



Annual Review of BIFAC, IAC and PAC Charters

Item 5

May 18, 2021

Building Investment, Finance and Audit Committee

Report: BIFAC:2021-45

To: Building Investment, Finance and Audit Committee
("BIFAC")

From: General Counsel and Corporate Secretary

Date: May 6, 2021

PURPOSE:

The purpose of this report is to seek the BIFAC's approval of recommended amendments to the BIFAC, Investment Advisory Committee ("IAC") and Procurement Award Committee ("PAC") Charters.

RECOMMENDATIONS:

It is recommended that BIFAC approve the Building Investment, Finance and Audit Committee Charter (Attachment 1), the Investment Advisory Committee Charter (Attachment 2) and the Procurement Award Committee Charter (Attachment 3) and forward them to the Board for its approval.

REASONS FOR RECOMMENDATIONS:

At its March 31, 2021 meeting, the Governance, Communications and Human Resources Committee ("GCHRC") approved the BIFAC Charter and forwarded it to the BIFAC for its approval. The GCHRC also approved the IAC and PAC Charters and forwarded them to their respective Committees for approval. The PAC approved its amended Charter at its May 6, 2021 meeting and the IAC approved its Charter at its May 14, 2021 meeting, and both Committees forwarded their Charters to the BIFAC for its approval.

Following approval by the BIFAC, the Charters will be forward to the Board for its approval.

Under their Charters, BIFAC, IAC and PAC are tasked with reviewing their respective Charters on an annual basis.

Appended to this report are recommended changes to the BIFAC and PAC Charters, while there are no recommended changes to the IAC Charter. It is recommended that the BIFAC Charter be amended in order to provide for the Board's appointment of a Committee Vice Chair upon recommendation from the Committee. The amendments to the PAC Charter are intended to be more reflective of the language used by the City of Toronto in relation to commitment approvals and to provide greater clarity with regard to awarding change orders.

IMPLICATIONS AND RISKS:

It is good governance practice and in compliance with the BIFAC, IAC and PAC Charters to review and recommend changes to the charters annually.

The PAC Charter was last amended on June 29, 2020 to provide greater clarity and accuracy in relation to the operations of that Committee. The IAC Charter was last amended on December 15, 2020 to reduce the frequency of IAC meetings from quarterly to bi-annually.

SIGNATURE:

"Darragh Meagher"

Darragh Meagher
General Counsel and Corporate Secretary

ATTACHMENTS:

1. Building Investment, Finance and Audit Committee Charter
2. Investment Advisory Committee Charter
3. Procurement Award Committee Charter – Track Change Version
4. Procurement Award Committee Charter – Clean Version

STAFF CONTACT:

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Attachment 1

**THE BUILDING INVESTMENT, FINANCE AND AUDIT
 COMMITTEE CHARTER**

Mandate

The Building Investment, Finance and Audit Committee (the "BIFAC" or "Committee") is established as a committee of the Board of Directors ("Board") of Toronto Community Housing Corporation ("TCHC") to assist the Board in fulfilling its responsibilities in respect of:

- Capital Funds and investments (with an Advisory Committee, if needed);
- Capital projects, real property and building revitalization;
- Building state of repair and environmental sustainability;
- Budget, Financial Reporting and Financial Statements;
- Subsidiaries and joint ventures;
- Internal Audit, Accounting Systems and Internal Controls;
- External Audits;
- Financial Compliance;
- Financial and Fraud Risk;
- Information Technology;
- Enterprise Risk Management;
- Insurance; and
- Delegated Financial authority: \$5 million.

Advisory Subcommittees:

- The Investment Advisory Committee shall continue as a subcommittee of the BIFAC.

Responsibilities

The Committee fulfills its purpose by carrying out the following responsibilities:

- A. Capital Funds and Investments
 - Overseeing the design, implementation, and reporting of investment policies, strategies and initiatives by Management for capital reserves and reporting and making recommendations to the Board on such matters.
- B. Capital Projects, Real Property and Building Revitalization

- Reviewing and recommending to the Board for its approval, capital projects and their respective capital budgets, real estate transactions, monitoring the execution of such matters by Management, and reporting to the Board on such matters;
- Overseeing policies, strategies and initiatives by Management related to real property, including initiatives to achieve a good state of repair throughout the portfolio, and reporting and making recommendations to the Board on such matters;
- Overseeing policies, strategies, and initiatives by Management on the management of physical assets and reporting and making recommendations to the Board on such matters; and
- Monitoring Management's execution of development plans (including community revitalizations) and reporting and making recommendations to the Board on such matters.

