



Finance, Audit & Risk Management Committee – March 9, 2017
Item 10 - Enterprise Risk/Audit Update
Lisa Taylor

Background

- The mandate of the Finance, Audit & Risk Management (FARM) Committee includes the appointment of internal auditors (as appropriate), as well as oversight of Enterprise Risk Management. In particular:
 - 1) Review with Management significant matters involving the status of the Corporation's enterprise risk management activities, and
 - 2) Make recommendations to the Board with respect to various material risks affecting the Corporation and the adequacy of the controls in place to identify, assess, manage and mitigate such risks.
- To support these oversight responsibilities, the FARM Committee has appointed an internal auditor to determine key risk areas and undertake a risk-based internal audit plan.
- Since 2005 Waterfront Toronto has undertaken 17 internal audits covering key risk areas (see Appendix 1 attached), the last one completed by MNP LLP in March, 2016 on Billings & Collections.
- The FARM Committee also has oversight responsibility for Project Risk Management and this is reported quarterly under the "Project Updates" section of the FARM materials.

Update

Enterprise Risk and Internal Audit Framework

- Management is currently in the process of updating its enterprise risk matrix (last version completed in March, 2016) based on Waterfront Toronto's new strategic priorities. This will include:
 - 1) The identification of key risks and the respective risk owner;
 - 2) An assessment of the impact and likelihood of the risk (inherent risk);
 - 3) Development of the mitigation measures and assessment of the effectiveness; and
 - 4) An assessment of the risk level after the mitigation strategies (residual risk).
- The top ten residual risks will be presented at the next FARM Committee meeting together with a recommendation regarding the re-procurement of an internal auditor (if required).
- Internally, the updated risk matrix will be a live document that is regularly updated and used as an ongoing management tool to ensure all key risks are being effectively managed and mitigated to support the achievement of the Corporation's strategic objectives.

Government Audit Framework

- The Corporation is also subject to audits by the three orders of government.
- To date Waterfront Toronto has undergone 15 government audits including a Strategic Review in 2015.
- The City of Toronto Waterfront Secretariat (the City) is leading the tri-government audit program for 2016-17 and has retained Ernst & Young (EY) to undertake an audit on Contribution Agreement Compliance.
- 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

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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
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