronto also submits the following information:
 - Progress update reports for each active project highlighting major accomplishments (actual and forecast), and issues (if any);
 - Statement of eligible costs by CA;
 - Corporate Plan Key Deliverables Status Report; and
 - Media statistics and other key performance measurement information.
- Governments complete a due diligence review of the request and will ask for additional information and clarification before approving the request for payment.
- Waterfront Toronto has a number of internal controls in place to ensure compliance of key CA terms. Specifically, there are system controls which prevent the Corporation from committing to/incurring costs in excess of available CA funding at the project level, and also to costs outside the CA eligible date range. These controls are further supplemented by a thorough manual review and approval of pending commitments to ensure these are within the scope and eligibility criteria of the CA.

Government Audit Framework

- As per the terms of the CAs, the Corporation is subject to audits by the three orders of government.
- To date Waterfront Toronto has undergone 15 government audits including a Strategic Review in 2015 (refer to the attached summary).
- The City of Toronto Waterfront Secretariat (the City) is leading the tri-government audit program for 2016-17 and retained Ernst & Young (EY) to undertake an audit on CA compliance for two CAs.
- This audit was completed in February 2017, and Waterfront Toronto and the City are jointly working on addressing the recommendations and formulating an action plan. Waterfront Toronto will report the findings to the FARM Committee at the next meeting.

Committee Action Required

None

WATERFRONTO TORONTO

APPENDIX 1

History of Audits

February 28, 2017

YEAR	Internal Audits	Government Audits	Total no.
2016/17		- Contribution Agreements: West Don Lands Precinct & East Bayfront Continued Implementation (City)	1
2015/16	- Cash Forecasting Process Review (MNP LLP) - Billing & Collections (MNP LLP)		2
2014/15	- Construction Audit for the Bayside Project (MNP LLP)	- Provincial audit on follow up of 2007 VFM audit recommendations and review of revenue generation capacity (Province) - City-Wide Risk Assessment - Waterfront Strategic Review (City)	4
2013/14	- Cash handling & reporting - 7 Queens Quay (MNP LLP) - Review of Queens Quay Project (MNP LLP)	- Federal TWRI Program Evaluation	3
2012/13	- Contract commitments (MNP LLP) - Project budget management (MNP LLP) - Sales tax review (Stratos Consulting)	- Contribution Agreement: District Energy (Federal)	4
2011/12			-
2010/11		- Contribution Agreement: Central Waterfront Public Realm (Federal) - Contracting Practices (Federal)	2
2009/10		- Contribution Agreement: Transitional Sports Fields (Federal) - Contribution Agreement: Harbourfront Canada Square Feasibility Study (Federal) - Contribution Agreement: Don River Park Design (Federal)	3
2008/09	- Program Management Review (PWC) - Schedule Control (PWC)	- Contribution Agreement: Western Beaches Watercourse (Federal)	3
2007/08	- Funding Process Review (PWC)	- Federal TWRI Program Evaluation (Malatest Consulting)	2
2006/07	- Contribution Agreement Compliance (PWC)	- Value for Money Audit (Tri-government)	2
2005/06	- Eligible Recipient Management (PWC) - Eligible Recipient Procurement (PWC) - HR & Payroll (PWC)	- Contribution Agreement: Priority Projects (Federal)	4
2004/05	- Eligible Recipient Audit - Harbourfront Corporation (Stantec) - Procurement function (Stantec)		2
TOTALS			17 15 32