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Finance, Audit & Risk Management Committee Meeting

WEDNESDAY, FEBRUARY 26, 2020 FROM 9:30AM TO 11:30AM

WATERFRONT TORONTO

13TH FLOOR, WATERPARK PLACE

20 BAY STREET, SUITE 1310

TORONTO, ON, M5J 2N8



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Meeting Book - Finance, Audit & Risk Management Committee Meeting

Agenda - February 26, 2020 FARM Committee Meeting

9:30 a.m.	1. Motion to Approve Meeting Agenda	Approval	K. Sullivan
9:35 a.m.	2. Declaration of Conflicts of Interest	Declaration	K. Sullivan
9:40 a.m.	3. Consent Agenda		K. Sullivan
	a) Highlights of Key Messages - Page 5	Information	All
	b) 2020 FARM Committee Workplan	Approval	L. Taylor
	Coversheet - Page 7		
	2020 FARM Committee Workplan - Page 8		
	c) Draft Minutes Open Session FARM Committee meeting November 21, 2019 - Page 12	Approval	All
	d) Q3 2019/20 Macro Dashboard (Corporate & Project Reporting):	Information	D. Kusturin & L. Taylor
	Coversheet - Page 17		
	Macro Dashboard - Page 18		
	i) Q3 2019/20 Corporate Plan Performance Dashboard - Page 19		
	ii) Finance & Administration Dashboards:		
	a) Enterprise Risk Management (ERM)		
	ERM Dashboard - Page 21		
	b) Audit		
	Audit Dashboard - Page 22		
	Govt Audit Dashboard (Appendix 2) - Page 23		
	c) Liquidity/Cash Flow Forecast - Page 26	Information	L. Taylor
	d) Update on Enterprise Resources Planning (ERP) Implementation - Page 27	Information	Lisa Taylor & Emil Zelic
	e) December 31, 2019 Unaudited Financial Statements		
	Coversheet - Page 28		
	The December 31, 2019 Unaudited Financial Statements is attached under Appendix A to the board book		

iii. Capital Projects:

- | | | | |
|----|--|-------------|-------------|
| a) | Port Lands Flood Protection (PLFP) Dashboard
Coversheet - Page 29
PLFP Dashboard - Page 30 | Information | D. Kusturin |
| b) | Individual Project Status Dashboards
1) Coversheet Cherry Street Lake Filling (CSLF) - Page 35
The CSLF Dashboard is attached under Appendix B of this Board Book
2) Coversheet Bayside External Services - Page 36
The Bayside External Dashboard is attached under Appendix B of this Board Book
3) Coversheet Bayside Phase 2 - Page 37
The Bayside Phase 2 Dashboard is attached under Appendix B of this board book | Information | D. Kusturin |
| e) | Quarterly Procurement Report
Procurement Exception Report - Page 38
The blackline copy of the revised Procurement Policy is attached under Appendix C to the board book | Information | K. Newson |
| f) | Regulatory Compliance Report - Page 40 | | |
| g) | Fundraising Action Plan Update Report - Page 44 | | |

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|------------|--|-------------|----------------------------------|
| 9:50 a.m. | 4. Capital Approval
Port Lands Flood Protection (PLFP)
Lake Shore Bridge Alternative Case Phase 1
Coversheet - Page 46
The PLFP Capital Approval Lake Shore Bridge Alternative Case Phase 1 Presentation is attached under Appendix D to the board book | Approval | D. Kusturin |
| 10:05 a.m. | 5. Port Lands Flood Protection Update
Report of the Independent Capital Monitor
Coversheet - Page 47
The Independent Capital Project Monitoring and Assurance Services Consultant Report #6 (Extract of the Dashboard) is attached under Appendix E to the board book | Information | BTY
Consultancy
Group Inc. |
| 10:15 a.m. | 6. 2018/19 – 2019/20 Internal Audit Plan Update
Coversheet - Page 48
MNP's summary presentation and Procurement Audit Planning Memo are attached under Appendix F to the board book | Information | Lisa
Taylor/MNP
LLP |
| 10:30 a.m. | 7. External Audit Plan 2019/20
Coversheet - Page 49
The 2019/2020 External Audit Planning Letter from BDO is attached under Appendix G of the board book | Approval | BDO |

10:40 a.m.	<p>8. Motion to go into Closed Session</p> <p>Closed Session Agenda The Committee will discuss items 9, 10, 11, 12(a) & (b) and 13 being, Annual Review – Risk Appetite Statement, 2020/21 – 2022/23 Internal Audit Fee Proposal and Contract, Waterfront Transit Network- Update, consideration of the draft minutes of the Closed Session of the Nov 21, 2019 FARM meeting, Ontario Treasury Board Audit and the Committee Chair Discussion, respectively, in a Closed Session as permitted by By-Law No.2 of the Corporation. The exception relied upon for the discussion on item 9 is Section 6.1.1(l), for item 10 is Section 6.1.1(j), for item 11 is Section 6.1.1(i), for item 12(a) is provided in the minutes of the Open Session November 21, 2019 FARM Committee meeting under item 3(c) of this agenda, for item 12(b) is Section 6.1.1(i) and for item 13 is Section 6.1.1(b) of By-Law No. 2. The Committee will continue in Open Session at the end of the Closed Session to vote on any resolutions pertaining to the Closed Session.</p>	Approval	All
11:25 a.m.	<p>14. Motion to go into Open Session</p> <p>Public Session Agenda</p>	Approval	All
11:25 a.m.	<p>15. Resolutions Arising from the Closed Session</p> <p>Draft Resolutions Arising from the Closed Session - Page 50</p>	Approval	K. Sullivan
11:30 a.m.	<p>16. 2020/21 to 2022/23 Internal Audit Plan</p> <p>Coversheet - Page 51</p> <p>The MNP LLP Internal Audit Plan Presentation is attached under Appendix K o the board book</p>	Approval	MNP LLP
11:35 a.m.	17. Motion to Adjourn the Meeting	Approval	All



**Finance, Audit and Risk Management Committee – February 26, 2020
Item 3 (a) Meeting Materials - Highlights of Key Messages**

Agenda Item	Key Message
3 b) 2020 FARM Committee Workplan For Approval	Outlines the key items of the FARM Committee mandate and how these are addressed for review and approval at each quarterly FARM Committee meeting during the 2020 calendar year.
3 d i) 2019/20 Corporate Plan Performance For Information (FI)	As of Q3 2019/20, WT is on track to achieve the following for 2019/20: <ul style="list-style-type: none"> • 50% (Q2: 70%) of key deliverables (10 out of 20); • 82% (Q2: 93%) of annual capital investment plan; and • 99% (Q2: 112%) of annual revenues.
3 d ii a) Enterprise Risk Management (ERM) (FI)	No current critical enterprise risks impacting operations.
3 d ii b) Audit Environment (FI)	New audit monitoring dashboard - 91%-100% audit action item implementation rate this quarter.
3 d ii c) Cash Flow / Liquidity Forecast (FI)	Positive cash balance > \$50M and no current requirement to borrow; Approval process continues with governments to renew Borrowing Consent (expires March 31, 2020). Toronto approval secured Jan 29, 2020.
3 d ii d) Enterprise Resource Planning (ERP) Implementation (FI)	Go-Live implementation for new Dynamics 365 (D365) ERP system achieved December 2, 2019. ERP team continues to work through the three-month system stabilization period, staff training and version 10 upgrade.
3 d ii e) Dec 31, 2019 Unaudited Financial Statements (FI)	This is the first set of financial statements reported from the new ERP system. Financial activities for the nine months to December 31, 2019 increased significantly from the same period last year, primarily due to increased construction activity on the Port Lands Flood Protection project.
3 d iii) Capital Projects (FI)	All projects are proceeding in accordance with the Board Approved Rolling Five Year Strategic Plan (2019/20 – 2023/24).
3 e) Quarterly Procurement Report (FI)	Six exceptions to the Procurement Policy are noted, four single source goods and services contracts (total \$474,000) and two single source consulting contracts (total \$41,000). The exceptions were largely due to time constraints and/or need for specialist knowledge. No contracts in excess of \$5 million were awarded this quarter. One amendment to the Procurement policy (Sec 5.2(5)) regarding clarification on Research and Market Sounding.
3 f) Regulatory and Operational Compliance (FI)	All required actions by the Corporation for regulatory compliance obligations have been performed as of December 31, 2019.
3 g) Fundraising Action Plan Update (FI)	Management has provided an update on its progress to date on the priority deliverables in the Fundraising Action Plan.
4) Capital Project Approval For Approval	In accordance with Corporation's <i>Delegations of Authority policy (Oct 10, 2019)</i> , management is seeking Capital Project Approval of \$16M for preconstruction services for the Lakeshore Bridge Alternative Solution as part of the PLFP project. This is not currently part of the approved Rolling Five Year Strategic Plan.
5) Port Lands Flood Protection (PLFP) Update (FI)	Report of the Independent Capital Monitor (BTY) notes that the PLFP project continues to be on budget, on schedule and has no material scope changes.
6) 2018/19 – 2019/20 Internal Audit Plan Update (FI)	Report from the WT's internal auditor, MNP LLP, on the Corporation's Employee Wellness Program (no high-risk findings), together with the planning memo for the Procurement Audit.
7) 2019/20 External Audit Plan For Approval	Planning Report from WT's external auditors, BDO LLP, with respect to their audit of the Corporation's year end March 31, 2020 financial statements. Scope this year includes ERP system conversion and data migration.



**Finance, Audit and Risk Management Committee – February 26, 2020
Item 3 (a) Meeting Materials - Highlights of Key Messages**

9) Annual Review – Risk Appetite Statement (FI)	Management is proposing no change to the Corporation’s risk appetite level and risk tolerances however has added an additional appendix on examples of past Waterfront Toronto innovation projects for context.
10) Internal Audit Fee Proposal For Approval	MNP LLP has provided their fee proposal for a three-year audit plan April 1, 2020 to March 31, 2023, two internal audits per annum.
11) Waterfront Transit Network – Update (FI)	Management has provided an update on the Waterfront Transit Network.
12 b) Ontario Treasury Board Audit (FI)	Report from Ontario Treasury Board Internal Audit Division on Financial Planning and Reporting Processes Related to Consolidation of WTs forecasts. Management has substantially implemented two of the three recommendations.
16) 2020/21 – 2022/23 Internal Audit Plan For Approval	MNP LLP, WTs internal auditors, will present their draft three-year internal audit plan which includes six audits (two per annum) in the areas of performance measurement, HR capacity planning, ERP and PMO internal controls, communications & engagement, and document management.



Finance, Audit & Risk Management Committee – February 26, 2020
Item 3(b) – 2020 FARM Committee Workplan
Lisa Taylor

Purpose	For Committee Approval
Areas of note/ Key issues	<p>The 2020 FARM Committee Workplan outlines the key items of the FARM Committee mandate and how these are addressed for review and approval at each of the following quarterly FARM Committee meetings:</p> <ul style="list-style-type: none"> • February 26, 2020; • May 28, 2020; • September 17, 2020; and • November 26, 2020. <p>The core responsibilities of the FARM Committee mandate include financial reporting, internal controls, external and internal auditor appointments, government audits, financial planning, enterprise risk management and project risk management.</p>
Resolution/ Next Steps	<p>ON MOTION duly made, seconded, and carried, be it RESOLVED that the Finance, Audit and Risk Management Committee approves the 2020 FARM Committee mandate.</p> <p>The next FARM Committee meeting on May 28, 2020 will review the Corporation’s 2019/20 year-end results.</p>

WATERFRONT TORONTO
Finance, Audit and Risk Management Committee Workplan - 2020

1. Role and Responsibilities

The role of the Finance, Audit and Risk Management Committee (the “Committee”) is to assist the Board of Directors (the “Board”) of the Toronto Waterfront Revitalization Corporation (the “Corporation”) in fulfilling its oversight responsibilities with respect to the following:

FARM Committee Mandate:	Feb 26/2020	May 28/2020	Sep 17/2020	Nov 26/2020	As required
Approve Annual FARM Committee Workplan	2020 Workplan				
(a) Financial Reporting The Committee will:					
(i) Review with management the Corporation’s annual and quarterly financial statements ;	Q3 Interim Financial Statements Dec 31, 2019	Year-End Financial Statements Mar 31, 2020	Q1 Interim Financial Statements June 30, 2020	Q2 Interim Financial Statements Sept 30, 2020	
(ii) Review reports from the external auditor concerning the quarterly and annual financial statements and any other matters, and management’s response to such reports, if appropriate;		2019/20 External Audit Results Report			
(iii) Recommend to the Board the approval of the audited annual financial statements and unaudited quarterly financial statements* ;	Receive	Approval	Receive	Receive	
(iv) Review any public disclosures containing audited or unaudited financial information; and		2019/20 Annual Report (as required)			
(v) Review with the external auditors and the Board any material issues that arise with respect to the quality or integrity of the Corporation’s financial statements and the Corporation’s compliance with the legal and regulatory requirements related thereto.					X
(b) Internal Controls					
The Committee will periodically review the adequacy of financial internal controls and provide reports or recommendations to the Board on such adequacy.					X
* In line with best practice, the FARM Committee and Board will receive rather than approve/ recommend approval of the unaudited quarterly financial statements. The FARM Committee mandate will be updated to reflect this change at the next Committee mandate review process					

WATERFRONT TORONTO
Finance, Audit and Risk Management Committee Workplan – 2020

	Feb 26/2020	May 28/2020	Sep 17/2020	Nov 26/2020	As required
(c) External Auditors The Committee shall:					
(i) Recommend external auditors for appointment/ reappointment/ removal by the Board including their compensation for all services; such external auditors shall report directly to the Committee and be independent of the Corporation;					X
(ii) Review the performance of the external auditors at least annually;		X			
(iii) If appropriate, recommend the removal of external auditors and their replacement;					X
(iv) Pre-approve all services (audit and non-audit services) to be provided by the external auditors; and					X
(v) At least annually, review and approve the overall scope of the external auditors' audit plans.	2019/20 External Audit Plan Approval				
(d) Internal Auditors The Committee may, if it deems appropriate:					
(i) Approve the appointment of an internal auditor, including their compensation; such internal auditors shall report directly to the Committee and be independent of the Corporation;					X
(ii) Review and approve the overall scope of the internal auditors' annual audit plans and ensure the coordination of the internal auditor's involvement with the external auditors;	Three Year Internal Audit Plan				
(iii) Review reports issued by the internal auditor and management's response to these reports to ensure management has implemented any corrective action required; and	Internal Audit Report (MNP)	Internal Audit Report (MNP)		Internal Audit Report (MNP)	X
(iv) Review the performance of the internal auditors at least annually.					X

