



FOR APPROVAL

PUBLIC

OPEN SESSION

TO:	Governing Council
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DATE:	June 20, 2024 for June 27, 2024
AGENDA ITEM:	7

ITEM IDENTIFICATION:

Appointment of External Auditors for 2024-25

JURISDICTIONAL INFORMATION:

In accordance with section 5 of the Business Board [Terms of Reference](#), the Business Board recommends the appointment of external auditors to the Governing Council.

GOVERNANCE PATH:

1. Audit Committee [for recommendation] (June 17, 2024)
2. Business Board [for recommendation] (June 19, 2024)
3. Executive Committee [for endorsement and forwarding] (June 27, 2024)
4. **Governing Council [for approval] (June 27, 2024)**

PREVIOUS ACTION TAKEN:

The Audit Committee conducted its annual review of the external auditor’s performance at its meeting of June 17, 2024, and recommended the appointment of Ernst & Young for the 2024-25 financial year.

HIGHLIGHTS:

This year marks the 10th year since the university last undertook a formal tender process for external audit services. Accordingly, a Request for Proposals was issued in November 2023 to prequalified external audit service providers under existing vendor of record relationships with the Government of Ontario and the Ontario Education Collaborative Marketplace. Together, these two existing arrangements enabled the university to seek proposals from a broad array of

prequalified audit service providers, including BDO, Deloitte, Ernst & Young, KPMG, MNP, PricewaterhouseCoopers, and others.

An evaluation committee comprised of members of the Audit Committee and representatives from the administration was struck and, following an initial proposal review, invited Ernst & Young LLP to participate in an interview process. The purpose of the interview process was to hear from EY about the proposed composition of the audit team and approach to the audit going forward, and to address questions from the committee related to:

- Expertise in Canadian non-for-profit accounting standards (including experience with open-ended unit trusts, enrolment audits, and funded research programs), knowledge of the higher education sector and its emerging financial risks, and proactive approach to identifying new issues and accounting changes;
- Steps taken to ensure independence and adhere to professional and ethical standards, including confirmation the firm is licensed in accordance with the Public Accounting Act (2004) and review of the firm's most recent Canadian Public Accountability Board (CPAB) report card;
- Quality of service, including ability to meet the university's tight reporting timeline, the use of technology to achieve efficiencies, analytical review procedures and computer-assisted audit techniques, and how audit quality is measured; and
- Cybersecurity & information privacy policies and procedures, including the secure and efficient exchange of data and related documents, data protection strategy, information security compliance and audits.

The evaluation committee concluded that Ernst & Young is deeply knowledgeable about the issues and risks facing the university. They have extensive expertise in accounting for not-for-profit organizations and, in particular, the university sector; are proactive in bringing issues and new developments forward; and are able to meet the University's very tight deadlines and heavy workload requirements.

Recognizing that EY has had a longstanding relationship with the university, the committee was also satisfied that the proposal adequately addressed the issue of auditor independence. EY has proposed the appointment of Kathi Aspros as the new Audit Engagement Partner, taking over from Diana Brouwer. To mitigate transition risk, Diana will continue to be available in the role of Transition Partner for a period of time, allowing for knowledge transfer and process continuity. The administration will continue to report to the Audit Committee on a semi-annual basis regarding any non-audit services provided by EY to ensure that the volume of work performed by EY does not raise concerns about their independence.

Based on feedback from the evaluation committee, the administration recommends the appointment of Ernst & Young as the University's external auditor for the fiscal year 2024-25.

FINANCIAL IMPLICATIONS:

Financial implications will be addressed through the established budgetary approval processes.

RECOMMENDATION

Be It Resolved,

THAT Ernst & Young LLP be appointed as external auditors of the University of Toronto for the fiscal year ending April 30, 2025.

DOCUMENTATION PROVIDED:

N/A