



POLICY NO. 3

CONCERNING THE AUDIT COMMITTEE AND THE EVALUATION OF FINANCIAL INFORMATION AND EXTERNAL AUDITOR

This Policy (previously known as *Concerning the Hiring and Evaluation of an External Auditor*) was adopted for the first time by Resolution Number 248-03 on December 12, 1995 and subsequently amended by Resolution:

- 391-07 November 27, 2018

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ARTICLE 1 - General Provisions

1.1 Preamble

This Policy is drafted and must be applied within the framework of the *General and Vocational Colleges Act* (CQLR, c. C-29) and *An Act Respecting Contracting by Public Bodies* (CQLR, c. C-65.1), including any amendments and regulations issued thereunder (hereinafter respectively referred to as the “**Colleges Act**” and the “**LCOP**”); it must also be applied within the framework of College By-law 3 *Concerning the Financial Management of the College* and By-law 9 *Concerning Procurement, Service and Construction Work Contracts*.

1.2 Designation

This Policy, designated as Number 3, *Concerning the Audit Committee and the Evaluation of Financial Information and External Auditor*, establishes the composition and function of the audit committee and the rules for the hiring and evaluation of an external auditor.

ARTICLE 2 - Objectives

- 2.1 To ensure that the external audit of the annual financial statements are carried out in accordance with Ministry of Education requirements and in accordance with audit standards generally recognized by the Canadian Institute of Chartered Accountants.
- 2.2 To select external auditors to perform professional work of high quality at a competitive price in a reasonable length of time.
- 2.3 To evaluate the external auditors’ work within the mandates set by the Minister in accordance with the Colleges Act.
- 2.4 To permit the opportunity for recognized, accredited audit firms to offer their services to the College.
- 2.5 To set out the composition and function of the Audit Committee.

ARTICLE 3 - Audit Committee

3.1 Composition

The Audit Committee consists of the Chairperson of the Board, the Director General and two other Board members who are not employees of the College, elected annually at a regular meeting of the Board.

The Director General will chair this Committee; and the Director of Finance & Legal Affairs and the Comptroller will act as resource persons for this Committee.

3.2 Function

The Audit Committee shall oversee the College's financial information and reporting (budgets, financial statements, appropriations, etc.), as well as the hiring and evaluation of the College's external auditor. It shall report and make recommendations to the Board of Governors as appropriate. It shall also carry out any general or specific mandates received from the Board of Governors.

ARTICLE 4 - Calls for Tender

4.1 Whenever the Board of Governors deems necessary, but at least every five years, it will mandate the Audit Committee to ensure that:

4.1.1 the College develops the terms of reference for a call for tender,

4.1.2 the College issues a call for tender for accredited, recognized firms of auditors who are members of a professional corporation of accountants governed by the *Professional Code* (CQLR, c. C-26),

4.1.3 the call for tender process is done in accordance with By-Law 9 *Concerning the Management of Procurement, Service and Construction Work Contracts*, the LCOP and the Colleges Act.

4.2 Criteria for Selecting External Auditor

In the selection of an external auditor, the College shall establish criteria in line with its needs, which may include the following criteria:

4.2.1 knowledge of the statutes and regulations applicable to colleges of general and vocational education,

4.2.2 quality and allocation of the individuals to be assigned to perform the audit,

4.2.3 experience in auditing financial statements of colleges or other public and/or parapublic institutions,

4.2.4. work methods and value of proposed samplings,

4.2.5 aptness and preciseness of the submitted bid,

4.2.6 costs called to perform the mandate.

4.3 Appointment of External Auditor

The Board of Governors will approve the external auditor selected through the tender process no later than the regular meeting following that in which the financial statements for the previous fiscal year were adopted.

ARTICLE 5 - Annual Evaluation of External Auditor

5.1 In consultation with the Director of Finance & Legal Affairs and the Comptroller, the Audit Committee will evaluate the external auditor's work and recommend to the Board of Governors the renewal or non-renewal of the external auditor's mandate; this shall occur annually, except in the case of a call for tender as per Article 4 hereof.

5.2 Criteria for Evaluating External Auditor

In the evaluation of the external auditor's work, the following criteria shall, among others, be considered:

- 5.2.1 knowledge of the statutes and regulations applicable to colleges of general and vocational education,
- 5.2.2 ability to meet deadlines and to take College constraints into account in performing the overall activities relating to the audit,
- 5.2.3 quality and quantity of human resources used to perform the assigned mandate,
- 5.2.4 work methods and value of samplings used,
- 5.2.5 flexibility and availability,
- 5.2.6 competence, discretion and communication skills of personnel assigned to the audit,
- 5.2.7 clarity of presentations and quality of reports produced.

ARTICLE 6 - Duration and Periodic Renewal of Mandate

The external auditor's mandate is for one (1) year. It may be renewed by the Board of Governors, subject to the annual evaluation of the audit as per Article 5 hereof, for a period not exceeding five (5) consecutive fiscal years without a call for tender.

ARTICLE 7 - Restrictions

Pursuant to Section 26.4 of the Colleges Act, the following may not act as the College's auditor:

7.1 a member of the College's Board of Governors,

- 7.2 a College employee,
- 7.3 a partner of a person referred to in item 7.1 or 7.2,
- 7.4 a person who, during the fiscal year for which the audit is conducted, has, directly or indirectly, personally or through his partner, any share or interest in or in relation to, or commission arising from, a contract with the College, or derives any benefit from such a contract, unless their connection with the contract arises from the practice of their profession as an auditor.

ARTICLE 8 - Responsibility for Applying Policy

The Chairperson of the Board of Governors and the College RARC (*Responsable de l'application des règles contractuelles*) is responsible for applying this Policy.

ARTICLE 9 - Effective Date

This Policy will come into force upon its adoption by the Board of Governors.