



No. BOG-01

**Title: SELECTION AND EVALUATION OF EXTERNAL AUDITORS –
POLICIES AND PROCEDURES**

CLASSIFICATION: ADMINISTRATIVE SERVICES
FIRST ADOPTED: November 1993
AMENDED: May 1994

1. Objectives

- 1.1. To comply with the regulation on bylaws or policies that colleges must adopt according to section 18.02, paragraph {a) of the General and Vocational Colleges Act.
- 1.2. To ensure that the external audit of the annual financial report (RFA) and other related mandates are performed at a professional level and according to the ministerial requirements and to the generally accepted accounting principles for cegeps.
- 1.3. To determine the process for the evaluation of the services rendered by the external auditor.
- 1.4. To ensure the integrity of the audit process and the independence of the external auditors.
- 1.5. To allow the external auditor to develop expertise in relation to the College and its procedures.

2. Procedure to Award External Audit Mandate

- 2.1. Each year, the Audit Committee shall recommend an external auditor to the Board of Governors. This should be done on a timely basis so that the Board may appoint the external auditors not later than January 1st of each year.
- 2.2. The Audit Committee, in consultation with the Director General and the Director of Finance, shall establish the criteria for the selection of the external auditors.
- 2.3. When fewer than five consecutive annual mandates have been awarded to the same audit firm, the Audit Committee will determine the process by which it may recommend an audit firm that satisfies the criteria of the College. In the case of a renewal of mandate, the evaluation of the work performed in the last mandate must have been at least satisfactory.
- 2.4. If the same audit firm has been appointed for five consecutive annual mandates, the appointment for the following year may be made only following a call for tenders. The call for tenders may be a public notice published in a newspaper or a written invitation to at least three recognized and accredited audit firms.
- 2.5. Tendering documentation will be prepared by the Director of Finance in consultation with the Audit Committee and the Director General. Firms may be asked to bid for a specified multi-year period in the expectation (subject to the annual recommendation referred to in sections 2.1 and 2.3 above) that, unless their performance has been considered not satisfactory, they will be reappointed for the following year(s) of the agreement.
- 2.6. The College is not bound to accept the lowest or any quotation received.
- 2.7. The quotations received will be analyzed by the Audit Committee in consultation with the Director General and the Director of Finance.

3. Evaluation for the Renewal of the External Auditor

- 3.1. The evaluation of the external auditor shall be performed by the Audit Committee in consultation with the Director General and the Director of Finance.
- 3.2. The following is a non-exhaustive list of the criteria to be used to evaluate the performance of the external auditors:
 - 3.2.1. their knowledge of the laws and regulations governing the College;
 - 3.2.2. the quality, competence, cooperation and quantity of human resources available during the mandate;
 - 3.2.3. their ability to respect the established schedule of the mandate and the flexibility to adapt to unexpected changes;
 - 3.2.4. their working methods and assessment of the scope of the audit;
 - 3.2.5. the availability of the partner in charge to satisfy requests from the Audit Committee;
 - 3.2.6. the costs related to the general mandate or any specific mandate.