WATERFRONT TORONTO
Finance, Audit and Risk Management Committee Workplan – 2020

	Feb 26/2020	May 28/2020	Sep 17/2020	Nov 26/2020	As required
(e) Government Audits The Committee will:					
(i) Review the reports issued by a government auditor and management's response to these reports and;	X Ontario Treasury Board Internal Audit			X OAG Follow up Audit	X
(ii) Meet, if necessary, with government auditors after the completion of their audits, or have the Committee Chair do so and report thereon to the Committee; and					X
(iii) Monitor the performance coordination of government auditors' involvement with the role of the Corporation's external and internal auditors at least annually.					X
(f) Finance The Committee will regularly review significant matters involving the financial status of the Corporation and make recommendations to the Board with respect to various material financial matters affecting the Corporation, including:					
(i) The financial aspects of annual and longer-term budgets and any significant variances thereon;	2019/20 Corporate Plan Performance Report (Q3)	2019/20 Annual Report	2020/21 Corporate Plan Performance Report (Q1)	2020/21 Corporate Plan Performance Report (Q2)	
(ii) The business plans, periodic forecasts, long term financial plans and revisions thereto;				Rolling Five Year Business Plan Approval	
(iii) The adequacy of financial resources and cash flow of the Corporation;	Cash Flow Forecast (Q3)	Cash Flow Forecast (Q4)	Cash Flow Forecast (Q1)	Cash Flow Forecast (Q2)	
(iv) The financing of various projects and development as may be requested by the Board from time to time; and	Fundraising Action Plan	Fundraising Action Plan	Fundraising Action Plan	Fundraising Action Plan	
(v) Review reports from management on various financial measures and reports requested by the Board.					X

WATERFRONT TORONTO
Finance, Audit and Risk Management Committee Workplan – 2020

	Feb 26/2020	May 28/2020	Sep 17/2020	Nov 26/2020	As required
(g) Enterprise Risk Management					
The Committee will review with management significant matters involving the status of the Corporation's enterprise risk management activities and 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, including:	Enterprise Risk Dashboard Risk Appetite Statement Regulatory & Operational Compliance and Procurement Reports	Enterprise Risk Dashboard Regulatory & Operational Compliance and Procurement Reports	Enterprise Risk Dashboard Regulatory & Operational Compliance and Procurement Reports	Enterprise Risk Dashboard Regulatory & Operational Compliance and Procurement Reports	
(h) Project Risk Management					
As outlined in the Capital Approval Process Policy, the Committee will review all projects (defined at the work package level) and recommend to the Board those projects that require monitoring by the Committee. A project requiring monitoring may be defined as having many (if not all of) the following characteristics: <ul style="list-style-type: none"> • Project or program with a budget valued in excess of \$50 million; • High complexity and potential for many unknown risks; • Compressed timeline/schedule; • Multiple stakeholders; and • High public profile The Committee will provide independent monitoring with respect to project budget, scope and schedule.	Independent Project Capital Monitor Report – Port Lands Flood Protection Q3 2019/20 Project Reporting	Independent Project Capital Monitor Report - Port Lands Flood Protection Q4 2019/20 Project Reporting	Independent Project Capital Monitor Report - Port Lands Flood Protection Q1 2020/21 Project Reporting	Independent Project Capital Monitor Report - Port Lands Flood Protection Q2 2020/21 Project Reporting	

**MINUTES of the Open Session of the
Finance Audit and Risk Management Committee Meeting of the
Toronto Waterfront Revitalization Corporation
20 Bay Street, Suite 1310, Toronto, Ontario
Thursday, November 21, 2019 at 9:00 a.m.**

PRESENT: Kevin Sullivan (Chair)
Jeanhy Shim
Patrick Sheils
Michael Galego (By Phone)

ATTENDANCE: WATERFRONT TORONTO
George Zegarac (Chief Executive Officer)
Lisa Taylor (Chief Financial Officer)
Chris Glaisek (Chief Planning and Design Officer)
David Kusturin (Chief Project Officer)
Julius Gombos (Senior VP Project Delivery)
Pina Mallozzi (Vice President, Design)
Kathleen Niccols (Senior VP, Corporate Strategy)
Emil Zelic (Executive Director, Program Management Officer)
Kevin Newson (Executive Director, Procurement)
Sameer Akhtar (Senior Legal Counsel)
Ian Ness (Acting General Counsel)
Betty Leung (Director, Procurement)
Mira Shenker (Senior Manager, Communications & Public Engagement)
Aina Adeleye (Board Administrator and Legal Assistant)

Also, in attendance for part or all of the meeting were:

- Veronica Bila, Partner, Enterprise Risk Services, MNP LLP
- Joanne Henson, Director, BTY Consulting.

The Chair, Kevin Sullivan, appointed Ian Ness to act as secretary of the meeting. The Chair welcomed everyone to the meeting of the Finance Audit and Risk Management (FARM) Committee (the “Committee”) of the Toronto Waterfront Revitalization Corporation (“Waterfront Toronto” or the “Corporation”).

With notice of the meeting having been sent to all members of the Committee in accordance with the Corporation’s By-laws and a quorum being present, the Chair called the meeting to order at 9:03 a.m. and declared the meeting duly constituted for the transaction of business.

1. Meeting Agenda

ON MOTION duly made by Patrick Sheils, seconded by Jeanhy Shim and carried, it was **RESOLVED** that the Meeting Agenda be approved as amended.

2. **Declaration of Conflicts of Interest**

There were no conflicts declared.

3. **Consent Agenda:**

ON MOTION duly made by Jeanhy Shim, seconded by Patrick Sheils and carried, it was **RESOLVED** that the Minutes of the September 25, 2019 meeting of the Committee be approved as presented.

The Q2 2019/20 Macro Dashboard and related attachments (Corporate & Project Reporting, including September 30, 2019 unaudited interim financial statements), Quarterly Procurement Report and Regulatory Compliance Report were received by the Committee for information. Lisa Taylor explained the results reported in the Macro Dashboard and responded to questions from Committee members on the contents of the report. The Committee requested Management provide an update on the status of the selection of a non-profit affordable housing operator for Bayside before the next FARM Committee meeting.

The Committee discussed the updates on the implementation of the new Enterprise Resource Planning (ERP) system noting that the Microsoft technical issue reported earlier was resolved and the new system will go-live in December 2019. The Committee requested that management subsequently update the Committee on this situation prior to the December 5, 2019 Board meeting so Committee members are fully informed on go-live progress.

With respect to Enterprise Risk Management, Lisa Taylor noted that due to volume of agenda items, two recently completed audits have been deferred until the February 2020 FARM Committee meeting. These audits pertain to a Human Resource Wellness internal audit by MNP LLP and an Ontario Treasury Board audit on Financial Planning and Reporting Processes. There were no items of high risk or immediate concern findings that the Committee should be aware of.

4. **Request for Capital Approval – Preliminary Design and Engineering (Queens Quay East Revitalization)**

Pina Mallozzi provided a presentation requesting approval of \$14 million to undertake preliminary design and engineering of the Queens Quay East revitalization, which includes the streetscape, light rail transit (LRT) right of way and sub-surface works (utilities) from Bay Street to new Cherry St. Ms. Mallozzi explained the funding sources, gave an overview of the overall transit network plan for the waterfront, and responded to questions from the Committee.

The Committee decided to defer approval of the request pending a broader discussion on transit and particularly focusing on the impact of the Ontario Line on the local transit solutions along Queens Quay. Management agreed to provide an update in this regard at the December 5, 2019 Board meeting.

5. Port Lands Flood Protection (PLFP) Update:

a) 60% Design Stage Gate Status Update

David Kusturin provided a presentation containing a status update on the budget and schedule for the PLFP Project at the 60% Design Stage Gate. He explained that the Bus Rapid Transitway was being removed from the scope of the project and noted this needed approval of the Committee for recommendation to the Board. Mr. Kusturin responded to questions of members of the Committee regarding the scope change, timelines, risks, project components and budget.

ON MOTION duly made by Jeanhy Shim and seconded by Patrick Sheils, it was **RESOLVED** that the Finance, Audit and Risk Management Committee approves, for recommendation to the Board of Directors, the removal of Bus Rapid Transitway (BRT) scope of work from the Port Lands Flood Protection Project and the reallocation of the \$3 Million estimated cost to complete the BRT to the remaining Project contingency.

b) Report of the Independent Capital Monitor

Joanne Henson of BTY Consulting (“BTY”) joined the meeting. Ms. Henson presented BTY’s fifth independent capital monitor report (the “Report”) and an executive summary of the Report to the Committee. The Report and its executive summary were taken as read.

Ms. Henson presented key findings of its review of the schedule, scope, budget and risk of the PLFP Project noting that the processes in place were found to be robust and in accordance with standard practices. The Committee noted the Report for information.

6. Motion to go into Closed Session

In accordance with By-Law No. 2 of the Corporation and **ON MOTION** duly made by Jeanhy Shim, seconded by Patrick Sheils and carried, the Committee **RESOLVED** to go into Closed Session to discuss items 7, 8, 9 and 10 of the agenda. The exceptions to the Open Meeting Law relied on for the discussion of items 7 and 8 is Section 6.1.1(a), for item 9 are provided in the Minutes of the Open Session of the September 25, 2019 meeting and for item 10 is Section 6.1.1(b) of By-Law No. 2. The Chair requested members of the public to leave the meeting.

7. Fundraising Action Plan

8. Rolling Five Year Strategic Plan (2020/2021 – 2024/25) (including 2020/21 Caproate Plan)

9. **Minutes of the Closed Session – September 25, 2019 Meeting**

10. **Committee Chair Discussion**

11. **Motion to go into Open Session**

ON MOTION duly made by Jeanhy Shim and seconded by Patrick Sheils and carried, the committee **RESOLVED** to go into Open Session. The Chair indicated that it was now in order for members of the public to return to the meeting. Members of the public were invited to join the meeting.

12. **Resolutions Arising from the Closed Session**

A. **ON MOTION** duly made by Jeanhy Shim, seconded by Patrick Sheils and carried, it was **RESOLVED** that the Minutes of the Closed Session of the FARM Committee meeting held on September 25, 2019 be approved as tabled.

B. **WHEREAS** the Rolling Five-Year Strategic Plan (2020/21-2024/25) (Updated Plan) is the one-year update/roll-forward of the Five-Year Strategic Plan (2019/20 – 2023/24) that was approved by the Board in December 2018 (Original Plan); and the TWRC Act requires the Board to approve an Annual Business Plan for the fiscal year beginning April 1, 2020 on/or before December 31, 2019 and such Board approval is to be upon the recommendation of the Finance, Audit and Risk Management (FARM) Committee; and

WHEREAS the Updated Plan of \$1.3 billion is consistent with the Original Plan with respect to investments in three strategic priorities, namely:

- Priority Projects (\$1.0 billion) largely Port Lands Flood Protection (funded);
- Next Generation Sustainable Communities (\$102 million) including Quayside (funded); and
- New Potential (Signature) Projects (\$195 million) - aspirational projects dependent on the success of the fundraising strategy set out in the Fundraising Action Plan (unfunded).

WHEREAS the Corporate Plan for fiscal year 2020/2021 is a subset of the Updated Plan, is outlined in Appendix 1 and includes capital spending of \$393 million (inclusive of corporate operating costs of \$19.7 million before amortization) and funding of \$330.2 million; and

WHEREAS the following items are new/different in the Updated Plan:

- Increase in contingency reserves from \$37 million to \$60 million;
- Allocation of \$20 million in land sale revenues (\$5 million realized) as seed capital towards the four New Potential (Signature) Projects;

- Spending of \$3.4 million for the Fundraising Action Plan in 2020/21 (\$1.0M to build organizational fundraising capabilities, \$1.5M to advance design and planning of the New Potential (Signature) Projects and \$0.9M for existing staff resources), fully funded by realized land sale revenues; and
- The implementation of the Quayside project is limited to soft costs associated with the initial implementation of the MIDP; and

ON MOTION duly made by Jeanhy Shim, seconded by Patrick Sheils and carried, it was **RESOLVED** that the FARM Committee approve the updated Rolling Five-Year Strategic Plan (2020/21-2024/25) and recommend that this document be approved by the Board of Directors.

13. Termination of the Meeting

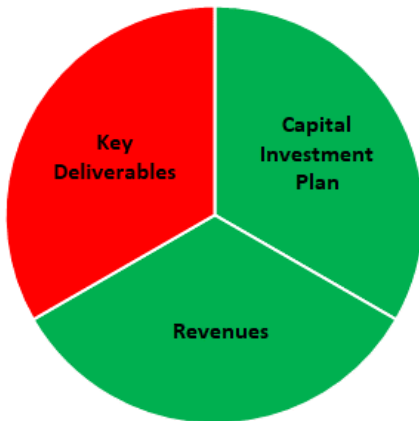
There being no further business, **ON MOTION** duly made by Jeanhy Shim, seconded by Patrick Sheils and carried, it was **RESOLVED** that the meeting be terminated at 11:22 a.m. local time.

Committee Chair

Secretary

Purpose	For Committee Information.
Areas of note/ Key issues	<p>All key areas are green (i.e. no key issues to be aware of), apart from the 2019/20 Corporate Plan (Key Deliverables) which is red as some areas of plan will not be met by March 31 2020 and are deferred into Q1 of 2020/21, and one area of Finance & Administration (the ERP implementation), which is yellow as while in stabilization period).</p> <p>The following key areas are reported on in the attached Macro dashboard which is supported by several attached streamlined reports:</p> <ul style="list-style-type: none"> • 2019/20 Corporate Plan Performance (concern area noted) • Finance & Administration: <ul style="list-style-type: none"> ○ Enterprise Risk Management (no concerns, in line with plan) ○ Internal audit (no concerns, in line with plan) ○ Liquidity/ Cash Flow Management (no concerns, in line with plan) ○ Enterprise Resource Planning (ERP) Implementation (caution area noted) ○ Financial reporting compliance (no concerns, in line with plan) • Capital Projects (no concerns, in line with plan): <ul style="list-style-type: none"> ○ Program Portfolio Dashboard ○ Port Lands Flood Protection Project Dashboard ○ Individual Project Status Dashboards
Next Steps	The next macro level dashboard will be provided at the next FARM Committee meeting in May 2020.

2019/20 Corporate Plan Performance



As of Q3 2019/20, on track to achieve the following for 2019/20:

- 50% (Q2: 70%) of key deliverables (10 out of 20);
- 82% (Q2: 93%) of annual capital investment plan; and
- 99% (Q2: 112%) of annual revenues.

