

TAF'S AUDIT COMMITTEE

Terms of Reference

Draft for Board consideration July 2026

1. Purpose

The Audit Committee (the "Committee") is a standing committee of the Board of Directors (the "Board") of the Toronto Atmospheric Fund ("TAF").

The Committee supports the Board in overseeing financial management and audit-related activities.

2. Governance and Authority

The Committee operates in an advisory capacity and provides recommendations to the Board. The Board retains full decision-making authority.

These Terms of Reference are subject to:

- the [Toronto Atmospheric Fund Act](#);
- [TAF By-law No. 1-2022](#); and
- the [TAF–City Relationship Framework](#).

In the event of conflict, applicable legislation and binding agreements prevail.

3. Composition and Terms

The Committee shall:

- Consist of at least three (3) Board members, the majority of whom are not Officers; and
- include members with relevant expertise (e.g. accounting, audit, financial oversight, risk management), including the ability to understand financial statements of a level of complexity appropriate to TAF's operations.

Members are appointed by the Board, having regard to the skills and composition requirements. Unless otherwise determined by the Board:

- members are appointed for terms of up to four (4) years and may be reappointed, generally for a maximum of two consecutive terms;
- members continue to serve until a successor is appointed;
- the Board may appoint members for shorter terms or remove or replace members at its discretion.

The Chair of the Board is an ex officio, non-voting participant, unless appointed as a voting member.

4. Chair

The Chair shall:

- be a member of the Board and appointed by the Board. The Board may have regard to relevant expertise, including financial oversight experience, in appointing the Chair;
- preside over meetings;
- set meeting agendas with TAF staff; and
- report to the Board on Committee activities and recommendations.

5. Duties and Accountabilities

The Committee shall:

- review the annual audited financial statements and management letter with the external auditor and senior management, and provide recommendations to the Board prior to approval;
- oversee and recommend actions to strengthen internal controls, financial reporting, and risk management practices;
- review the qualifications, independence, effectiveness, and tenure of the external auditor and recommend appointment of an auditor; and
- perform such other duties as the Board may delegate to the Committee from time to time.

6. Conduct, Conflict of Interest and Confidentiality

Members shall:

- comply with the *Municipal Conflict of Interest Act*;
- disclose conflicts and recuse where required;
- maintain confidentiality of non-public information; and
- act in the best interests of TAF.

7. Meetings

The Committee will:

- meet at least two (2) times per year, or more frequently as required;
- conduct its proceedings in compliance with the open meeting requirements set out in the *Toronto Atmospheric Fund Act*, *City of Toronto Act, 2006*, and the *Municipal Act, 2001*, and in accordance with TAF by-laws and the procedural requirements set out in the TAF–City Relationship Framework; and
- receive administrative and procedural support from TAF staff, who are responsible for coordinating meetings, preparing agendas and materials, and supporting records of proceedings;
- ensure that the external auditor receives notice of meetings of the Committee and attends meetings at the request of the Committee;
- meet with the external auditor at least once annually;
- permit the external auditor to call a meeting of the Committee; and
- meet in closed session, including with the external auditor and without management present, as appropriate.

Agendas and materials will be distributed in advance of meetings, where practicable.

8. Reporting, Administration and Review

Members are not remunerated but may be reimbursed for reasonable out-of-pocket expenses in accordance with TAF policies.

These Terms of Reference shall be reviewed periodically and updated as required.