

**1.0 Purpose**

- 1.1 The objective of this policy is to ensure that audit independence is maintained both in fact and appearance such that the University of New Brunswick, UNB, external financial reporting is viewed as being highly reliable and credible

**2.0 Applicability**

- 2.1 University-wide
- 2.2 Oversight of UNB's external audit arrangements is the responsibilities of UNB's Audit Committee. Ensuring that external audit independence is maintained is one of the key aspects in discharging this responsibility. This formal policy on audit independence has been adopted by the Committee to meet this requirement.

**3.0 Definitions**

- 3.1 None applicable

**4.0 Implementation**

- 4.1 APPROVAL OF AUDITOR:
- 4.1.1 Each year, the Audit Committee shall approve a suitable firm to be External Auditor for the next fiscal year. In arriving at this recommendation, the Committee shall consider a number of factors including the professional reputation of the firm, audit approach and methodology, depth of qualifications and experience of the audit principals, quality of audit services, and the level of fees.
- 4.1.2 The audit firm or members of the engagement team may not have a financial interest in UNB.
- 4.2 AUDITOR ROTATION:
- 4.2.1 UNB requires its External Auditor to adhere to a rotation policy that is widely accepted and provides an appropriate balance between going concern considerations (effectiveness and efficiency, e.g. audit costs), risk management, independence and credibility. This necessitates a rotation of the lead audit partner, concurring review partner and, if applicable, "relationship" partner after a maximum period of five (5) years. Other audit partners who are members of the audit engagement team will rotate after a maximum period of seven (7) years.

- 4.2.2 A policy of regular rotation of audit firms is not mandated.
- 4.3 PROVISION OF NON-EXTERNAL AUDIT SERVICES BY UNB'S EXTERNAL AUDITOR:
  - 4.3.1 The guidelines that follow are designed to ensure that non-external audit services provided by auditors are not perceived as conflicting with the independent role of UNB's External Auditor.
  - 4.3.2 The general principles to be applied in assessing non-external audit services are as follows:
    - 4.3.2.1 the External Auditor will not have any involvement in the production of financial information or preparation of financial statements such that they might be perceived as auditing their own work. This includes the provision of valuation services where such valuation forms an input into audited financial information;
    - 4.3.2.2 the External Auditor will not perform any function of management, or be responsible for making management decisions;
    - 4.3.2.3 the External Auditor will not be responsible for the design or implementation of financial information systems; and
    - 4.3.2.4 the separation between internal and external audit will be maintained
  - 4.3.3 Prior to the engagement of the External Auditor for any non-external audit service greater than \$5,000, approval must be granted by the Audit Committee.
- 4.4 COMPLIANCE:
  - 4.4.1 In addition to UNB's policies, it is expected that UNB's External Auditor will rigorously comply with their own internal policies on independence and all relevant professional standards (including independence rules and guidance issued by the Canadian Institute of Chartered Accountants).
  - 4.4.2 UNB's External Auditor shall provide the Audit Committee with an annual statement of compliance with UNB's and their own and relevant professional standards.
- 4.5 DISCLOSURE: UNB Management shall disclose to the Audit Committee, on at least an annual basis, all financial services (external audit, internal audit, tax or other) that have been provided to the University by any external organization.

## **5.0 Interpretation and Questions**

- 5.1 University Secretariat Office is located in Sir Howard Douglas Hall, Room 110. Questions concerning this policy may be directed to (506) 453-4613 [sjd@unb.ca](mailto:sjd@unb.ca).



Temporary Only: will be removed

|                    |  |                |   |
|--------------------|--|----------------|---|
| Students           |  | Vendors        |   |
| Staff              |  | Faculty        | y |
| Contract Employees |  | Researcher     |   |
| External           |  | Board Approved | Y |

---

## External Audit Independence Policy

University Secretariat

**POL-E.5**

**Policy**

---