Concern areas relate to ten key deliverables that have been deferred into early 2020/21 primarily due to factors of external influence (refer Corporate Plan Performance dashboard). Capital investment spend is forecast to be lower by \$60M (18%), \$265M compared to approved budget of \$325M largely as a result of delayed construction for several Port Lands Flood Protection elements due to cut-off wall productivity issues as well as delays in vacant possession of properties and municipal approvals for road closures. **Currently, none of these deferrals place the Corporation at risk of non-compliance with key contracts nor pose an overall budget risk.**

Revenue forecast is relatively unchanged compared to Plan due to deferral of land revenues being offset by higher than planned revenue income from interest and parking.

Finance & Administration



- Positive cash balance > \$50M and no current requirement to borrow; Approval process discussions continue with governments to renew Borrowing Consent (expires March 31, 2020). City of Toronto consent approved.
- Enterprise Resource Planning (ERP) system – Successful Go-Live achieved December 2, 2019. Corporation is currently in system stabilization period.
- No current critical enterprise risks impacting operations; and
- Internal Audit reports 90% implementation rate of recommendations this quarter.

Capital Projects



Currently tracking to deliver all projects in the capital portfolio in accordance with the contractual budget/ schedule obligations.

Refer to the Individual Project Status Dashboards (attached as Appendix B to the FARM board book).

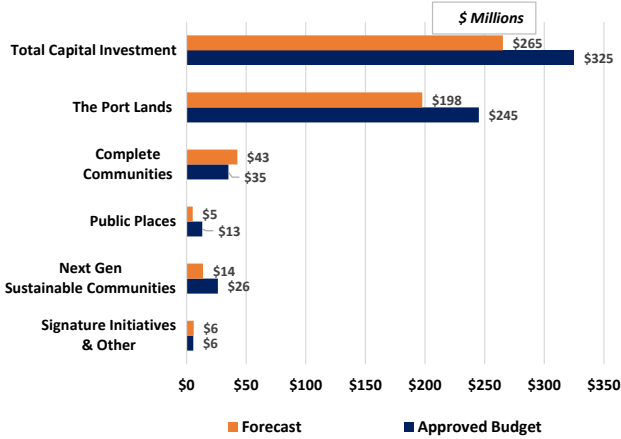
Corporate Plan Performance Dashboard as of December 31, 2019 (Q3 2019/20)

Issued as of: February 11, 2020

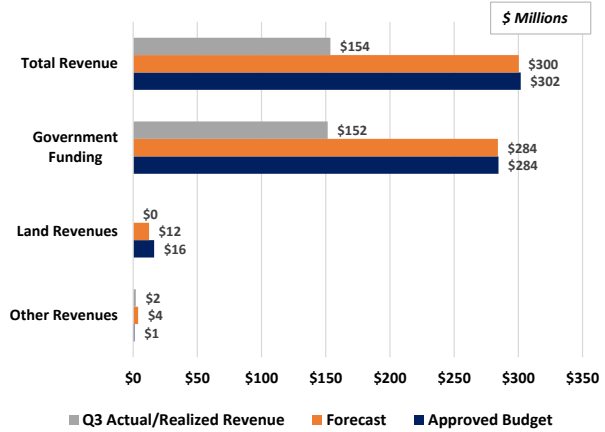
Overall 2019/20 Corporate Plan* Status: ● Capital Investment Plan ● Revenues ● Key Deliverables

● No material concerns, in line with plan; forecast performance greater than 80% of plan; ● Caution - Some areas of plan may not be met; forecast performance between 70% - 80% of plan; ● Concern - Some areas of plan will not be met; forecast performance less than 70% of plan

Capital Investments



Revenue / Funding



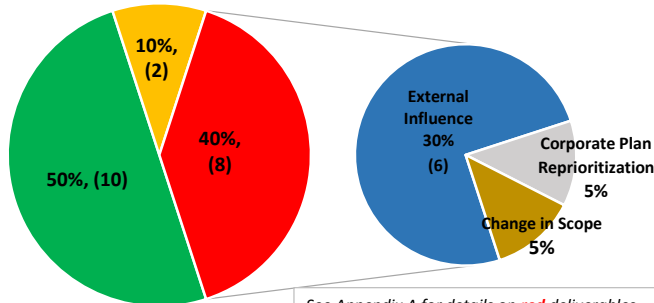
Overall Investment spend is forecast at \$265M (Q2 \$303M), \$60M (18%) lower than Plan due to:

- Decrease in Port Lands resulting largely from delays in construction (cut-off wall productivity issues, and delays in vacant possession of properties and municipal approvals for road closures).
- Decrease in Public Places by \$8M primarily due to the deferral of construction of the Bentway Cycling and Pedestrian Bridge project, on hold until after the Gardiner Rehab work is complete in 2025.
- Decrease in Next Gen. Sustainable Communities due to deferral of land acquisition.
- Increase Complete Communities due to Bayside local streets infrastructure carried forward from the prior year.

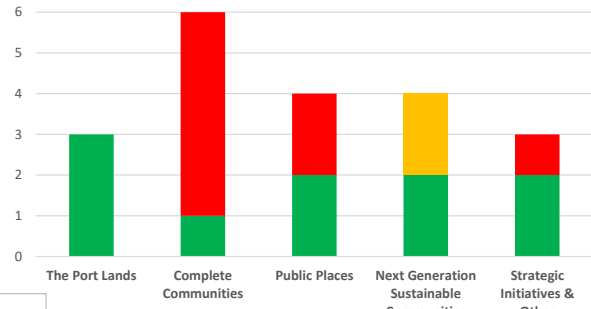
Overall revenue forecast of \$300M (Q2 \$337M) is expected to remain relatively unchanged compared to Plan due to deferral of land revenues being offset by higher than planned revenue income from interest and parking.

2019/20 Key Deliverables*

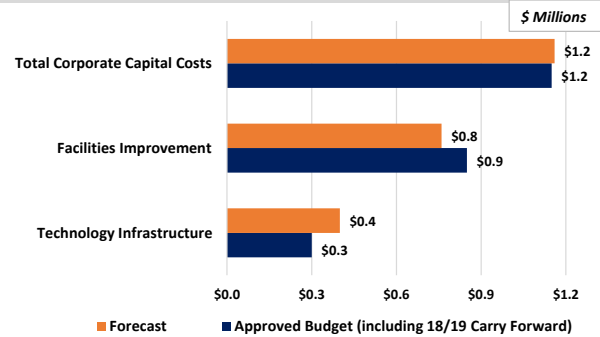
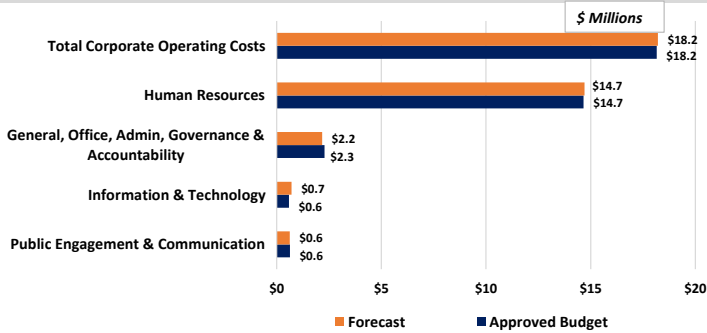
Overall Status of 20 Key Deliverables:



Key Deliverables by Priority Initiative:



2019/20 Corporate Operating and Capital Costs (excluding Amortization)



- Operating costs are forecast to be in line with approved budget. (Amortization is excluded from the chart above but is in line with approved budget.)
- Capital Costs are forecast slightly higher than budget by \$0.1M as technology costs have increased largely as a result of accelerated plans to revamp the Corporation's website to overcome several deficiencies to: bring it into WCAG 2.0 (Web Content Accessibility Guidelines) /AODA (Accessibility for Ontarians with Disabilities Act) compliance; improve mobile user experience; make licenses current and operating stability. Some of this scope of work will now be completed in FY 2020/21.

Appendix A:

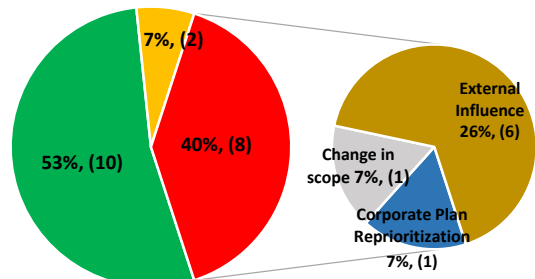
Details of Deferred Deliverables for 2019/20

Delay Category	Priority Initiative	Key Deliverable Deferred to 2019/20 or a Future Year	Comments
External Influence	Complete Communities	Select non-profit operator for affordable housing site for Bayside	Deferred. The City has decided to issue a draft term sheet to the Bayside developer Hines as per Hines right of first offer. The Housing Secretariat will review and release to Hines imminently. Based on the terms, Hines will then decide to submit a proposal or not. The selection of the non-profit operator will be deferred until the developer is confirmed which will take place in 2020-21.
	Complete Communities	Complete concrete building shell and install treatment equipment for Stormwater Facility (SWF).	The building walls are completed and the forming of the concrete roof is currently underway and expected to be completed by May 2020. This delay is due to detailing and quality control challenges with concrete walls roof beam and the roof forming process along with weather related issues. Further, the issues with complicated design challenges pushed the roof framing beyond the targeted timelines of March 31, 2020.
	Complete Communities	Final commissioning of Sanitary Pumping Station on permanent power.	The roof slab and rough-ins for the electrical room in the Stormwater Facility are completed and the permanent hydro connection is scheduled to be installed by Toronto Hydro in July 2020.
	Complete Communities	Queens Quay East Revitalization	The timing of land acquisitions is to be coordinated with a decision on the MIDP and Waterfront Toronto's construction efforts in that area. MIDP decision is currently targeted for May 20, 2020. If the MIDP is approved, negotiation of land deferred to 2020/21.
	Public Places	Complete Implementation Strategy Plan for the Jack Layton Ferry Terminal	The Implementation Strategy Plan for Jack Layton Ferry Terminal project has not been initiated and is on hold pending resolution with City of Toronto regarding the scope of the project. Waterfront Toronto is expecting commencement of the Implementation Strategy Plan by end of 2019-2020 or early 2020/2021.
	Public Places	• Substantial construction completion of the pedestrian and cycling bridge for The Bentway.	The execution of Amended Delivery Agreement for Bentway Phase 2 design is targeted for March 31, 2020. The construction of the Bentway Pedestrian and Cycling Bridge has been deferred as discussions continue with the City and Bentway Conservancy to determine the scope of work which will proceed next year i.e. 2020/2021.
Corporate Plan Reprioritization	Strategic Initiatives & Other	Resiliency Assessment: Undertaking study to assess future climate risks and ongoing stresses.	Deferred. The resiliency assessment study to evaluate future climate risks and ongoing stresses is deferred to fiscal year 2020/21.
Change in Scope	Complete Communities	Construct in-water pipe for the Stormwater Facility (SWF)	The design of the in-water pipe for the Stormwater Facility (SWF) is being revised to incorporate additional scope of work including the Boardwalk and dockwall reinforcing at the Sherbourne Common water's edge promenade. Design is now projected to be complete by March 31, 2020 and Board of Directors approval to proceed with construction will be sought in Q1 2020/2021.

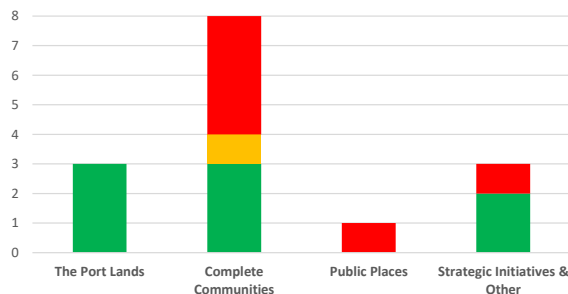
Status of Corporate Plan Carryforward Deliverables from 2018/19

From the 2018/19 Board approved Corporate Plan there were 20 Key Deliverables that were carried forward to 2019/20 and are reported on below:

Overall Status of Deliverables:



Key Deliverables by Priority Initiative:



Details of Deferred Carryforward Deliverables

Delay Category	Priority Initiative	Key Deliverable Deferred to 2019/20 or a Future Year	Comments
External Influence	Complete Communities	Bayside Phase I: Complete construction of Phase 1 public realm for Bonnycastle Street.	The construction of Bonnycastle Street is on-going and is expected to be completed along with the delivery of Lakeshore Boulevard East pilot program by June 2020. The delay in completion of the deliverable is related to the Lakeshore Public realm that was not completed due to Waterfront Toronto awaiting Hydro's relocation of Sherbourne Common transformer into the Monde building.
	Complete Communities	Bayside Phase II: Complete construction and landscaping of Phase 2 local streets and public realm.	Construction of Bayside Phase 2 services and public realm is expected to be complete in summer 2020. This delay is related to the City withholding approval to construct on Queens Quay in order to accommodate work being undertaken by Enbridge on Queens Quay which Enbridge was unwilling to complete in coordination with the Bayside Phase 2 servicing work. Note that Bayside Phase 2 Private streets are scheduled to be complete in October 2020 coincident with the Aquabella building while the balance of the Bayside Phase 2 Water's Edge Promenade adjacent to Parliament Slip will be complete in 2023/2024 coincident with the Aqualuna building.
	Complete Communities	Broadview and Eastern Avenue Flood Protection: Complete phase 1 of environmental assessment process	Completion of the environmental assessment process is contingent upon City Council approval which has been postponed to early 2020. The Class EA will be submitted for approvals after receiving the Council approval. Changes in the direction for the TTC Subway Relief Line to the new Ontario Line, has resulted in significant changes in the possible schedule and phasing for BEFP. With the postponement of the City Report, and additional phasing and scheduling studies, the anticipated approval for the Broadview & Eastern Avenue Flood Protection EA by the June 30, 2020.
	Complete Communities	Queens Quay Bay to Spadina Revitalization: Transfer temporary overhead power connections to the new underground system and replace older hydro poles with Waterfront Toronto's signature light poles.	Anticipated completion by December 2020. Waterfront Toronto is awaiting Toronto Hydro's electrification process to complete at which point the process of transferring the lighting and signals to permanent power will be commenced.
Change in Scope	Public Places	Complete public engagement, procurement, and design of "Destination" public art piece at Water's Edge Promenade in Bayside Phase 1.	The completion of procurement (shortlisting artists, scheduling site visits, finalist selection) is expected to be completed by December 2020, followed by design and implementation at the Water's Edge Promenade targeted for 2021/22-2022/2023.
Corporate Plan Reprioritization	Strategic Initiatives & Other	Develop new employee performance management framework.	Deferred. The development of new employee performance management framework is deferred to 2020/2021.

