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## ITEM 2

To: Corporate Governance Committee

From: Mayor David Miller, Chair of the Corporate Governance Committee

Date: June 9, 2009

Subject: Audit & Risk Management Committee Terms of Reference

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The City of Toronto's Shareholder Direction to Build Toronto Inc. ("Build Toronto" or "the Corporation") provides that the board of directors of Build Toronto (the "Board") shall establish a Corporate Governance Committee of the Board and such other committees of the Board as the Board determines are appropriate, and delegate to the committees such authority as the Board determines is appropriate, subject to the provisions of the *Business Corporations Act* (Ontario) and s. 4.8 of the City's Shareholder Direction to Build Toronto.

The Board established a Corporate Governance Committee and directed that the Corporate Governance Committee report back to the Board with a recommendation for other Board committees.

To assist the Board with its mandate, the Board requires an Audit & Risk Management Committee. To expedite this process, I recommend the Corporate Governance Committee recommend that the Board:

1. constitute the Audit & Risk Management Committee as a committee of the Board;
2. adopt the terms of reference for the Audit & Risk Management Committee attached;
3. appoint David Barry, Bruce Bowes and Mike Williams as members of the Audit & Risk Management Committee for a one year term or until their successor is appointed; and
4. appoint David Barry as Chair of the Audit & Risk Management Committee for a one year term or until a successor is appointed.

For the information of the Committee, I am designating Blake Hutcheson to serve as my designate as ex-officio member of the Audit & Risk Management Committee.

Mayor David Miller  
Chair of the Corporate Governance Committee

Attachment: Audit & Risk Management Committee Terms of Reference

**Build Toronto  
Audit & Risk Management Committee  
Terms of Reference**

**Requirement:**

The Shareholder Direction from the City of Toronto provides in s. 4.1 that the Board of Directors may establish such committees of the Board as the Board determines are appropriate, and delegate to the committees such authority as the Board determines is appropriate, provided that the delegation of that authority is permitted under the *Business Corporations Act* (Ontario) and complies with, and is subject to, the provisions in s. 4.8 of the Shareholder Direction.

The Shareholder Direction in s. 4.8 requires that the Board not delegate decision-making to any committee unless all members of the committee are current Board members and that the Board shall not delegate to a committee the power to commit Build Toronto resources unless the Board has stipulated in its by-laws monetary limits on the corporate resources that may be committed by the committee.

The *Business Corporations Act* (Ontario) permits the Board to establish any committees it requires to conduct the business and affairs of the Board.

**Mandate:**

The Audit & Risk Management Committee shall have the following authority and responsibilities:

- (a) Review with management the quarterly and annual financial statements and the financial status of the Corporation.
- (b) Approve the audit plans, priorities and reporting for the annual audit, and recommend to the Board any special audits of the Corporation's operations, projects and ventures.
- (c) Review audit results and reports with the auditor and review management's response to the audit results and reports.
- (d) Recommend to the Board the audited financial statements for the Corporation and actions on any comments and issues raised by the auditors.
- (e) Review and recommend to the Board financial management policies and internal controls and any changes or actions required, including accounting policies, procurement and contracting policies, liquidity and debt financing policies, financial reporting requirements, and expense policies for members of the Board and employees.
- (f) Recommend to the Board a system of delegation of authority and any changes or actions required for the execution of instruments and creation of obligations on behalf of the Corporation.
- (g) Recommend to the Board policies and any changes required for the protection of the Corporation's assets and the assets of the City under its management.

- (h) Recommend to the Board strategies and policies and any changes or actions required to identify, assess, manage and mitigate financial, environmental and other risks that may materially affect the Corporation.
- (i) Review the adequacy of insurance for the Corporation and its directors, officers, employees and agents and recommend to the Board any changes or actions required.
- (j) Review expenses of the Chair and CEO of the Corporation.

**Committee Composition and Meetings:**

The Board shall appoint the Chair of the Audit & Risk Management Committee and the members of the Committee. The Audit & Risk Management Committee shall be composed of no fewer than three members. All Committee members shall be current Board directors. The quorum for a meeting of the Committee shall be a majority of its members.

The Chair of the Board, or the Chair's designate, shall be an ex-officio member of the Committee and shall be eligible to vote when attending Committee meetings. When attending Committee meetings, the ex-officio member may be counted towards achieving quorum.

Committee meetings shall be open to the public and shall be conducted according to the provisions of s. 4.8 of the Shareholder Direction, as applicable.

The Committee shall meet not less frequently than four times annually. After each meeting, the Committee shall report its actions and recommendations to the Board. Unless otherwise determined by the Board, the Committee shall have the power to develop its own procedures and regulate its own proceedings.

The Committee may require management and employees of the Corporation to attend its meetings and provide advice to the Committee.