

Attachment 1

Terms of Reference ONE Investment Board's Audit Committee

Scope

The Audit Committee (Committee) assists the ONE Board in fulfilling its oversight responsibilities of:

- ONE Investment, as a not-for-profit, financial reporting; and
- ONE Legal List Investment Program and ONE Prudent Investment Program, offered in compliance with the Municipal Act, 2001 Section 418 and 418.1 respectively and ONE Savings Accounts.

Purpose

The Committee assists the ONE Investment Board (ONE) in its oversight responsibilities as follows:

- Review and recommend approval of Financial Statements and applicable Ontario Securities Commission reporting requirements under ONE Prudent Investment Program;
- Bring financial information such as external audit management letter, to the attention of the Board.
- Overseeing the integrity of the financial management and reporting systems; including the effectiveness of the ONE Investment's internal controls;
- Ensuring the independence of the external auditors;
- overseeing the work of Chief Compliance Officer under ONE Prudent Investor Program;
- Overseeing the portfolio management system;
- Monitoring financial-related risk management policies and systems and,
- Such other initiatives as may be necessary or desirable as ONE may refer to the Committee.

Composition and Operations

The Committee consists of at least five Members, including representatives from the ONE Investment and Joint Investment Boards. Each Member is financially literate, and independent of any external auditors. Skill sets considerations include:

- accounting and financial reporting;
- investment compliance;
- Ontario security reporting requirement;



- other relevant financial management expertise.

The Members of the Committee select the Chair of the Committee.

ONE's Co-Presidents/Co-CEO's, Secretary-Treasurer and Chief Compliance Officer are non-voting ex-officio members of the Committee and will make available meeting support.

Meetings

The Committee meets at least two times a year, and otherwise as necessary. The Committee operates under these Terms of Reference.

Duties and Responsibilities

The Committee has the following specific responsibilities.

Financial Management and Reporting

Ensure that effective lines of communication exist among external auditors, ONE Investment's management, and ONE Investment Board.

Review and discuss with the external auditors:

- the scope and plan of audits;
- the audit fee;
- legal, accounting, and regulatory matters that may have a material impact on the financial statements; and,
- any significant findings and recommendations together with management's responses.

Review and discuss with ONE Investment management:

- any problems with financial policies, financial reporting, or matters in contention with or under consideration;
- the appropriateness of key accounting estimates, the accounting principles being employed, and any change in accounting policy or practice;
- any proposed changes in financial statement presentation or notes;
- other matters that, in the opinion of the auditor, ought to be brought to the attention of the Committee; and,
- confirm ONE Investment has completed all statutory reporting requirements.

Reviewing the annual financial statements of ONE Investment

- Assessing the quality and appropriateness of the generally accepted accounting principles used in preparing the statements.
- Reviewing the external auditor report and discussing the financial statements with



management and with the external auditor.

- Reviewing the auditor management letter and management's response thereto, as well as the status of any significant issues reported previously.
- Recommending to ONE Investment Board, approval of annual audited financial statements.

Investment Compliance

Review with ONE Investment management and Chief Compliance Officer:

- Risks and controls over municipal investments; and,
- Identification, reporting and follow up actions of breach in compliance procedures.

Financial - Internal Controls

Meet with ONE Investment management at least once a year to:

- review the design and effectiveness of ONE Investment's internal controls and any reports from management or others on significant control deviations or indications of fraud and the corrective action undertaken;
- review the design and effective management information systems, and any recommendations for improvements; and
- discuss any matters that the committee, the external auditor or ONE Investment management consider appropriate.

Auditor Independence

Review:

- the independence of the external auditor from the ONE Investment management, and report any concerns to ONE;
- the appointment of the external auditor and recommend to ONE the compensation and terms of engagement.

Other Issues

Address such other issues that may, from time to time, come before the Committee or arise in its deliberations including periodic review of key processes, consultants and contractors.

Terms of reference Review and Self-Evaluation

On an annual basis, review these Terms of Reference and evaluate the committee's performance against them. Report the results of the review and self-evaluation and make appropriate recommendations to ONE.