* Based on 2019/20 - 2023/24 Five Year Strategic Plan Approved by the Board on Dec 6, 2018

Enterprise Risk Management Dashboard– Q3 2019/20



Summary:

- Overall there are **no risks with a high (red) residual risk score** this quarter (vs. one last quarter).
- **Improvement in ERP system risk** (red last quarter) attributed to successful Go-Live achieved in Dec. 2019. Stabilization phase ongoing.
- **Top enterprise risks** shown below.

Risk Area	Q3 2019/20 (Current)		Q2 2019/20 (Previous)	
	Inherent Risk Score	Residual Risk Score	Inherent Risk Score	Residual Risk Score
1. Financial Self-Sustainability	16	12	16	12
2. Project Forecasting	16	12	16	12
3. Port Lands Project Delivery	15	12	15	12
4. Enterprise Resource Planning System Risk	12	12	20	16
5. Quayside Project Risk	12	12	12	12
6. Government Risk	12	12	12	12
7. Existing Revenue Risk	12	12	12	12
8. Recruitment & Retention of Employees	12	9	12	9
9. Business Continuity	12	9	12	9
10. Environmental Regulatory Compliance	12	9	12	9

Note: Refer to attached Appendix 1 on the Detailed Risk Register (Confidential Attachment).

Risk Score	
	Low (1-6)
	Medium (>6 - 14.9)
	High (15 - 25)

Audit Dashboard– Q3 2019/20



Audit	2018/19 (Completed)	2019/20 (Planned/Underway)	2020/21 (Planned)
Internal	Cybersecurity	Employee Wellness Program Review <i>(Completed)</i>	Performance Measurement Framework
	Corporate Governance	Procurement <i>(Planned)</i>	Resource Capacity and Succession Planning
	Independent Capital Monitor (Port Lands)	Independent Capital Monitor (Port Lands) <i>(Underway)</i>	Independent Capital Monitor (Port Lands)
External	March 31, 2019 Financial Statements	March 31, 2020 Financial Statements <i>(Planned)</i>	March 31, 2021 Financial Statements
Government	Value-for-Money (VFM) Audit	Financial Planning and Reporting Processes Audit <i>(Completed)</i>	Value-for-Money Follow-Up Audit
	Enterprise Resource Planning System Implementation/ Internal Controls	Office of the Auditor General of Ontario VFM Follow-Up <i>(Planned)</i>	Contribution Agreement Compliance: Port Lands Flood Protection
Total	6 audits	6 audits	6 audits

Status of Audit Action Items Dec 31/19:

Overall:

- **81%** of **Cybersecurity** audit action items implemented;
- **82%** of **Value-for-Money** audit items implemented;
- **42%** of **Corporate Governance** action items implemented;
- **67%** of **Financial Planning and Reporting Processes** action items implemented.
- Refer to **Appendices 1* and 2** for an aging analysis of all outstanding action items.

This Past Quarter:

- 100% implementation rate for government audit action items due this quarter; and
- 91% implementation rate for internal audit action items due this quarter.
- Refer **Appendices 1* and 2** for further detail.

*Refers to Confidential Attachment.

FINANCE, AUDIT & RISK MANAGEMENT COMMITTEE
February 26, 2020 – Agenda Item – 3(d)(ii)(a)
Q3 2019/20 Government Audit Update

Appendix 2: Government Audit Status Dashboard

Q3 2019 Follow Up Audits

Of the **5 management action items due** to be implemented by **Q3, 2019/20**, **5 management action items** were effectively **closed** in this quarter, and **no action items** remain **outstanding**, resulting in an **implementation rate of 100%**.

	Due by Q3	Closed in Q3	Retargeted in Q3	Due in Future Quarters	Total Remaining Open Items
Total	5	5	-	4	4

Legend

Due by Q3: Management action plans due to be implemented on or before **Q3, 2019/20**.

Closed in Q3: Remediation activities reviewed by WT Director, Financial Planning and were adequate to close audit finding.

Retargeted in Q3: Management action plans due to be implemented by **Q3, 2019/20** that were not closed.

Due in Future Quarters: Management action plans due in future quarters.

Total Remaining Open Items: Management action plans due in future quarters plus retargeted ones from this quarter.

From an industry perspective, we consider such an implementation rate to be above average and a low level of management attention is required in closing the remaining internal audit findings in a timely manner, as described below. Ideally, an implementation rate of above 60% should be the target to work towards.

Implementation Rate	Required level of Executive Team (ET) Attention
60% - 100%	Above Average – low level of attention required.
25% - 60%	Average – moderate level of attention required.
0% - 25%	Below Average – high level of attention required.

Below is a table representing the length of time the open management action items have been outstanding and the original risk rating attached to the audit finding associated with the management action item.

Audit Report Name ¹	Ageing in Months					Total
	0-3	4-6	7-9	10-12	12+	
Office of the Auditor General of Ontario (OAG) Value for Money (Dec. 2018)	-	-	-	3	-	3
Ontario Internal Audit Treasury Board Secretariat (TBS) Financial Planning and Reporting Processes (Sep. 2019)	1	-	-	-	-	1
						4

¹ Risk ratings are not provided for the government audit reports.

FINANCE, AUDIT & RISK MANAGEMENT COMMITTEE
February 26, 2020 – Agenda Item – 3(d)(ii)(a)
Q3 2019/20 Government Audit Update

Appendix A: Open Management Action Plans

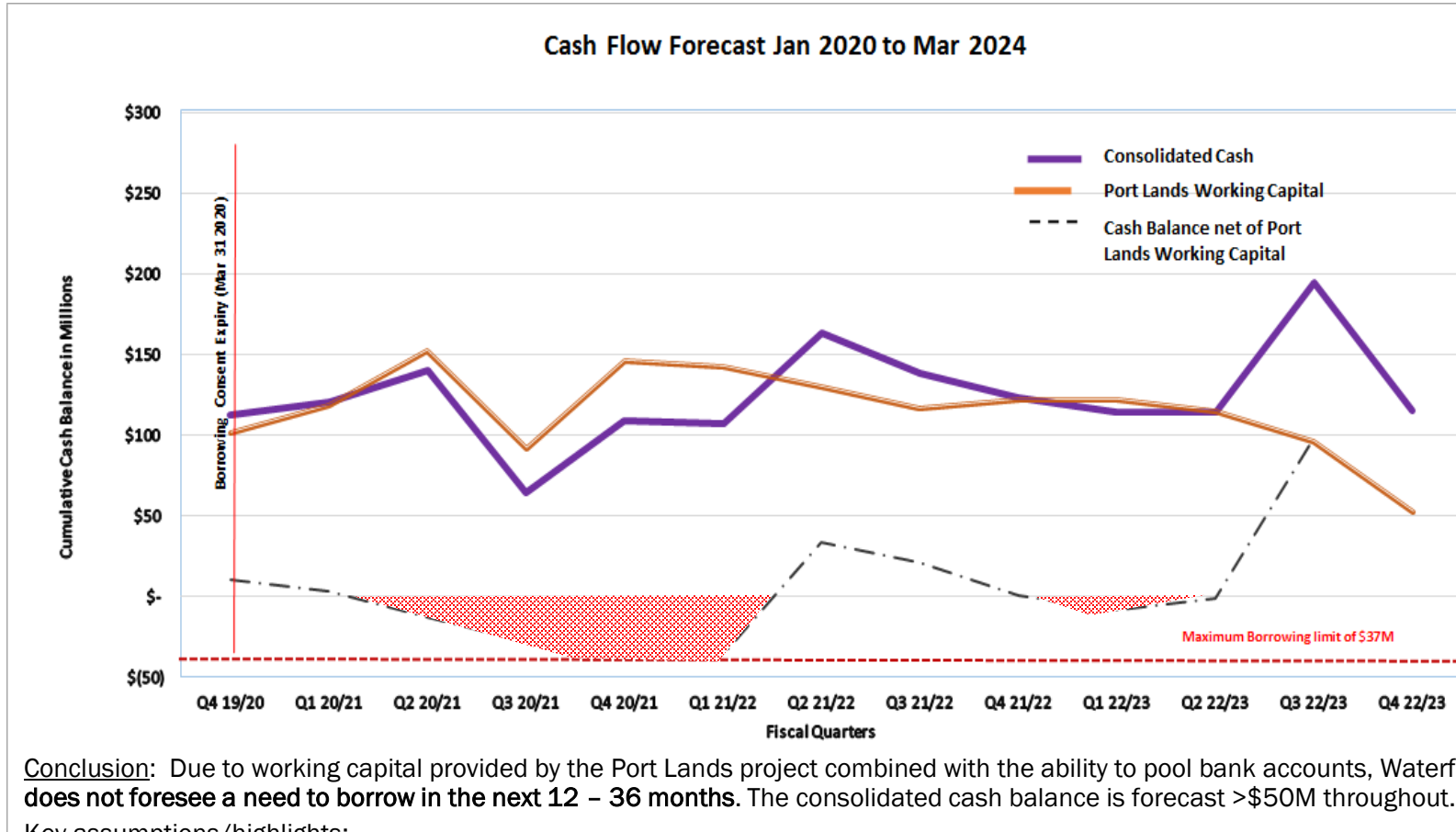
#	ET	Audit Report Name	Audit Observation	Committed Action Plan	Due Date	Time Open	Follow Up Person	Times Retargeted
1	L. Taylor	OAG Value for Money	To have the required systems and procedures in place to effectively manage the Port Lands flood protection project and other projects Waterfront Toronto should establish a file management, document and archival policy. (Audit Report Ref No. 3(g))	<ul style="list-style-type: none"> Development of a formal file management and document retention policy. 	Mar 2020	12 months	E. Zelic	N/A
2	L. Taylor	OAG Value for Money	To improve oversight of organizations receiving funding from Waterfront Toronto so that projects are delivered on time, on budget and in accordance with the planned scope Waterfront Toronto should establish a file management, document and archival policy. (Audit Report Ref No. 4(g))	<ul style="list-style-type: none"> Development of a formal file management and document retention policy. 	Mar 2020	12 months	E. Zelic	N/A
3	D. Kusturin	OAG Value for Money	Waterfront Toronto should consider incorporating in the Port Lands flood protection area and other projects best practices and lessons learned from past Waterfront Toronto revitalization projects, projects in other jurisdictions, and the features commonly associated with successful revitalization. (Audit Report Ref No. 7(a))	<ul style="list-style-type: none"> Waterfront Toronto has incorporated some of the lessons learned from its initial review of top ten urban waterfront cities around the world into its Rolling Five Year Strategic Plan in the form of the New Potential projects. Waterfront Toronto will complete lessons learned workshops after completion of each major project with a view to applying those in future projects. 	Mar 2020	12 months	J. Gombos	N/A
4	D. Kusturin	TBS Financial Planning and Reporting Processes	Current contractual arrangements (which, for example, require all projects within a Plan of Subdivision (POS) to be completed before the City accepts a transfer) creates forecasting challenges for WT and the Ontario Ministry of Infrastructure. (Audit Report Ref No. 1.1)	<ul style="list-style-type: none"> Work with key stakeholders (e.g. the City, Infrastructure Ontario, and the Ministry) to assess and identify what strategies could be put in place to mitigate forecasting risks created by current contractual arrangements (e.g. POSs), construction issues, etc. 	Mar 2020	3 months	D. Kusturin	N/A

FINANCE, AUDIT & RISK MANAGEMENT COMMITTEE
February 26, 2020 – Agenda Item – 3(d)(ii)(a)
Q3 2019/20 Government Audit Update

Appendix B: Management Action Plans Closed for the Q3, 2019/20

#	ET	Audit Report Name	Audit Observation	Committed Action Plan	Confirmed Activity
1	D. Kusturin	OAG Value for Money	Actual project spending exceeded estimated project costs. (Audit Report Ref No. 2(a))	<ul style="list-style-type: none"> Consistently develop detailed project plans and cost estimates based on engineering and technical studies. 	<ul style="list-style-type: none"> Project budget for York Street Park is based on 30% design document issued in August 2019, as subsequently reflected in Board-approved Rolling Five-Year Strategic Plan (December 2019).
2	L. Taylor/ D. Kusturin	OAG Value for Money	Actual project spending exceeded estimated project costs. (Audit Report Ref No. 3(a))	<ul style="list-style-type: none"> Complete the implementation of a project management information system to track project progress against budgets and timelines. 	<ul style="list-style-type: none"> New Enterprise Resource Planning (ERP) system implemented on Dec 2, 2019 to enhance WT ability to track project progress against budget.
3	K. Niccols	OAG Value for Money	Waterfront Toronto not financially self-sustaining as mandate anticipated. (Audit Report Ref No. 5(a))	<ul style="list-style-type: none"> Waterfront Toronto to create and implement a plan for making revitalization self-sufficient, which could include leveraging private sector funding and revenue-generating sources such as corporate partnerships and philanthropy. 	<ul style="list-style-type: none"> The Fundraising Action Plan was reviewed and approved by the Board on Dec. 5, 2019 as part of the Rolling Five-Year Strategic Plan and WT has initiated implementation of the Fundraising Action Plan
4	L. Taylor	TBS Financial Planning and Reporting Processes	Opportunities exist for WT to strengthen its forecasting practices to help reduce the risk of unexpected variances, and better support the Ministry with their planning activities. (Audit Report Ref No. 1.2)	<ul style="list-style-type: none"> Develop a documented formal policy/methodology for forecasting asset transfers. 	<ul style="list-style-type: none"> Documented WT methodology for forecasting asset transfers and the key risks that could impact its forecasts completed Dec 2019.
5	D. Kusturin	TBS Financial Planning and Reporting Processes	Focused efforts need to be taken to provide reasonable forecasts for years in which the remaining Phase 1 assets will be transferred, otherwise Ontario Ministry of Infrastructure may experience significant pressures. (Audit Report Ref No. 1.3)	<ul style="list-style-type: none"> Attention is required by WT to ensure the remaining asset transfers are reasonably forecasted to support the Ministry's allocation as part of the current Multi-Year Planning (MYP) process. 	<ul style="list-style-type: none"> Focused WT efforts to ensure the remaining asset transfers are reasonably forecasted, including having the Chief Project Officer sign off on asset transfer forecasts effective Oct 2019.