C. Building State of Repair and Environmental Sustainability

- Overseeing the disposition of assets in connection with the State of Good Repair Fund and/or any other capital reserve funds; and
- Overseeing policies, strategies and initiatives by Management on green plans, energy and environmental plans and reporting and making recommendations to the Board on such matters.

D. Budget, Financial Reporting and Financial Statements

- Reviewing with Management, and as necessary with the external auditor, and recommending to the Board for approval, the annual operating and capital plan and associated budgets of the organization, the annual audited consolidated financial statements of the Corporation, quarterly financial reports to include balance sheet, income statement, statement of cash flows, and management notes on variances between actual to budget levels, and prior years; as well as provide financial forecasts and other financial reporting as determined by the Board;
- Reviewing with Management, and as necessary with the external auditor, the Corporation's key accounting, tax, and financial reporting policies and practices and reporting and making recommendations to the Board on such matters;
- Reviewing with Management, and as necessary with the external auditor, significant accounting or disclosure issues, including complex or unusual transactions, and significant changes to accounting principles and reporting and making recommendations to the Board on such matters; and

- Overseeing with Management the financial reporting of all elements in connection with the State of Good Repair Fund and/or any other capital reserve funds.

E. Subsidiary and Joint Ventures

- Recommending to the Board for approval the creation or disposition of any subsidiary or joint venture;
- Receiving and reviewing with Management the annual operating plan and budget of all subsidiaries and joint ventures, and reporting and making recommendations to the Board on such matters; and
- Receiving and reviewing with Management the annual financial statements of all subsidiaries and joint ventures, and reporting and making recommendations to the Board on such matters.

F. Internal Audit, Accounting Systems and Internal Controls

- Reviewing and approving the Internal Audit work plans and reports and advising the Board, as appropriate, on the adequacy, accuracy, timeliness and reliability of financial reports and on the efficacy of internal accounting, auditing, and management control systems and procedures.

G. External Audits

- Annually reviewing and evaluating the external auditor, including the independence and the terms of engagement and remuneration, and making recommendations to the Board for presentation to the Shareholder;
- Reviewing and approving the annual audit plan of the external auditors;
- Reviewing with the external auditor any significant changes in financial reporting and accounting practices and reporting and making recommendations to the Board on such matters;
- Reviewing with the external auditor the findings of the annual audit of the organization's financial statements and recommending to the Board the approval of the annual audit report;
- Reviewing with Management any management responses to the annual audit report and reporting to the Board on such matters; and
- Reviewing with the Auditor General any findings of its audits of the Corporation, monitoring management responses to recommendations by the Auditor General, and reporting and making recommendations to the Board on such matters.

H. Financial Compliance

- Monitoring Management's compliance with laws and regulations, including but not limited to the reporting requirements of the Shareholder Direction and Canadian GAAP and, where there is non-compliance, reporting to the Board with recommendations for rectifying.

I. Financial and Fraud Risk

- Reviewing with Management, the internal auditor, and the external auditors their assessment and monitoring of financial risks including but not limited to liquidity risk, financing and refinancing risk, and litigation costs risk, reviewing and assessing steps to respond to such risks, and reporting and making recommending to the Board on such matters;
- Monitoring and reporting, as necessary, to the Board on issues of fraud, including employee and tenant fraud; and
- Monitoring and reporting, as necessary, to the Board any referrals of financial whistleblower issues with recommendations for addressing the issues.

J. Information Technology

- Annually reviewing with Management the information technology and management strategies of the Corporation and reporting and recommending to the Board for approval significant investments in technology.

K. Enterprise Risk Management

- Review with Management its assessment of identified risks that the corporation faces and has established a risk management infrastructure to address those risks.

L. Insurance

- Annually reviewing with Management the Insurance program of the Corporation and recommending to the Board for approval the annual insurance policy renewal.

Authority

The Committee has full delegated authority from the Board in respect of the matters that fall within its Charter.

The Committee may establish ad-hoc or advisory committees to provide input on specific issues identified by the Committee.

The Committee will have full, free and unrestricted access to Management and its employees, the external auditor, and internal auditors.

The Committee may retain the services of external advisors at the expense of the Corporation as may be deemed necessary to ensure its due diligence and in accordance with TCHC's procurement policy and procedures.

Within the scope of the Committee, the Committee may award contracts up to \$5,000,000.

Composition

- Appointment of the Committee Chair and members shall be by the Board upon recommendation by the Board Chair.
- Appointment of the Committee Vice-Chair shall be by the Board upon recommendation by the Committee.
- The Chair of the Board shall be a voting *ex officio* member of the Committee.
- The President and Chief Executive Officer will appoint an Executive staff liaison to support the Chair.
- The President and Chief Executive Officer will appoint a staff person as Corporate Secretary for the Committee.
- The Committee shall be composed of a minimum of four Directors.

