



**POLICY NO. 3**

***CONCERNING THE HIRING  
AND EVALUATION OF AN EXTERNAL AUDITOR***

**This Policy was adopted for the first time by Resolution Number 248-03 on December 12, 1995.**

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<p>The use of the male pronoun within this Policy is to facilitate reading only and should be interpreted as referring to either male or female.</p>
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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 (R.S.Q., Chapter C-29) and its amendments and of the regulations issued under the said Act.

### 1.2 Definitions

The definition set forth in By-law 1 *Concerning the General Administration of the College* and By-law 3 *Concerning the Financial Management of the College* also applies to this Policy.

### 1.3 Designation

The present Policy, designated as Number 3, *Concerning the Hiring and Evaluation of an External Auditor*, establishes 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 allow external auditors a reasonable length of time for involvement in the dossier and to enable them to perform professional work of high quality at a competitive price.
- 2.3 To evaluate the external auditors' work within the mandates set by the Board of Governors.
- 2.4 To permit the opportunity for recognized, accredited regional audit firms to offer their services to the College.

## Article 3 - CALLS FOR TENDER

- 3.1 Whenever the Board deems necessary, but at least every five years, the Board will mandate the Board Audit Committee:
  - 3.1.1 to develop the terms of reference for a call for tender by invitation,

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3.1.2 to issue a call for tender by invitation to at least three accredited, recognized firms of auditors who are members of a professional corporation of accountants governed by the Professional Code (R.S.Q., chapter C-26),

3.1.3 make a recommendation to the Board of Governors.

### 3.2 Composition of the Board Audit Committee

3.2.1 The Board Audit Committee consists of the Chairperson of the Board, the Director General and two other Board members who are not employees of the College.

3.2.2 The Director of Administrative Services and the Comptroller will be non-voting members on this Committee.

### 3.3 Appointment of External Auditor

The Board will appoint the external auditors no later than the regular meeting following that on which the financial statements for the previous fiscal year were adopted.

### 3.4 Criteria for Selecting the External Auditor

The Board Audit Committee will select the external auditor based on the following criteria:

3.4.1 knowledge of the statutes and regulations as governing the *Colleges of General and Vocational Education*,

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

3.4.3 experience in auditing financial statements of CEGEPs or other public and/or parapublic institutions,

3.4.4 work methods and value of proposed samplings,

3.4.5 aptness and preciseness of the submitted bid,

3.4.6 the Committee is not obligated to select the lowest tender submitted.

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#### **Article 4 - ANNUAL EVALUATION OF THE EXTERNAL AUDITOR**

4.1 Each year, the Board 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.

#### **4.2 Criteria for Evaluating the External Auditor**

4.2.1 knowledge of the statutes and regulations primarily associated with colleges of general and vocational education,

4.2.2 ability to meet deadlines and to take College constraints into account in performing the overall activities relating to the audit,

4.2.3 quality and quantity of human resources used to perform the assigned mandate,

4.2.4 work methods and value of samplings used,

4.2.5 flexibility and availability,

4.2.6 competence, discretion and communication skills of personnel assigned to the audit,

4.2.7 clarity of presentations and quality of reports produced,

4.2.8 costs called for to perform the mandate.

#### **Article 5 - DURATION AND PERIODIC RENEWAL OF THE MANDATE**

The external auditor's mandate is for one year. It may be renewed, subject to the annual evaluation of the audit by the Board of Governors, for a period not exceeding five consecutive fiscal years without a call for tenders.

If an external audit firm has its mandate renewed for more than three consecutive fiscal years, it may, where required, change the team leader responsible for the audit.

#### **Article 6 - RESTRICTIONS**

Pursuant to Section 26.4 of the *Loi sur les collèges d'enseignement général et professionnel* (L.R.Q., chapitre C-29 et amendements), the following may not act as College's auditor:

- 6.1 a member of the Board,
- 6.2 a College employee,
- 6.3 a partner of a person referred to in item 6.1 or 6.2,
- 6.4 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 his connection with the contract arises from the practice of his profession as an auditor.

#### **Article 7 - RESPONSIBILITY FOR APPLYING THE POLICY**

The Chairperson of the Board of Governors is responsible for applying this Policy.

#### **Article 8 - EFFECTIVE DATE**

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

This Policy was adopted by the Board of Governors on December 12, 1995, Resolution 248-03.