Liquidity / Cash Flow Forecast (Jan 2020)



Conclusion: Due to working capital provided by the Port Lands project combined with the ability to pool bank accounts, Waterfront Toronto **does not foresee a need to borrow in the next 12 – 36 months**. The consolidated cash balance is forecast >\$50M throughout.

Key assumptions/highlights:

- Pursuant to the direction of the Board to proceed with formal evaluation of the modified Master Innovation and Development Plan (MIDP) with Sidewalk Labs, this cash flow forecast **includes** initial land sale revenues (\$180M) associated with the **Quayside lands** (zoned for 2.7 million s.f. of development) in Q2 21/22 (\$90M) and Q3 22/23 (\$90M), consistent with the Five Year Strategic Plan; and **excludes** revenues and expenditures related to Quayside infrastructure development.
- The amount and timing of other land sale revenues included in the above forecast are based on the revenue sharing arrangements established in the Development Agreements with Waterfront Toronto’s development partners.
- If it were not for the Port Lands working capital **and** the ability to pool bank accounts, Waterfront Toronto would need to borrow beginning Q2 2020/21 for a period of at least 18 months thus supporting need for borrowing consent extension.
- During the 15-month period Q1 20/21 – Q1 21/22, Waterfront Toronto is borrowing internally from the Port Lands project, however if these funds are required for the Port Lands project, the internal borrowing amount is targeted to never exceed the Corporation’s borrowing limit.

Purpose	For Committee Information
Areas of note/ Key issues	<p>The implementation of Microsoft ERP D365 system is a key component of Organizational Resiliency as it is expected to enhance operational effectiveness, transparency and accountability.</p> <p>Since the last report to the FARM Committee:</p> <ul style="list-style-type: none"> ○ Microsoft ERP D365 system has been implemented on December 2, 2019 (go-live date). ○ Accounting/finance, program management office (PMO) and procurement are all using the new system, have completed entering backlog of transactions, and are processing transactions real-time. ○ First quarter-end close in new system. ○ Three-month ERP stabilisation period is underway and should be completed in March 2020. Stabilisation period is used to adjust the system based on real-life conditions. ○ Training of Waterfront Toronto staff began in January 2020 covering timesheets, expenses, procurement and project management modules. ○ Remaining activities: <ul style="list-style-type: none"> ▪ Completion of the upgrade to D365 version 10; ▪ Recruitment of a Business Intelligence (BI) Report Writer to gain the full benefit of the system through creation of tailored performance dashboards, BI reports and visualization KPIs. ○ Waterfront Toronto has discontinued daily use of its legacy financial system. It is used as a read-only and as a reference.
Next Steps	Next update regarding the ERP Implementation will be provided at the May 28, 2020 FARM Committee meeting.



Finance, Audit and Risk Management Committee – February 26, 2020
Item 3(d)(ii)(e) – Dec 31, 2019 Unaudited Financial Statements
Lisa Taylor/ Sampada Chandane

<p>Purpose</p>	<p>For Committee Information.</p> <p>The purpose of the interim financial statements is to provide information about the results of the operations, financial position and cash flow of the Corporation.</p>
<p>Areas of note/ Key issues</p>	<p>Attached is the first set of financial statements post the ERP implementation “go-live”. As the Corporation remains in a system stabilization period, notes to the financial statements have not been prepared. A full set of financial statements will be presented at the next Committee meeting in May 2020.</p> <p>During the nine months to December 31, 2019 the Corporation:</p> <ul style="list-style-type: none"> • Spent approx. \$164 million (up from \$55 million last year) of which \$161.6 million was capitalized as Assets Under Development (largely Port Lands Flood Protection) and \$2.6M was expensed. • Recognized revenues of \$151 million (up from \$96 million for same period last year) comprising government funding of \$142M for the Port Lands Flood Protection project, combined with East Bayfront Infrastructure revenue under Section 37, Public art contribution and other income totaling \$9M. <p>Other items of note during the period include:</p> <ul style="list-style-type: none"> • 60% increase in interest income (from \$1 million to \$1.6 million) compared to the same period last year a result of management’s initiative to negotiate a higher interest rate (2.4% vs. 2.1%) effective December 2019 and to pool the Corporation’s bank accounts to earn a higher rate, together with an overall higher working capital balance for the Port Lands.
<p>Resolution or Next Steps</p>	<p>The FARM Committee acknowledges receipt of the unaudited interim financial statements for submission to the Board of Directors at the next Board meeting on March 26, 2020.</p>



Finance, Audit & Risk Management Committee – February 26, 2020
Item 3(d)(iii)(a) – Port Lands Flood Protection (PLFP)
Dashboard Report
David Kusturin

<p>Purpose</p>	<p>For Committee Information</p> <p>The Port Lands Flood Protection (PLFP) Dashboard report is a key component of the Corporation’s project planning and reporting framework. The purpose of this report is to monitor on a monthly basis the progress and achievement of project budgets and schedules against the corporation’s Long-Term Plan and Capital Project Budgets approved by the Board of Directors.</p>
<p>Areas of note/ Key issues</p>	<p>All individual projects in the PLFP program are proceeding in accordance with Tripartite Contribution Agreement and Board Approved Capital Project Budget.</p> <p>The following represents the financial status of the projects as of Q3 2019/20:</p> <ul style="list-style-type: none"> • The anticipated total project cost and approved funding remains unchanged at \$1.185 billion. The updated forecasts of final program cost reflect the 60% approved cost estimates. • Current commitments equal \$513.6 million, an increase of \$54.4 million from the last quarterly report. • Cost incurred to date equal \$181.9 million. • \$81.4 million of the project contingency is unallocated and is available for future risks and unknowns. <p>The key accomplishments last quarter includes:</p> <ul style="list-style-type: none"> • The procurement for construction of the cut-off walls in the Greenway, Spillway and Ice Management area has been awarded. The construction of water treatment system has been completed. • Steel structure fabrication for three new bridges along with North dock wall and abutment for Cherry North is ongoing. Caisson construction for foundations of Cherry North is completed with ongoing verification testing. • Ground Improvement works completed for Cherry Street north of the Keating Channel along with construction of Villiers Street upgrades. • Completed Atlas Crane foundation investigation along with ongoing structural analysis.
<p>Next Steps</p>	<p>The next Port Lands Flood Protection & Enabling Infrastructure Program Dashboard for Q4 2019/2020 will be provided on May 28, 2020.</p>

PLFP Monthly Program Dashboard - as of December 31, 2019

Issued: January 29th, 2020

PROGRAM SUMMARY

Waterfront Toronto is tracking the progress of the Port Lands Flood Protection (PLFP) Program and is proceeding in accordance with the contractual budget and schedule obligations. Schedule and budget risks are being closely monitored to ensure program delivery.

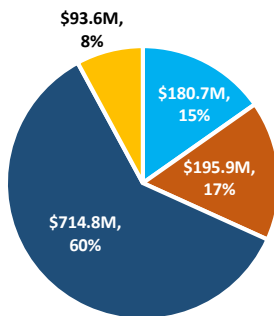
STATUS SUMMARY



Waterfront Toronto is currently forecasting more than 10% over approved budget (60% Cost Estimate) on individual projects, however the overall program budget of \$1.185B remains unchanged. While the contractor is reporting schedule delays on individual projects, the substantial completion date of March 31, 2024 remains unchanged for the Port Lands Program.

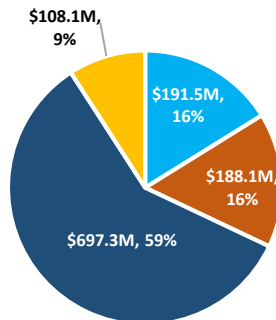
PROGRAM BUDGET ALLOCATION (Based on 30% Approved Budget)

Program Budget by Segment (\$1.185B)



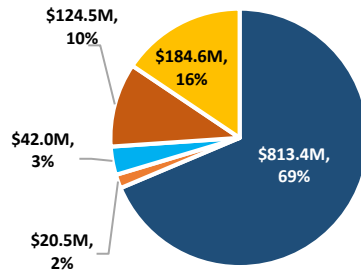
- Roads and Services
- Bridges and Structures
- Flood Protection Features
- Parks and Public Realm

60% Cost Estimate by Segment (\$1.185B)



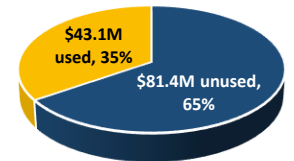
- Roads and Services
- Bridges and Structures
- Flood Protection Features
- Parks and Public Realm

Program Budget by Cost Category (\$1.185B)



- Hard Costs
- Escalation Allowance
- Risk Contingency
- Soft Costs
- NRHST

Contingency Allocation (\$43.1M of \$124.5M)



- Total Contingency Unused
- Total Contingency Used

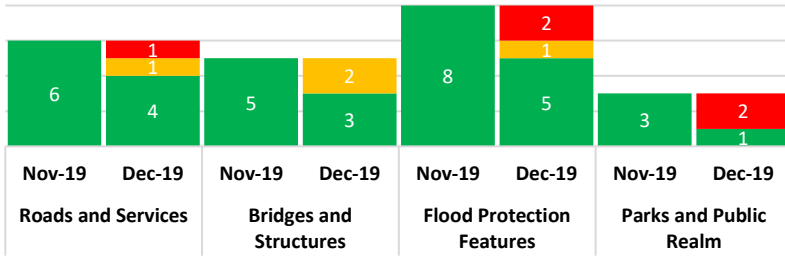
FINANCIAL SUMMARY

Project Name	Due-Diligence Budget (\$M)	Approved Changes (\$M)	Approved Budget (\$M)	Total Commitments (\$M)	Anticipated Commitments (\$M)	Estimate At Completion (\$M)	Variance to Approved Budget (\$M)	*Costs Incurred to Date (\$M)	% Complete to Date
Commissioners St. West to New Cherry St.	\$ 18.00	\$ 9.86	\$ 27.86	\$ 8.14	\$ 20.09	\$ 28.23	\$ (0.37)	\$ 2.65	9%
Commissioners St. East to Saulter St.	7.00	(0.86)	6.14	1.80	2.49	\$ 4.29	1.85	0.79	18%
Cherry Street Re-alignment	22.00	15.61	37.61	12.56	19.05	\$ 31.61	6.00	3.61	11%
Don Roadway North	7.00	10.70	17.70	2.98	10.65	\$ 13.62	4.08	0.89	7%
Hydro One Integration	12.00	(2.85)	9.15	5.31	0.97	\$ 6.29	2.86	3.61	57%
Site Wide Municipal Infrastructure	102.00	(19.77)	82.23	22.60	84.87	\$ 107.47	(25.24)	7.67	7%
Cherry Keating-Cherry Street Bridge North	55.00	(14.08)	40.92	34.27	7.43	\$ 41.71	(0.79)	12.65	30%
Cherry Polson-Cherry Street Bridge South	42.00	(2.89)	39.11	32.28	6.72	\$ 39.00	0.11	9.00	23%
Commissioners Street Bridge/Don Roadway	43.00	6.22	49.22	37.91	14.37	\$ 52.28	(3.06)	11.47	22%
Lakeshore Road & Rail Bridge Modifications	19.00	44.01	63.01	11.30	40.41	\$ 51.71	11.30	3.51	7%
Old Cherry St. Bridge Demolition	4.00	(0.40)	3.60	1.03	2.35	\$ 3.38	0.22	0.48	14%
River Valley System & Don Greenway	486.00	11.98	497.98	254.46	247.44	\$ 501.90	(3.92)	90.28	18%
Keating Channel Modifications	35.00	(6.45)	28.55	7.39	7.56	\$ 14.95	13.60	2.91	19%
Polson Slip North Side Naturalization	60.00	(10.64)	49.36	14.05	21.97	\$ 36.02	13.34	5.47	15%
Don Roadway Valley Wall Feature	27.00	(4.90)	22.10	8.05	16.82	\$ 24.88	(2.78)	3.07	12%
Eastern Avenue Flood Protection	5.00	(0.88)	4.12	1.77	(0.43)	\$ 1.34	2.78	0.83	62%
East Harbour Flood Protection	5.00	(4.10)	0.90	0.00	0.50	\$ 0.50	0.40	-	0%
Flow Control Weirs	38.00	(15.38)	22.62	7.10	6.83	\$ 13.92	8.70	2.94	21%
Sediment and Debris Management Area	78.00	(0.80)	77.20	17.78	74.84	\$ 92.62	(15.42)	7.12	8%
Villiers Island Grading	28.00	(16.03)	11.97	3.95	7.22	\$ 11.17	0.80	1.41	13%
River Park North	23.00	(0.41)	22.59	8.69	25.40	\$ 34.09	(11.50)	2.73	8%
River Park South	27.00	(8.14)	18.86	6.56	18.36	\$ 24.91	(6.05)	2.71	11%
Promontory Park South	42.00	10.20	52.20	13.65	35.47	\$ 49.12	3.08	6.10	12%
Cumulative	\$ 1,185.00	\$ -	\$ 1,185.00	\$ 513.64	\$ 671.36	\$ 1,185.00	\$ (0.00)	\$ 181.91	15%

*Actual costs do not include accrued costs.