Terms of Membership

- Two-year term. The term is renewable for an additional two-year term.

Quorum

- Quorum shall be the minimum of fifty percent of the Directors of BIFAC.
- Where a quorum is present, decisions shall be taken by motion, with passage by simple majority (fifty percent plus one) of the total Committee members present at a meeting of the Committee, in person or by teleconference call.
- Written resolution in lieu of meeting signed by all members of the Committee is permitted.

Meetings

- The Committee will meet as frequently as it determines necessary but not less than once each quarter. Meetings may be called by the Chair of the Board or the Chair of the Committee. The Chair of the Committee must call a meeting when requested to do so by any member of the Committee, the Chairman of the Board, the President and Chief Executive Officer, or the General Counsel and Corporate Secretary.
- Time-limited sub-committees or advisory committees may be formed to address specific issues and perform clear tasks.
- The procedure at meetings shall be determined by the Committee Chair adhering to the by-laws of the Corporation or any resolution of the Board.
- Meetings will be held in public other than matters to be dealt with in closed session, such as:
 - a. the security of the property of the Corporation;
 - b. personal matters about an identifiable individual, including an employee;
 - c. a proposed or pending acquisition or disposition of land by the Corporation;
 - d. labour relations or employee negotiations;
 - e. litigation or potential litigation, including matters before administrative tribunals, affecting the Corporation;
 - f. advice that is subject to solicitor-client privilege, including communications necessary for that purpose;
 - g. any other matter City Council would be permitted to discuss at a meeting or part of a meeting that is closed to the public under *City of Toronto Act, 2006* or any other Act; or
 - h. a request under the *Municipal Freedom of Information and Protection of Privacy Act* (MFIPPA).

Review

- The Committee shall review its Charter on an annual basis and recommend any changes to such terms to the Governance, Communications and Human Resources Committee.

Reporting

- The Committee will report the proceedings of each meeting and all recommendations made by the Committee at such meeting to the Board at the Board's next meeting. The Committee will make such recommendations to the Board as it may deem appropriate.

Approved: December 16, 2014

Amended: April 27, 2016

Amended: December 11, 2017

Amended: June 12, 2018
Amended: February 27, 2019
Amended & Approved: July 30, 2020

Attachment 2 - REVISED Investment Advisory Committee Charter

Mandate

The Investment Advisory Committee (the "Committee") is established as an advisory subcommittee to the Building Investment, Finance and Audit Committee. The purpose of the Committee is to assist the Building Investment, Finance and Audit Committee in fulfilling its responsibilities in respect of:

- Capital Funds and Investments.

Responsibilities

The Committee shall:

- Provide strategic advice with respect to the investment policy and strategy for capital reserves, including the investment of funds allocated for the purposes of the State of Good Repair Fund and/or other capital reserve funds;
- Monitor investment performance and report on implementation of the investment policy; and
- Periodic review of performance reports generated by the fund manager(s) and report regularly to the Building Investment, Finance and Audit Committee with respect to the performance of all invested funds.

Composition

- The Committee shall be composed of a minimum of 4 members: a Board member sitting on the Building Investment, Finance and Audit Committee, the President and Chief Executive Officer, and a minimum of 2 external advisors with expertise in investment management and finance.
- The Chair of the Committee shall be the Building Investment, Finance and Audit Committee representative with expertise in investment management strategies and management of investment portfolios.
- The President and Chief Executive Officer will appoint a staff person to act as Corporate Secretary for the Committee.

Authority

- **The Committee will have full, free and unrestricted access to Management and its employees and any external advisors deemed necessary to ensure its due diligence.**
- **The Committee may retain the services of external advisors at the expense of the Corporation as may be deemed necessary to ensure its due diligence and in accordance with TCHC's procurement policy and procedures.**

Quorum

- Quorum shall be a minimum of three (3).
- Where a quorum is present, decisions shall be taken by motion, with passage by simple majority (fifty (50) per cent plus one) of the total Committee members present at a meeting of the Committee, in person or by teleconference call. Decisions may also be by resolution in writing signed by all members of the Committee.

Meetings

- The Committee will meet **twice** ~~bi~~-annually, or more frequently at the call of the Committee Chair.
- Meetings will be held at a time and place as determined by the Committee.
- The procedure at meetings shall be determined by the by-laws of the Corporation or by resolution of the Board.

