

May 4<sup>th</sup>, 2015  
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**TORONTO WATERFRONT REVITALIZATION CORPORATION**  
**Finance, Audit and Risk Management Committee Mandate**

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**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:

(a) **Financial Reporting**

The Committee will:

- (i) Review with management the Corporation’s annual and quarterly financial statements;
- (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;
- (iii) Recommend to the Board the approval of the audited annual financial statements and unaudited quarterly financial statements;
- (iv) Review any public disclosures containing audited or unaudited financial information; and
- (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.

(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.

(c) **External Auditors**

The Committee shall:

- i. Recommend external auditors for appointment by the Board including their compensation for all services; such external auditors shall report directly to the Committee and be independent of the Corporation;
- ii. Review the performance of the external auditors at least annually;
- iii. If appropriate, recommend the removal of external auditors and their replacement;
- iv. Pre-approve all services (audit and non-audit services) to be provided by the external auditors; and
- v. At least annually, review and approve the overall scope of the external auditors' audit plans.

(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;
- (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;
- (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
- (iv) Review the performance of the internal auditors at least annually.

(e) **Government Audits**

The Committee will:

- (i) Review the reports issued by a government auditor and management's response to these reports;
- (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

- (iii) Monitor the coordination of government auditors' involvement with the role of the Corporation's external and internal auditors.

(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;
- ~~(ii) Variances in material capital project expenditures as outlined in the Corporation's Capital Approval Policy;~~
- ~~(iii)~~ The business plans, periodic forecasts, long term financial plans and revisions thereto;
- ~~(viii)~~ The adequacy of financial resources and cash flow of the Corporation;
- ~~(iv)~~ The financing of various projects and development as may be requested by the Board from time to time; and
- ~~(v)~~ Review reports from management on various financial measures and reports requested by the Board.

(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:

(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:

- Project or program with a budget valued in excess of \$50 million;
- High complexity and potential for many unknown risks;
- Compressed timeline/schedule;
- Self-insurance procurement model;
- Multiple stakeholders; and

- High public profile.

The Committee will provide independent monitoring with respect to project budget, scope and schedule.

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## 2. Authority

- (a) The Board authorizes the Committee to:
  - (i) Carry out its responsibilities as set out in this Mandate;
  - (ii) Regulate its own proceedings and develop its own procedures;
  - (iii) Require management and employees of the Corporation, and invite any others it deems to have relevant experience and expertise, to attend, or participate in, its meetings and proceedings
  - (iv) Communicate expectations and the nature, timing and extent of the Committee's informational needs to management; and
  - (v) Direct the external and internal auditors to examine or consider a specific matter or area or to perform a supplemental review or audit
- (b) The Committee will be permitted access to all records and information of the Corporation that it determines to be required in order to perform its duties.
- (c) The Corporation will directly pay or reimburse the Committee and its members for expenses incurred in carrying out this Mandate.

## 3. Composition and Procedures

- (a) The Committee will be appointed by the Board and will be composed of no fewer than three Board Directors. The Committee will be chaired by a person appointed by the Board (the "**Committee Chair**"). The Corporate Secretary of the Board will be the Secretary of the Committee.
- (b) Each member will serve at the pleasure of the Board and will cease to be a member upon the termination of Board service.
- (c) The Board may fill vacancies in the Committee. If a vacancy exists on the Committee, the remaining members may exercise all Committee powers so long as a quorum remains.
- (d) The Committee will establish an annual work plan for each forthcoming year and will meet as frequently as may be required.

- (e) At least one member of the Committee must be a member in good standing of a recognized Canadian Accounting profession.
- (f) Each Committee member will be financially literate. A person with financial literacy to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to those that can reasonably be expected to be raised by the Corporation's financial statements.
- (g) The Committee Chair, any two members of the Committee or the external auditors, may call meetings.
- (h) Unless waived by all members, notice of each meeting of the Committee confirming the date, time, place and agenda of the meeting, together with any supporting materials, must be given to each member at least two (2) business days before the date of the meeting.
- (i) The Committee Chair, in consultation with the Chair where appropriate, and after consultation with the officers and employees of the Corporation, other Committee members and other Directors of the Corporation, is responsible for establishing the agenda of each meeting of the Committee.
- (j) The Corporation's external auditors shall be entitled to participate in each meeting, subject to exceptions as may be determined by the Committee Chair.
- (k) A quorum for a meeting of the Committee is a majority of members present in person or by teleconference. In the absence of the Committee Chair, the other members of the Committee may appoint one of their members to chair the meeting. The Committee Chair or the substitute Chair may vote on any matter, but will not have a second or casting vote. With the concurrence of the Committee Chair, a member unable to attend a meeting may designate another Director of the Corporation to attend on her or his behalf and such designee will have the same powers as would have that member.
- (l) The powers of the Committee may be exercised at a meeting where a quorum is present or, by resolution in writing signed by all members of the Committee entitled to vote on that resolution at a meeting of the Committee, provided that matters addressed in a written resolution could be properly addressed in an in-camera session or have been considered and decided as required in the open portion of a Committee meeting.
- (m) The Chair of the Board, if not a member, may attend any meeting of the Committee in an ex-officio capacity and will not vote.
- (n) The Chief Executive Officer will be invited to all meetings of the Committee.

- (o) The Secretary of the Committee will prepare and keep minutes of each Committee meeting. Minutes will be available to each Committee member and to any other Director who may properly request them.
- (p) The Committee Chair will report to the Board following each meeting of the Committee.