PROGRAM BUDGET STATUS

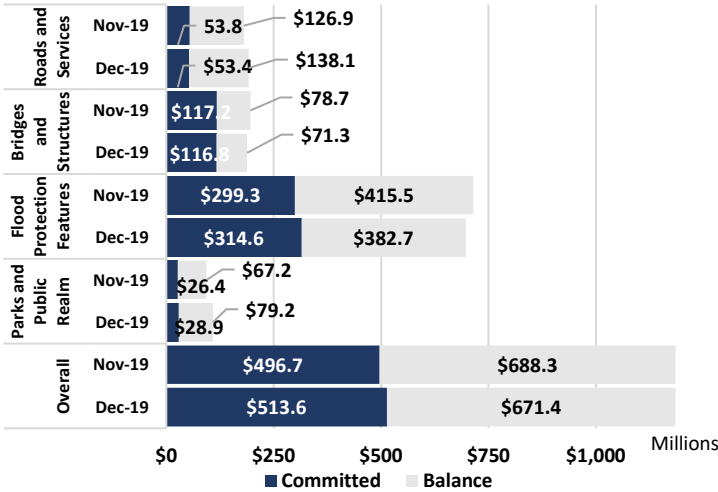
Budget Status - by Segment



- - Forecast to complete within approved budget
- - Forecast to complete within 10% of approved budget
- - Forecast to complete more than 10% over approved budget

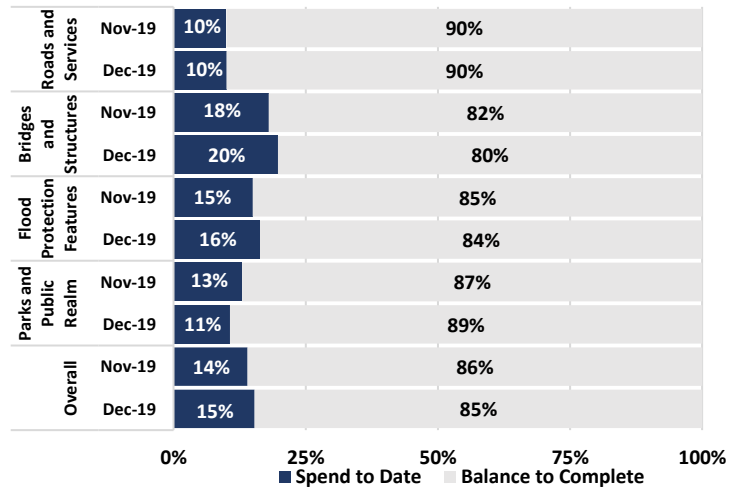
Project Name	Status
BUDGET STATUS	
Roads and Services	
Commissioners St. West to New Cherry St.	●
Commissioners St. East to Saulter St.	●
Cherry Street Re-alignment	●
Don Roadway North	●
Hydro One Integration	●
Site Wide Municipal Infrastructure	●
Bridges and Structures	
Cherry Keating-Cherry Street Bridge North	●
Cherry Polson-Cherry Street Bridge South	●
Commissioners Street Bridge	●
Old Cherry St Bridge Demolition	●
Lakeshore Road & Rail Bridge Modifications	●
Flood Protection Features	
River Valley System & Don Greenway	●
Keating Channel Modifications	●
Polson Slip North Side Naturalization	●
Don Roadway Valley Wall Feature	●
Eastern Avenue Flood Protection	●
Flow Control Weirs	●
Sediment and Debris Management Area	●
Villiers Island Grading	●
Parks and Public Realm	
River Park North	●
River Park South	●
Promontory Park South	●
Cumulative	●

Commitments and Balance to Complete (\$M)
(As of December 2019 - Based on 60% EAC)



Note: The commitments have decreased since November 2019 in some segments due to reallocation to other projects.

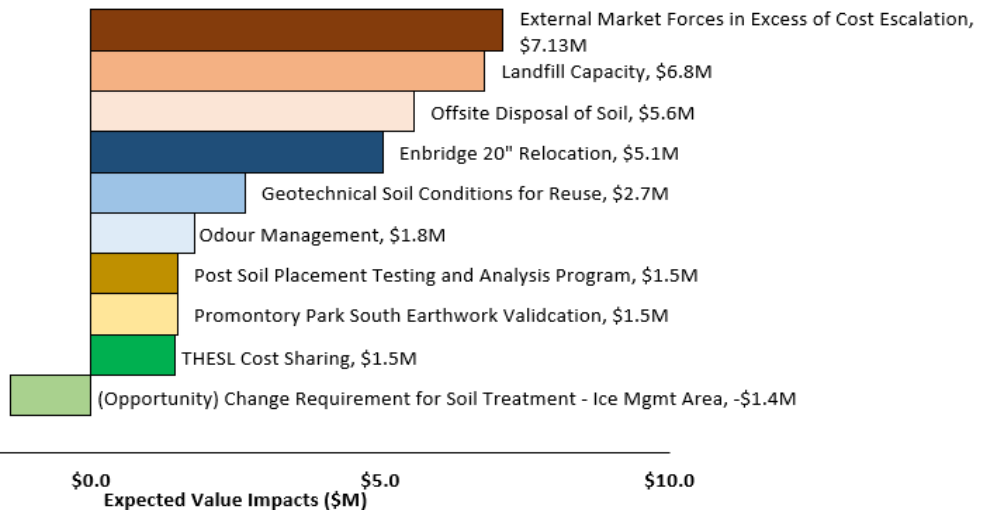
Program Progress - by Segment
(As of December 2019 - Based on 60% EAC)



Note: The % completion reduced in some segments as December 2019 progress is based on 60% EAC.

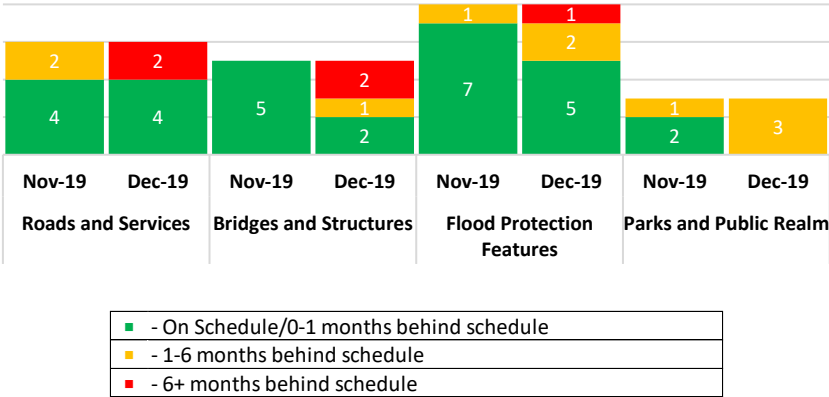
KEY BUDGET RISKS & IMPACTS

Top Risks Impacting Project Cost



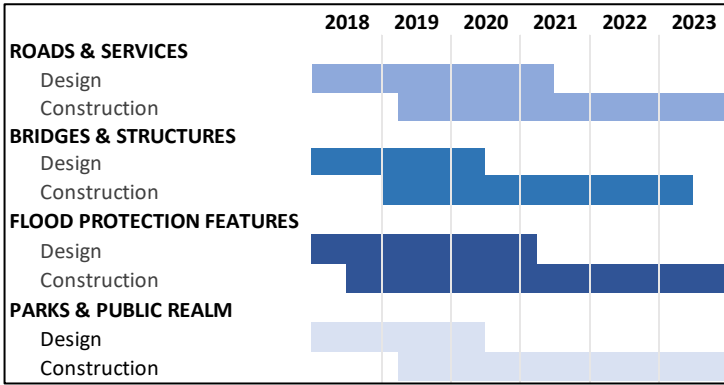
PROGRAM SCHEDULE STATUS

Schedule Status - by Segment



Project Name	Status
SCHEDULE STATUS	
Roads and Services	
Commissioners St. West to New Cherry St.	●
Commissioners St. East to Saulter St.	●
Cherry Street Re-alignment	●
Don Roadway North	●
Hydro One Integration	●
Site Wide Municipal Infrastructure	●
Bridges and Structures	
Cherry Keating-Cherry Street Bridge North	●
Cherry Polson-Cherry Street Bridge South	●
Commissioners Street Bridge	●
Old Cherry St Bridge Demolition	●
Lakeshore Road & Rail Bridge Modifications	●
Flood Protection Features	
River Valley System & Don Greenway	●
Keating Channel Modifications	●
Polson Slip North Side Naturalization	●
Don Roadway Valley Wall Feature	●
Eastern Avenue Flood Protection	●
Flow Control Weirs	●
Sediment and Debris Management Area	●
Villiers Island Grading	●
Parks and Public Realm	
River Park North	●
River Park South	●
Promontory Park South	●
Cumulative	●

Program Timeline - by Segment

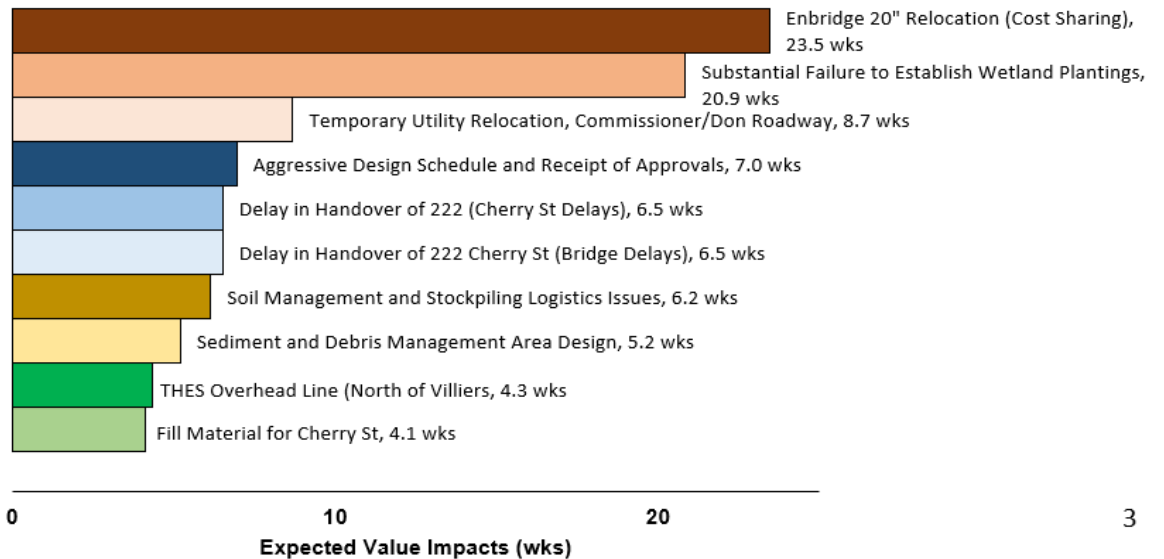


Key Communications Milestones

Commissioners Street Road Closes	December-19
New Cherry Street Construction Start	January-20
Spillway & Wetland Excavation Start	February-20

KEY SCHEDULE RISKS & IMPACTS

Top Risks Impacting Project Schedule



PLFP Monthly Program Dashboard - as of December 31, 2019

Issued: January 29th, 2020

PROGRAM PROGRESS - KEY TASKS

Key Tasks To be Completed in Next 6 Months	December Completion	January Completion	February to April Completion	May to July Completion
■ On schedule ■ 1-6 months behind baseline schedule ■ 6+ months behind baseline schedule				
Permits/Design Approvals to be Secured				
Pipeline Abandonment/Removal Agreements/Approvals			✓	
CoT: Relocation Permit - Roads Firehall Relocation			✓	
CoT: Cherry St Bridge North Superstructure and Finishes			✓	
TRCA: Reg 166 Permit - Ice Management & Spillway (Cut-off Walls & Barrier)		✓		
DFO: Polson Slip Naturalization (3 Permits - Fish Habitat Creation)				✓
Contracts to be Secured				
Cherry Bridge South & Commissioners Bridge: Substructures		✓		
Road Construction (2 Contracts)			✓	
River Landscaping (6 Contracts)			✓	
All Bridges: Finishes				✓
Heritage Building Restoration and Renovation				✓
Design Phase Status				
Cherry St South Bridge & Commissioners St Bridge		✓		
Cherry St Re-alignment (Civil, Wet Utilities, Landscaping and Finishes)*			✓	
Soil Management Operations		✓		
Storm Water Treatment Facility & Sanitary Pumping Station			✓	
Commissioners St & Don Roadway			✓	
River Valley Plug Design: Cut-off Walls and Barrier			✓	
Construction Completion				
River Valley Perimeter Cut-Off Walls			✓	
Dewatering and Water Treatment Plant Implementation			✓	
Soil Treatment Plant: Commissioning of Soil Treatment Plant (Start Date)			✓	
Commissioners St: Temporary Utilities Relocation (Gas)				✓
Cherry St North Bridge: North & South Abutment				✓

*Design on track and preliminary construction underway as scheduled; minor changes to design expected pending decisions from WT and CoT.

INDIGENOUS CONSULTATION

Update
- Communication continues between Waterfront Toronto and Department of Consultation and Accommodation at MCFN.
- Met with MCFN on Dec 17, 2019 to discuss comments and edits to the Draft MOU. Both parties confirmed the agreement was near completion.
- Released PLFP Project Update Summary to other First Nations communities end of Dec 2019.
Next Steps
- Execute MOU with MCFN.
- Initiate agendas for initial Work Group Meetings with MCFN
- Continue to advise MCFN-DOCA regarding future Archeological monitoring opportunities for their FLRs into Winter 2020.

SITE PHOTOS



Figure 1
River Valley System Cut Off Walls



Figure 2
Shallow Excavation South of Commissioners St



Figure 3
Cherry St Backfilling (3C Area)



Figure 4
Cherry St Backfilling/Surcharging South of Keating Channel



Figure 5
Closure of Commissioners St

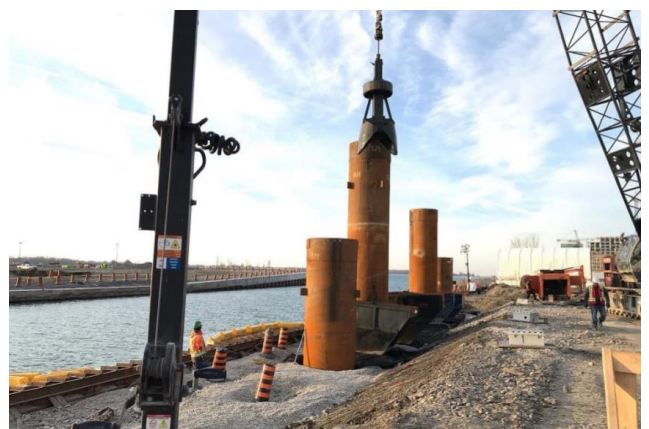


Figure 6
Cherry St North - North Abutment Installation of Caissons

<p>Purpose</p>	<p>For Committee Information</p> <p>The Project Financial Report is a key component of the Corporation’s project planning and reporting framework. The purpose of this report is to monitor on a quarterly basis the progress and achievement of project budgets and schedules against the corporation’s Long-Term Plan and Capital Project Budgets approved by the Board of Directors.</p>
<p>Areas of note/ Key issues</p>	<p>The Cherry Street Stormwater and Lakefilling project is proceeding in accordance with the Long-Term Plan and Board Approved Capital Project Budgets. The following represents the financial status of the project as of Q3 2019/20:</p> <ul style="list-style-type: none"> • The anticipated final cost for the Cherry Street Stormwater and Lakefilling project is forecast to be \$65 million. • The current commitments amount to \$63.6 million, an increase from the prior report of \$0.3 million. • Forecast of additional future commitments equals \$1.4 million. • \$1.8 million of the project contingency is unallocated and is available for future risks and unknowns. • The total cost incurred to date is \$55.7 million which represents 86% of the total project budget. <p>The work accomplished last quarter includes:</p> <ul style="list-style-type: none"> • Completed grading and landscaping work (planting soils placement and plug installation) in west cove. • Finalized substantial completion paperwork. • Completed rectification of several deficiency items. • Submitted construction monitoring reports.
<p>Next Steps</p>	<p>The next Cherry Street Stormwater and Lakefilling project financial report for Q4 2019/2020 will be provided on May 28, 2020.</p>