Review

- The Committee shall review its term of reference on an annual basis and recommend any changes to such terms to the Building Investment, Finance and Audit Committee.

Approved: April 29, 2013

Amended: February 4, 2015- Replaced Terms of Reference with Charter and Building and Investment Committee with Building Investment, Finance and Audit Committee.

Amended: September 28, 2017

Amended: February 27, 2019

Amended: September 2020 (presented at December 15 2020 Board Meeting)



THE PROCUREMENT AWARD COMMITTEE CHARTER

Mandate

The Procurement Award Committee (“PAC”) is established as a management committee of Toronto Community Housing Corporation (“TCHC”) to assist the Board in fulfilling its responsibilities in respect of contract award approvals ~~up to \$2.5 million (exclusive of taxes)~~ within the scope of its approval authority, as described in this Charter.

Responsibilities

The PAC fulfills its mandate by reviewing and approving contract awards ~~up to \$2.5 million (inclusive within the scope of any change orders and exclusive of taxes)~~ its approval authority, as described in this Charter, and by recommending approval by the Building Investment, Finance and Audit Committee (“BIFAC”) and/or the Board ~~for the approval of~~ contract awards above beyond the scope of that authority.

Prerequisites for PAC Authority (Competitive Procurement)

~~limit~~ The PAC has authority to approve contracts, with the exception of consultant contracts not directly related to capital repair and/or development projects.

~~Prerequisites for PAC Authority (Competitive Procurement)~~

~~The PAC has authority to approve contracts~~ if all of the following conditions are met:

1. The Senior Director of Procurement has recommended the award as being conducted in a fair and transparent manner and in compliance with the terms of a competitive procurement call, and applicable procurement policies, procedures, and protocols.

3.2. The ~~recommended~~ award is to the lowest bidder or highest scoring proponent as determined by an evaluation team, supplier(s) whose response meets the specifications and qualification requirements set out in the solicitation and whose response represents the best value to TCHC based

on the evaluation criteria outlined set out in the procurement call solicitation, including price criteria:

~~5.3.~~ The award and resulting commitment term of the contract does not result in exceed a commitment maximum term exceeding of five (5) years, including extensions or the projected term of capital funding for a project as approved by the TCHC Board of Directors;

~~7.4.~~ The award and resulting commitment is less than or equal to \$2.5 million (exclusive of taxes);

~~9.~~ The funding for the award and subsequent commitment was approved by the Board of Directors through a budget process, for all years that have been the subject of the Board's budget approval process.

~~11.5.~~ The PAC has not received a material written objection to the merits of the award, prior to the decision to award by the PAC.

~~13.6.~~ All members of the PAC, present at the meeting when the matter is considered, vote in favour of the award.

Prerequisites for PAC Authority (Change Orders)

The PAC has authority to award change orders to previously approved contracts, with the exception of consultant contracts not directly related to capital repair and/or development projects, if all of the following conditions are met:

1. The original contract was awarded through a competitive procurement call, and applicable procurement policies, procedures, and protocols.
- ~~2.~~ 2. When the original contact was approved by either the President and CEO, pursuant to their delegated authority or by the PAC:
 - (a) the cumulative value of the change order(s), original contract(s) and resulting commitments is less than or equal to \$2.5 million (exclusive of taxes); and
 - (b) the cumulative value of the change order(s) (exclusive of taxes) is less than or equal to twenty (20%) percent of the original contract value.

3. When the original contract was approved by the BIFAC or the Board of Directors, the cumulative value of the change order(s) does not exceed the lesser of twenty (20%) percent of the original contract value or \$2.5 million (exclusive of taxes).~~3.~~

~~2.4.~~ The funding for the change order and subsequent commitment is within existing budget approvals from the Board of Directors.

~~4.5.~~ ~~4.~~ All members of the PAC, present at the meeting when the matter is considered, vote in favour of the change order.

Authority

The PAC has full delegated authority from the Board in respect of the matters that fall within this Charter.

The PAC is accountable to the Board and shall not be entitled to sub-delegate all or any of the powers and authority delegated to it, unless authorized under TCHC's Financial Control Bylaw No. 3.

Composition

- President and Chief Executive Officer;
- General Counsel and Corporate Secretary;
- Vice President, Human Resources;
- Chief Financial Officer and Treasurer;
- Chief Operating Officer;
- Chief Development Officer; and
- Senior Director, Strategic Procurement.

Quorum

- Quorum shall be a minimum of four members.
- Where a quorum is present, decisions shall be taken by motion, with passage by unanimous vote.
- Written resolution in lieu of meeting signed by all members of the PAC is permitted.

