POLICY ON AUDITOR INDEPENDENCE: RETENTION OF EXTERNAL AUDITORS FOR AUDIT, TAX AND OTHER NON-AUDIT SERVICES

1. POLICY PURPOSE
The main purpose of this policy is to ensure procurement of audit, tax and other non-audit services does not compromise the University’s external auditor’s independence and their ability to serve the Audit Committee and the Board of Governors.

2. DEFINITIONS
Independence - Where the auditor and members of the auditor’s firm remain free of any influence, interest or relationship which, in respect of their engagement as University auditor, impairs or in the view of a reasonable observer, would impair their professional judgment or objectivity.

3. POLICY STATEMENTS
During the course of the business of the University, audit, tax and other non-audit issues arising may require the advice of external consultants. Such services may not be covered by the external audit fee approved by the Board of Governors. Before arranging for such services, it is necessary for those employees of the University requesting the services to consult with the Executive Director, Financial Services on University-related business.

The University will not engage its external auditor to carry out any Prohibited Service as noted in the by-laws of the Institute of Chartered Accountants of British Columbia as amended from time to time.

The Audit Committee will approve a list of pre-approved auditor services. The University’s external auditors may complete these services. Periodically (e.g. annually), the Audit Committee will update the Auditor Services Pre-Approved List and pre-approve services that are recurring or otherwise reasonably expected to be provided. See Appendix 1.

4. IMPLEMENTATION OF THE POLICY
The Vice-President Finance and Operations is responsible for the development of procedures for the approval of the Audit Committee. See Appendix 2.

The Executive Officers of the University are responsible for the implementation of the policy and procedures in their areas and shall coordinate with the Executive Director, Financial Services.
5. AUTHORITY
Responsibility for implementing the policy is delegated by the Board of Governors to the
Executive Officers of the University, subject to regular quarterly reporting to the Board
through the Vice-President Finance and Operations on services provided by the
University’s external auditors.

6. RELATED POLICIES AND DOCUMENTS
# 1002 Signing Authority;
# 1750 Purchasing Services Policy
Appendix 1 – Auditor Services Pre Approved List; and
Appendix 2 – Procedures for Retention of External Auditors for Audit, Tax and Other
Non-Audit Services.

Appendix 1
AUDITOR SERVICES PRE-APPROVED LIST
This list contains the services that the University’s external auditors can provide without
further approval from the Audit Committee, providing the aggregate of fees is not more
than $25,000.

Audit-Related:
Audits required by governments in connection to funds they have provided to the
University;
Audits required by governments in connection to student enrolment; and
Discussion and confirmation regarding appropriateness of new accounting policies.

Tax Services:
Advice relating to sales tax - GST and PST;
Advice relating to tax issues relating to employment relationships; and
Advice relating to the tax issues for donations except for donations involving substantial
corporate, business, or real estate assets.

Appendix 2
PROCEDURES FOR RETENTION OF EXTERNAL AUDITORS FOR AUDIT, TAX AND
OTHER NON-AUDIT SERVICES

If external advice is required and the work should be performed by the external auditor
as appointed by the Board of Governors, the requestor will be responsible for outlining
the nature and scope of the service to be performed, the estimated fee, a statement that
the service is not a Prohibited Service and the reason the external auditor is being
engaged.

The individual seeking the service (“requestor”) must first consult with the Executive
Director, Financial Services.

If the service required is on the Auditor Services Pre-Approved List and the estimated
value is less than or equal to $25,000 then a purchase requisition must be prepared with
details as to the estimates and particulars.

If the service required is on the Pre-Approved List but estimated fees are greater than
$25,000 then the proposal will be submitted to the Vice-President Finance and
Operations who will present it to the Chair of the Audit Committee for consideration and approval. The full Audit Committee will subsequently be informed of the service, no later than quarterly. The engagement may not commence until approved by the Chair of the Audit Committee.

If the service requested is not on the Auditor Services Pre-Approved List and the estimated value is less than or equal to $10,000 then a purchase requisition must be prepared with details as to the estimates and particulars.

If the service requested is not on the Auditor Pre-Approval List and the estimated value is greater than $10,000 then the proposal will be submitted to the Vice-President Finance and Operations who will present it to the Chair of the Audit Committee for consideration and approval. The full Audit Committee will subsequently be informed of the service, no later than quarterly. The engagement may not commence until approved by the Chair of the Audit Committee.

For services requiring approval of the Chair of the Audit Committee:
The requestor will submit the proposal for service to the Vice-President, Finance and Operations.

Upon approval, the requester must prepare a purchase requisition, with details as to the estimates and particulars. For an extended consultation project, use of a ‘standing’ purchase order can be considered.

The Vice-President Finance and Operations will report quarterly to the Audit Committee a running total of the audit and non-audit services provided by the external auditors to the University.