<p>Purpose</p>	<p>For Committee Information</p> <p>The Bayside External Services Dashboard represents the financial status of Stormwater and Sanitary Servicing Infrastructure projects and is a key component of the Corporation’s project planning and reporting framework. The purpose of this report is to report on a quarterly basis the progress and achievement of project budgets and schedules against the corporation’s Long-Term Plan and Capital Project Budget approved by the Board of Directors.</p>
<p>Areas of note/ Key issues</p>	<p>The Bayside External Services dashboard includes Stormwater and Sanitary Servicing Infrastructure projects that are proceeding within the 10% of the current Board approved Capital Project Budgets.</p> <p>The following represents the financial status of the projects as of Q3 2019/20:</p> <ul style="list-style-type: none"> • The anticipated final cost for the Stormwater and Sanitary Servicing Infrastructure projects is forecast to be \$66.8 million or less than 1% over the approved Capital Project Budget. • The current commitments amount to \$64.7 million; an increase from the prior report of \$0.4 million. • Forecast of additional future commitments equals \$2.1 million. • All of the project contingency amounting to \$8.6 million is allocated to the Stormwater and Sanitary servicing project components. • The total cost incurred to date is \$52.4 million which represents 79% of the total project budget. <p>The work accomplished last quarter includes:</p> <ul style="list-style-type: none"> • Ongoing forming of building roof and mechanical work in main shaft. • Ongoing operation and maintenance of Cherry Street Sanitary Pumping Station (SPS) along with coordination with Toronto Hydro to install permanent hydro connection. • Ongoing contract yard piping and process piping connections.
<p>Next Steps</p>	<p>The next dashboard for Bayside External Services for Q4 2019/2020 will be provided on May 28, 2020.</p>

<p>Purpose</p>	<p>For Committee Information</p> <p>The Bayside Phase II Dashboard represents the financial status of Water’s Edge Promenade, Local Streets and Hydro Connections projects and is a key component of the Corporation’s project planning and reporting framework. The purpose of this report is to monitor on a monthly basis the progress and achievement of project budgets and schedules against the corporation’s Long-Term Plan and Capital Project Budgets approved by the Board of Directors.</p>
<p>Areas of note/ Key issues</p>	<p>Bayside Phase II Program is proceeding within the current Board approved Capital Project Budget. The following represents the financial status of the project as of Q3 2019/20:</p> <ul style="list-style-type: none"> • The anticipated final cost for the Bayside Phase II program is forecast to be \$40.6 million, \$4.1 million less than the approved budget. This represents an increase of \$0.4 million from the prior report. • While the project team is not forecasting that the balance of unallocated contingency (and forecast project savings) will be required to complete the project, it is recommended that the contingency be retained for future risks and unknowns which may be realized when the balance of work proceeds in 2022/23. • The current commitments amount to \$30.7 million; an increase from the prior report of \$2.4 million. • Forecast of additional future commitments equals \$9.9 million. • \$4.1 million of the project contingency is unallocated and is available for future risks and unknowns. • The total cost incurred to date is \$27.8 million which represents 69% of the total project budget. <p>The key accomplishments last quarter includes:</p> <ul style="list-style-type: none"> • Completed planting of trees and installation of bike rings. • Completed paver installation in roadways along with asphalt placement on Street “C”. • Installed street light poles.
<p>Next Steps</p>	<p>Substantial Completion of the initial stage of Bayside Phase II is anticipated to occur in February 2020 and therefor the next and final dashboard for Bayside Phase II for Q4 2019/2020 will be provided on May 28, 2020.</p>



Finance, Audit & Risk Management Committee
February 26, 2020
Item 3(e) – Quarterly Procurement Report
Kevin Newson

1. S. 11 of the Procurement Policies require reporting to the FARM committee of (a) exceptions to the Procurement Policies; and (b) contracts awarded in excess of \$5 million.

Since the last Quarterly Procurement Report there were:

(a) Exceptions to the Procurement Policies as follows:

- *Non-Competitive Procurement - Goods & Services (including Professional Services) for contract value above \$25,000, the following does not meet the permitted exceptions under Section 6 (3):*
 - *nNovation LLP – Legal Services for Quayside regarding Digital Governance, Intellectual Property, and Data Security matters. These issues are central to structuring appropriate relationships with Sidewalk Labs that support Waterfront Toronto’s role as the public steward of Waterfront revitalization. An additional \$115,000 was added since last report to cover services until June 30, 2020 in order to avoid disruption to the work being provided. Contract value to date: **\$140,000.***
 - *C&C Construction – Realignment of Distribution Piping System (DPS) at 181 Mill Street. The unused district energy infrastructure conflicts with the drilling and shoring for building foundations. Due to the urgent construction timelines, Waterfront Toronto was unable to proceed with a typical procurement process and C&C Construction was selected to undertake this work. Contract value to date: **\$161,580.***
 - *Colliers Project Leaders – Interim Project Management Support Services for Stormwater Facility and In-Water Pipes. Colliers was engaged to assist with addressing short-term engagement in the Project Delivery department to reduce the risks of the project schedules, as resourcing capacity issues caused few delays and substantial risks for certain projects. Contract value to date: **\$108,171.***
 - *Colliers Project Leaders – Interim Project Management Office Support Services. Due to unexpected resourcing availability, Colliers was engaged to assist the Program Management Office to deliver on pressing milestones, as resources with experience in construction/project controls was urgently required. Contract value to date: **\$64,000.***
- *Non-Competitive Procurement – Consulting Services, the following does not meet the permitted exceptions under Section 7 (2):*
 - *Hammersmith Consultants – Provide strategic advice to assess funding, process and timing options to accelerate Waterfront Transit. Contract value to date: **\$21,000.***

- *Global Privacy and Security by Design – Provide advisory services to Waterfront Toronto on privacy, data governance, and related matters related to the project. The consultant was engaged due to previous experience and knowledge of Canadian Privacy legislation and brings a seasoned perspective to the project. Contract value to date: **\$20,000.***

(b) Contracts awarded in excess of \$5 million as follows:

➤ *None.*

2. The Procurement Policy was also amended, effective December 04, 2019. A blackline copy is attached under Appendix C to the board book.

(a) Summary of Changes Made to the Procurement Policy:

- Section 5.2(5): Updated wording from previous version regarding Request for Expressions of Interest, Research, and Market Sounding.

Regulatory & Operational Compliance Report

(for the period from October 1, 2019 to December 31, 2019)

Finance, Audit and Risk Committee Meeting

February 26, 2020

Document/Program	Regulatory Body	Filing Requirements	Status	Compliant	Accountability
Wages, Taxes, Source Deductions and Employment-Related					
Harmonized Sales Tax Filing <i>Directors may be jointly and severally liable with the Corporation for unremitted HST</i>	Canada Revenue Agency	Monthly; last day of month following month's end	Ongoing: up to date	Yes	Director, Financial Management Accounting
Additional comments:	HST Return filed Jan 31, 2020 for period Dec 1, 2019 to Dec 30, 2019				
Corporate Income Tax Return <i>Directors may be liable for failure to file corporate income tax returns and up to 50% of unpaid taxes</i>	Canada Revenue Agency	Annually; June 30 of each year	Ongoing: up to date	Yes	Director, Financial Management Accounting
Additional comments:	CIT Return planned to be filed on/before Feb 26, 2020 [nil tax liability]				
CPP, EI & Income Tax remittances <i>Directors may be liable for unremitted source deductions</i>	Canada Revenue Agency	Within 3 days of any pay date	Ongoing: up to date	Yes	VP, Human Resources and Administration
Additional comments:	ADP makes the remittances on behalf of Waterfront Toronto				
Workplace Safety and Insurance Board premium remittances <i>Directors may be liable for fines of up to \$25,000 for non-compliance by the Corporation under the WSIA</i>	Minister of Labour	Monthly; 30 th of each month	Ongoing: up to date	Yes	VP, Human Resources and Administration
Additional comments:	Administered in-house				
Employee Health Tax Filing <i>Directors may be liable for failure to make payments under the Act</i>	Minister of Finance	Monthly; 15 th of every month	Ongoing: up to date	Yes	VP, Human Resources and Administration
Additional comments:	Administered in-house				
Employee Wages and Accrued Vacation Pay	Employment Standards Act	Semi-monthly	Ongoing: up to date	Yes	VP, Human Resources and Administration

<i>Directors may be liable for up to 6 months of unpaid wages accrued vacation pay</i>					
Additional comments:	ADP administers payments; vacation pay accrual recorded in financial statements				
Other Filings – Operational					
Annual business plan to be adopted at least 90 days before the beginning of each fiscal year with updated 5-year plan <i>This is a key governance requirement of the TWRC Act</i>	TWRCA	Annually	Up to date	Yes	Chief Financial Officer
Additional comments:	Current annual business plan and current rolling 5-year strategic plan both adopted December 5, 2019				
Audited Financial Statements and Annual Report to governments within 90 days of the end of each fiscal year <i>This is a key governance requirement of the TWRC Act</i>	TWRCA and Ontario Business Corporations Act	Annually; financial year end is March 31	Audited financial statements and annual report presented to Board by June 30 of each year	Yes	Chief Financial Officer
Additional comments:	2018/19 Audited financial statements and Annual Report approved by the Board June 27, 2019 and provided to governments June 28, 2019.				
Property Management <i>In the operation of the properties it owns or manages, the Corporation is responsible for various obligations</i>	Land owner's liability (Fire Code Act, Ontario Building Code, Occupier's Liability Act) /Landlord obligations under lease	Inspections are completed according to regulatory requirements and properties are maintained according to a regular maintenance schedule	Ongoing: up to date	Yes	Chief Financial Officer
Additional comments:	Properties operated by the Corporation are professionally managed by DMS Property Management				

Lisa Taylor, Chief Financial Officer

Document/Program	Regulatory Body	Filing Requirements	Status	Compliant	Accountability
Other					
Employee Health and Safety – workplace incidents or injuries <i>Under OHSA, directors may be held responsible for non-compliance and liable for fines of up to \$100,000 and imprisonment for up to 1 year</i>	Occupational Health and Safety Act (“OHSA”)	Report to FARM	Ongoing: up to date	Yes	Chief Project Officer
Additional comments:	PLFP: MOL performed inspections on October 18, 2019 and December 16, 2019 and found no issues. No lost time incidents occurred during the reporting period.				
Environmental Liability – spills, claims or administrative orders <i>Under the EPA, directors may be held responsible for non-compliance and liable for fines of up to \$4,000,000 and imprisonment for up to 5 years</i>	Environmental Protection Act (“EPA”)	Report to FARM	Ongoing: up to date	Yes	Chief Project Officer
Additional comments:	PLFP: A hydraulic line failed while drilling tie-backs in the new dock wall along the Keating Channel, approximately 0.5L hydraulic fluid entered the watercourse sorbent booms were deployed immediately to capture the spill, equipment inspections were increased and turbidity curtain was placed nearer the work zone to ensure capture of potential future spills.				

David Kusturin, Chief Project Officer



Document/Program	Regulatory Body	Filing Requirements	Status	Compliant	Accountability
Other					
Litigation <i>In its projects and other operations, the Corporation is exposed to claims in the usual course of business</i>	None	Report to FARM	Ongoing: up to date	Yes	Acting General Counsel
Additional comments:	<p>With the exception of one claim, all existing claims against the Corporation are being defended by insurers under project insurance or the Corporation's corporate insurance program. The one exception is a claim by Unit Park in 2015 related to the termination of a management agreement for the Yonge Street Quay Parking lot. Liability under this claim is considered remote.</p> <p>The cost of the claim by Corporation of the Canadian Civil Liberties Association (CCLA) are covered by the Corporation's insurance. This litigation has been separately reported on by the CEO of the Corporation.</p>				
Privacy Breach <i>Breaches of personal information arising from the operations of the Corporation will be reported to the Board</i>	Canadian Privacy Principles	Report to FARM	Ongoing: up to date	Yes	Acting General Counsel/Privacy Officer
Additional comments:	No breaches have been reported.				

Ian Ness, Acting General Counsel

Fundraising Action Plan Update Report

This Fundraising Action Plan update report to the FARM Committee covers:

- Fundraising Action Plan Recap
- Jan 1 2020 – March 31 2021 Deliverables

Fundraising Action Plan Recap

The Fundraising Action Plan, provided to FARM on November 21, 2019, describes the Corporation’s fundraising strategy (including costs and funding) for the Signature Projects (summarized below).

Signature Project (estimated cost to build, excluding fundraising)	Readiness for Fundraising	Appeal
<p style="color: #4F81BD;">Destination Playground (\$30m)</p> <p>2-acre one-of-a kind destination playground located in the Port Lands.</p>	<p>High: Vision Plan will be completed by March 31, 2020. To be delivered in coordination with PFLP, construction should begin in 2022/23 (if funding can be secured).</p>	<p>Regional draw, free and inclusive, beneficial to children’s health and well-being.</p>
<p style="color: #4F81BD;">Waterfront Walk (\$90m)</p> <p>4-km complete water’s edge walk from Portland Slip to Parliament Slip including timber pedestrian bridges</p>	<p>Medium: Concept design, gap analysis and updated cost estimate to be completed Q3 2019/20.</p>	<p>Connects people and places. Continuous promenade is a top priority of the public and is a feature common to the world’s best waterfronts.</p>
<p style="color: #4F81BD;">Jack Layton Ferry Terminal (\$80m)</p> <p>Expansion of existing terminal to accommodate growing operational demand and an improved user experience</p>	<p>Medium: International design competition completed in 2014. Optimization and Funding and Implementation Strategy to be completed in Q3 2020/21 includes updated cost estimate.</p>	<p>Improve experience for visitors to the Toronto Islands and create more opportunities for marine transportation within and beyond Toronto Harbour.</p>
<p style="color: #4F81BD;">Landmark Institution (\$200m)</p> <p>An architecturally significant landmark institution anchoring local and economic cultural activities while communicating a unique urban and national identity to the world</p>	<p>Low: Early phases of conceptual thinking.</p>	<p>Widely recognized addition to waterfront skyline. Provides a gathering place, activates the surrounding public realm and catalyzes new economic clusters. Objective is to attract up to 1 million visitors/year.</p>

The **fundraising strategy** is that Waterfront Toronto will develop its fundraising capabilities (to address readiness gaps identified by the fundraising consultant, KCI) and a campaign plan to pursue major gifts (\$500,000+) for the Destination Playground and will advance design and planning for the Signature Projects.

The incremental cost of the fundraising strategy is \$2.5M in FY 2020/21 (\$1.0M to develop fundraising capabilities and the campaign plan and \$1.5M to advance design and planning of the Signature Projects). Incremental cost means cost in addition to existing staff costs of \$0.9M. This \$3.4M cost of the strategy is fully funded.

Finance, Audit & Risk Management Committee – February 26, 2020
Item 3(g) – Fundraising Action Plan Update Report
Kathleen Niccols

The FY 2020/21 costs and milestones of the fundraising strategy are contained in the Board-approved Rolling Five Year Strategic Plan (2020/21-2024/25), “the Plan,” which also includes allocation of \$20M from land sale revenues as seed capital for the Signature Projects.

Jan 1 2020 – March 31 2021 Deliverables

The Fundraising Action Plan includes Jan 1, 2020 – March 31, 2021 Deliverables and Schedule, which will form the basis of management progress reporting.

The table below summarizes the status and next steps for the Deliverables that management has determined to be priorities for implementation of the Fundraising Action Plan.

Priority Deliverable	Status as of Feb 19, 2020	Next Three Months
1. Technical amendments to WT government consent to raise revenues	Amendments requested in September 2019.	Request for amendment to go to City Council together with Fundraising MOU. Secure amendments from provincial and federal governments.
2. Fundraising MOU with City of Toronto	Draft of MOU key terms under development by WT. First meeting with City is March 4.	Work with City to develop and finalize MOU for approval by City Council in May 2020.
3. Hire Campaign Director	Sample job descriptions provided by KCI are being reviewed.	Finalize WT Campaign Director job description. Post job ad on Association of Fundraising Professionals (AFP) website by mid-May 2020.
4. Establish internal fundraising project management	Fundraising Action Plan dashboard under development.	Provide first dashboard report at FARM Committee meeting on May 28, 2020.
5. Identify and develop key policies, procedures and precedent legal agreements	WT policies to be consistent with City Guidelines, which have been reviewed. Legal advice re policies and agreements to commence March 6.	Obtain sample policies and agreements from legal advisors and customize them for use by WT. Key policies and agreements identified by mid-May 2020.
6. Complete the procurement of the Play Equipment supply	Procurement for Play Equipment was awarded in mid-January 2020.	
7. Complete the conceptual design vision (10% design) for the Destination Playground (and operations and maintenance strategy)	Design services for conceptual design for the Destination Playground were awarded mid-February. This will include an assessment of Operations and Maintenance best practices.	Continue to develop the Destination Playground design. Commence Operations and Maintenance research.
8. Draft Destination Playground Case for Support	Individuals whose views could inform the Destination Playground Case for Support identified and interviewing of them is underway. The interviewees are stakeholders from governments and the community, subject matter experts re playground design, play, or philanthropy, City Parks representatives, and children.	Complete Case for Support Interviews. Develop first draft of messaging and “look and feel” for Case for Support.
9. Optimization of plan for Jack Layton Ferry Terminal and update cost estimate	Optimization of the Jack Layton Ferry Terminal Master Plan vision and a draft Class D cost estimate have been completed.	
10. Complete gap analysis for Waterfront Walk and update cost estimate	Gap analysis for the Waterfront Walk and draft cost estimate have been completed.	Undertake prioritization of the gaps identified to establish scope and project budget.



Finance, Audit & Risk Management Committee – February 26, 2020
Item 4 – Capital Approval
Port Lands Flood Protection (PLFP)
Lake Shore Bridge Alternative Case Phase 1
David Kusturin

Purpose	For Approval
Areas of note/ Key issues	<p>Lake Shore Bridge Alternative Case is one of the key components for Port Lands Flood Protection (PLFP). The presentation (attached under Appendix D to the board book) describes the project and Management’s request for Capital Approval for an expenditure of \$16 Million to complete the Lake Shore Bridge Alternative Case Phase 1 – Pre-Construction Works.</p> <p>This project is not included in the Board approved Rolling Five Year Strategic Plan</p> <p>Waterfront Toronto is currently finalizing the Delivery Agreement with City of Toronto for the Phase 1 (Pre-Construction Works) of the project and is anticipated to be executed prior to the end of March 2020.</p> <p>The following are to be completed as part of Phase 1:</p> <ul style="list-style-type: none"> • 100% Design • 100% Traffic Modelling • 100% Traffic Mitigation design • Risk Identification and Quantification • Subtrade Procurement (EllisDon remains Construction Manager) • City Council Approvals • Secure approvals to commence construction <p>Phase 2 Delivery Agreement between Waterfront Toronto and the City of Toronto will be finalized in Q3/Q4 2020 subject to Toronto City Council funding Approval.</p> <p>Management will request additional Capital Approval from the Committee (for recommendation to the Board of Directors for approval) for the Lake Shore Bridge Alternative Case Phase 2 – Construction Works in Q3/Q4 2020.</p>
Resolution	<p>ON MOTION duly made, seconded, and carried, be it RESOLVED that the Finance, Audit and Risk Management Committee approves, for recommendation to the Board of Directors:</p> <p>a) the Capital expenditure of \$16M to complete the Lake Shore Bridge Alternative Case Phase 1 – Pre Construction Works (the “Project”), subject to execution of a funding agreement with the City of Toronto; and</p> <p>b) the Project being added to the Corporation’s Rolling Five-Year Strategic Plan (2020/21 – 2024/25).</p>



Finance Audit and Risk Management Committee
February 26, 2020
Item 5 – Report of the Independent Capital Project Monitoring
BTY Consulting Group Inc.

<p>Purpose</p>	<p>For information: to support Committee oversight of the Port Lands Flood Protection (PLFP) Capital Project on technical matters related to the budget, scope and schedule.</p>
<p>Areas of note/ Key issues</p>	<p>The Independent Capital Project Monitoring & Assurance Services Report (“Report”) #6 (Q3 2019/20) Key findings:</p> <ul style="list-style-type: none"> • Budget: <ul style="list-style-type: none"> ○ The Estimate at Completion is consistent with the Approved Budget in the amount of \$1.185Bn. ○ The finalised 60% Stage Gate Project Artefacts were reviewed, and the Cost Management process implemented by WT is robust and in line with industry standards and best practices. ○ Contingency is at the low-end of the expected range. • Schedule: <ul style="list-style-type: none"> ○ The construction schedule update (period ending December 31, 2019) forecasts the PLFP Project works will be completed by the Substantial Completion Date. ○ The PLFP Schedule Management process implemented by WT is in line with industry standards. • Scope: <ul style="list-style-type: none"> ○ The process for scope management and cost optimisation is robust. ○ No scope changes were formalised in the current reporting period, though noted to be under consideration. • Risk: <ul style="list-style-type: none"> ○ Management approach to risk management regarding the cost of the project and the project schedule is consistent with industry practices. ○ Best practice risk management techniques have been followed in predicting the overall project schedule. • The general technical aspects presently known have been assessed against experience of large-scale, complex infrastructure projects, the processes are found to be robust and in accordance with standard practices. • The sample projects analyzed were generally consistent with the Project Artefacts. • An extract of the dashboard of the Report is attached under Appendix E of the board book
<p>Next Steps</p>	<p>BTY will prepare and provide Report #7 at the May 28, 2020 FARM Committee meeting.</p>

Purpose	For Committee Information.
Areas of note/ Key issues	<p>This 2018/19 - 2019/20 Internal Audit Plan Update covers two items:</p> <ol style="list-style-type: none"> 1. Employee Health and Wellness Review - completed Nov 2019; and 2. Procurement Internal Audit – Port Lands Flood Protection (underway). <ol style="list-style-type: none"> 1. <u>Employee Health and Wellness Review Results</u> <ul style="list-style-type: none"> • MNP LLP (MNP) completed a review of Waterfront Toronto’s (WTs) employee wellness program in response to the moderate risk level for staff recruitment and retention, given the 50% growth in headcount. • The scope covered alignment of WTs employee wellness program to best practices of comparable organizations within the public sector. • The overall conclusion is that WT supports employee wellness by offering a good range of programs and services. • In addition to several areas of strength, MNP noted two medium risk and two low risk findings: <ol style="list-style-type: none"> i. Regular monitoring and reporting of WT wellness offerings to ensure services and programs are aligned with employee needs and organizational objectives (medium risk); ii. Enhancing employee awareness of program and service offerings through formal and regular communications (medium risk); iii. Enhancing program offerings for physical health to ensure WT is encouraging employees to live a healthy lifestyle (low risk); and iv. Enhancing program offerings for rewards and recognition to support employees feel a sense of purpose through their contributions and achievements (low risk). • Management supports the recommendations and an implementation plan is underway. • Attached under Appendix F of the board book is MNP’s summary presentation and Procurement Audit Planning Memo. • The Employee Wellness Program detailed report issued by MNP is available upon request. 2. <u>Port Lands Flood Protection (PLFP) Project Procurement Audit</u> <ul style="list-style-type: none"> • WT identified the PLFP project to undergo the procurement audit this quarter due to the large-scale and complex nature of the project, and relatedly assess the Construction Manager’s conformance of the procurement process to WTs Procurement Policy. • Attached is MNPs Internal Audit Planning Memo which indicates that the audit will be completed in March 2020. <p>Note: The status of previous internal audit recommendations is reported under the Enterprise Risk Management (ERM) Dashboard, Item 3 d) ii a).</p>
Next Steps	MNP will report the results of the PLFP Procurement Audit at the May 28, 2020 FARM Committee meeting.

Purpose	For Committee approval.
Areas of note/ Key issues	<p>The Planning Report from BDO Canada LLP (BDO) presents a plan for the audit of the Corporation's financial statements for the year ending March 31, 2020.</p> <p>This is BDO's fourth year of their five-year term as the Corporation's external auditors.</p> <p>The Planning Report (refer Appendix to the Board book) covers:</p> <ul style="list-style-type: none"> ○ Independence (page 4); ○ Audit Team (page 5); ○ Management vs. FARM Committee Responsibilities (page 6); ○ Audit Strategy, Materiality, Risk Areas (pages 7-11); ○ Fraud Discussion (page 11-13); ○ Audit Timing (page 13); and ○ Fees (page 14). <ul style="list-style-type: none"> ● BDO completed its interim fieldwork January 13-17, 2020; ● The audit plan includes a review of the Enterprise Resource Planning (ERP) system conversion including data migration. ● The 2019 2020 External Audit Planning Letter from BDO is attached under Appendix G of the Board Book.
Resolution / Next Steps	<p>ON MOTION duly made, seconded, and carried, be it RESOLVED that the Finance, Audit and Risk Management Committee approves the 2019/2020 External Audit Plan.</p> <p>The FARM Committee will review the results of the external audit at its next meeting on May 28, 2020.</p>



Finance, Audit and Risk Committee (FARM) Committee
February 26, 2020
Item 15 – Draft Resolutions Arising from the Closed Session
FARM Committee Members

ON MOTION duly made by [●] and seconded by [●] and carried, it was **RESOLVED** that Finance, Audit and Risk Management Committee approves:

1. the 2020/21 – 2022/23 Internal Audit Fee Proposal be approved as tabled; and
2. the Minutes of the Closed Session of the FARM Committee meeting held on November 21, 2019 be approved as tabled.



Finance, Audit and Risk Management Committee – February 26, 2020
Item 16 – 2020/21 to 2022/23 Internal Audit Plan
Lisa Taylor / MNP LLP

Purpose	For Committee Approval																					
Areas of note/ Key issues	<p>As part of Waterfront Toronto’s Enterprise Risk Management Framework, management together with internal auditors from MNP LLP (“MNP”) reviewed the Corporation’s enterprise risks to develop a three-year risk-based internal audit plan beginning fiscal year 2020/21. The current two-year internal audit plan will conclude in March 2020.</p> <p>Six areas were identified and prioritized for WT’s proposed internal audit plan for the next three years (two internal audits per year) as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">No.</th> <th style="text-align: center;">Proposed Audit Area</th> <th style="text-align: center;">Fiscal Year/ Quarter</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td>Performance Measurement Framework</td> <td style="text-align: center;">Q2 2020/21</td> </tr> <tr> <td style="text-align: center;">2</td> <td>HR Resource Capacity & Succession Planning</td> <td style="text-align: center;">Q4 2020/21</td> </tr> <tr> <td style="text-align: center;">3</td> <td>ERP System Processes & Internal Controls</td> <td style="text-align: center;">Q2 2021/22</td> </tr> <tr> <td style="text-align: center;">4</td> <td>Project Management Process Controls</td> <td style="text-align: center;">Q4 2021/22</td> </tr> <tr> <td style="text-align: center;">5</td> <td>Communications Processes and Controls</td> <td style="text-align: center;">Q2 2022/23</td> </tr> <tr> <td style="text-align: center;">6</td> <td>Records & Information Management</td> <td style="text-align: center;">Q4 2022/23</td> </tr> </tbody> </table> <p>Six additional focus areas were identified as part of the internal audit pool and while not initially selected could be considered in lieu of one of the above areas if considered a higher priority:</p> <ul style="list-style-type: none"> ○ Business Continuity & Disaster Recovery, ○ Environmental Regulatory Compliance, ○ Corporate Compliance, ○ Payroll, ○ Vendor/Contract Management, and ○ ERP System Information Technology General Controls. <p>Refer to the attached presentation of MNP (under Appendix K to the FARM Book) which includes:</p> <ul style="list-style-type: none"> ○ Internal Audit Plan Development Approach, ○ Proposed Three-Year Internal Audit Plan, and ○ Audit Pool. 	No.	Proposed Audit Area	Fiscal Year/ Quarter	1	Performance Measurement Framework	Q2 2020/21	2	HR Resource Capacity & Succession Planning	Q4 2020/21	3	ERP System Processes & Internal Controls	Q2 2021/22	4	Project Management Process Controls	Q4 2021/22	5	Communications Processes and Controls	Q2 2022/23	6	Records & Information Management	Q4 2022/23
No.	Proposed Audit Area	Fiscal Year/ Quarter																				
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5	Communications Processes and Controls	Q2 2022/23																				
6	Records & Information Management	Q4 2022/23																				
Resolution	ON MOTION duly made, seconded and carried, be it RESOLVED that the Finance, Audit & Risk Management Committee approves the Three-Year Internal Audit Plan (2020/21 to 2022/23).																					