

<b>Policy Name:</b>	<b>Use of External Auditor for Non-Audit Services and Related Fees</b>
<b>Originating/Responsible Department:</b>	<b>Vice-President (Finance and Administration)</b>
<b>Approval Authority:</b>	<b>Board of Governors</b>
<b>Date of Original Policy:</b>	<b>September 2017 (Protocol established)</b>
<b>Last Updated:</b>	<b>June 2022</b>
<b>Mandatory Revision date:</b>	<b>June 2027</b>
<b>Contact:</b>	<b>Vice-President (Finance and Administration)</b>

**Policy:**

The Audit and Risk Committee of the Board of Governors shall ensure the External Auditor remains independent and free from conflicts of interest or an appearance thereof. This can be achieved by reviewing and pre-approving all non-audit services and related fees being proposed by the External Auditor. External auditors shall not be engaged in any consulting services that could impact the University's internal controls over financial reporting (ICFR).

**Purpose:**

The policy establishes best practice for quantitative and qualitative parameters used to monitor and ensure that the objectivity and independence of the External Auditor is maintained while providing non-audit services. The policy outlines the principles and parameters under which the external auditor can be engaged for non-audit services.

**Scope:**

The approval of services other than statutory audits that the External Auditors might be called upon to perform, as outlined in Appendix A, will apply. This policy applies to all situations where the external auditor is retained to perform non-audit services. A non-audit service is defined as a service for which an external audit opinion is not issued and for which an additional fee is charged by the audit firm. The Vice-President (Finance and Administration) is responsible for overseeing the administration and interpretation of this policy.

**Roles and Responsibilities:**

The University will not engage its external auditor to carry out any prohibited services as determined by the Chartered Professional Accountants of Canada.

The external auditor is required to comply with auditor independence rules as set out in the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

The external auditor may refuse any engagement for non-audit services deemed to be an infringement on its independence without negative consequence.

The Audit and Risk Committee is responsible for reviewing the independence and scope of services for the external auditor and has the authority to approve or deny the engagement of the external auditor for non-audit services (appendix A). The aggregate value of the non-audit services performed by the external auditor may not exceed three times the total cost of statutory and other audit services provided by the External Auditor, calculated on a three-year rolling average.

The Vice-President (Finance and Administration) is responsible for providing an annual report to the Audit and Risk Committee detailing the payments made to the external auditor for non-audit services.

**Procedure:**

**Total Cost of Advisory/Consulting Services Provided by the External Auditor**

The Audit and Risk Committee will monitor the total cost of advisory/consulting services provided by the External Auditor. The University's protocol is that as a general rule, the total cost of advisory/consulting services provided by the External Auditor shall not exceed three times the total cost of statutory and other audit services provided by the External Auditor, calculated on a three-year rolling average. In exceptional circumstances, the Audit and Risk Committee may approve advisory/consulting services above this threshold, with the expectation that the External Auditor would return to be within the threshold within a reasonable amount of time.

**Reporting to Audit and Risk Committee by the External Auditor**

In order to assist the Audit and Risk Committee in performing its duties, the External Auditor is required to present a summary of invoices and engagements to the Audit and Risk Committee. The summary will be presented to the Audit and Risk Committee twice annually in conjunction with the Audit Plan and the Audit Findings Report. This will allow the Audit and Risk Committee to ensure the independence of the External Auditor in a timely manner.

**Contacts:**

Vice-President (Finance and Administration) Assistant  
Vice-President (Financial Services) General Counsel  
University Secretary

**Related Policies/Documents:**

Signing Authorities Policy Procurement  
Policy  
Rules of Professional Conduct – Chartered Professional Accountants of Ontario Chartered  
Accountants Act  
Audit and Risk Committee Terms of Reference

## Appendix A: Service Type and Approval Levels

Type of service	Description of Example Services	Approval Level	Rationale
<b>Other Audit Services:</b>	Audits of financial information, non-financial information, or internal controls/processes, performed using Canadian Auditing Standards	AVP, Financial Services or VP, Finance & Administration	These audits are usually a requirement of government contribution agreements providing funding to the University for research, capital projects or other specific programs, and are performed concurrently with the financial statement audit.
<b>Tax-related services</b>	Services relating to GST/HST, Payroll Taxes, Registered Charity Status, U.S. Tax, International Tax, etc.	AVP, Financial Services or VP, Finance & Administration	Because the University is a registered charity, tax-related services impose little risk on an External Auditor's independence
	Contingency Fee Arrangements	Chair of the Audit and Risk Committee	Contingency fee arrangements have an increased risk to auditor independence
<b>Advisory/Consulting Services with a cost of \$50,000 or less</b>	Services relating to governance, risk, financing, valuations, costing, human resources, information technology, forensic, actuarial, management consulting, etc.	Chair of the Audit and Risk Committee	Provision of advisory/consulting services may jeopardize the independence of the External Auditor; consequently, prior approval shall be sought to ensure that independence (free from conflict of interest or an appearance thereof) is preserved and that the cost of such services does not exceed the amount indicated.
<b>Advisory/Consulting Services with a cost greater than \$50,000.</b>	Services relating to governance, risk, financing, valuations, costing, human resources, information technology, forensic, actuarial, management consulting, etc.	Audit and Risk Committee	Provision of advisory/consulting services may jeopardize the independence of the External Auditor; consequently, prior approval shall be sought to ensure that independence (free from conflict of interest or an appearance thereof) is preserved.