Meetings

- The PAC will meet as frequently as it determines necessary, generally through monthly meetings.
- The procedure at meetings shall adhere to the by-laws of the Corporation or any resolution of the Board.

Review

- The PAC shall review its Charter on an annual basis and recommend any changes to such terms to the Governance, Communications and Human Resources Committee.

Reporting

- The PAC will report the proceedings of each meeting, all contracts and change orders awarded, and all recommendations made by the PAC to the BIFAC at the BIFAC's next meeting. The PAC will make such recommendations to the BIFAC as it may deem appropriate.

Approved: June 27, 2019

Amended & Approved: July 30, 2020

Amended:



THE PROCUREMENT AWARD COMMITTEE CHARTER

Mandate

The Procurement Award Committee (“PAC”) is established as a management committee of Toronto Community Housing Corporation (“TCHC”) to assist the Board in fulfilling its responsibilities in respect of contract award approvals within the scope of its approval authority, as described in this Charter.

Responsibilities

The PAC fulfills its mandate by reviewing and approving contract awards within the scope of its approval authority, as described in this Charter, and by recommending approval by the Building Investment, Finance and Audit Committee (“BIFAC”) and/or the Board the approval of contract awards beyond the scope of that authority.

Prerequisites for PAC Authority (Competitive Procurement)

The PAC has authority to approve contracts, with the exception of consultant contracts not directly related to capital repair and/or development projects, if all of the following conditions are met:

1. The Senior Director of Procurement has recommended the award as being conducted in a fair and transparent manner and in compliance with the terms of a competitive procurement call, and applicable procurement policies, procedures, and protocols;
2. The award is to the supplier(s) whose response meets the specifications and qualification requirements set out in the solicitation and whose response represents the best value to TCHC based on the evaluation criteria set out in the solicitation, including price criteria;
3. The term of the contract does not exceed a maximum term of five (5) years, or the projected term of capital funding for a project as approved by the TCHC Board of Directors;
4. The award and resulting commitment is less than or equal to \$2.5 million (exclusive of taxes);
5. The PAC has not received a material written objection to the merits of the award, prior to the decision to award by the PAC.
6. All members of the PAC, present at the meeting when the matter is considered, vote in favour of the award.

Prerequisites for PAC Authority (Change Orders)

The PAC has authority to award change orders to previously approved contracts, with the exception of consultant contracts not directly related to capital repair and/or development projects, if all of the following conditions are met:

1. The original contract was awarded through a competitive procurement call, and applicable procurement policies, procedures, and protocols.
2. When the original contact was approved by either the President and CEO, pursuant to their delegated authority or by the PAC:
 - (a) the cumulative value of the change order(s), original contract and resulting commitments is less than or equal to \$2.5 million (exclusive of taxes); and
 - (b) the cumulative value of the change order(s) (exclusive of taxes) is less than or equal to twenty (20%) percent of the original contract value.
3. When the original contact was approved by the BIFAC or the Board of Directors, the cumulative value of the change order(s) does not exceed the lesser of twenty (20%) percent of the original contract value or \$2.5 million (exclusive of taxes).
4. The funding for the change order and subsequent commitment is within existing budget approvals from the Board of Directors.
5. All members of the PAC, present at the meeting when the matter is considered, vote in favour of the change order.

Authority

The PAC has full delegated authority from the Board in respect of the matters that fall within this Charter.

The PAC is accountable to the Board and shall not be entitled to sub-delegate all or any of the powers and authority delegated to it, unless authorized under TCHC's Financial Control Bylaw No. 3.

Composition

- President and Chief Executive Officer;
- General Counsel and Corporate Secretary;
- Vice President, Human Resources;
- Chief Financial Officer and Treasurer;
- Chief Operating Officer;
- Chief Development Officer; and
- Senior Director, Strategic Procurement.

Quorum

- Quorum shall be a minimum of four members.
- Where a quorum is present, decisions shall be taken by motion, with passage by unanimous vote.
- Written resolution in lieu of meeting signed by all members of the PAC is permitted.

Meetings

- The PAC will meet as frequently as it determines necessary, generally through monthly meetings.
- The procedure at meetings shall adhere to the by-laws of the Corporation or any resolution of the Board.

Review

- The PAC shall review its Charter on an annual basis and recommend any changes to such terms to the Governance, Communications and Human Resources Committee.

Reporting

- The PAC will report the proceedings of each meeting, all contracts and change orders awarded, and all recommendations made by the PAC to the BIFAC at the BIFAC's next meeting. The PAC will make such recommendations to the BIFAC as it may deem appropriate.

Approved: June 27, 2019

Amended: July 30, 2020

Amended: