

Memorandum to: Audit Committee
From: Felix Chee
For: Meeting of June 19, 2002 **Agenda Item:** 4

Item Identification: **Appointment of External Auditors for 2002-2003**

Basis of Audit Committee's Jurisdiction:

Item (i) of the Committee's Terms of Reference states that the Committee recommends the annual appointment of the external auditors. The recommendation is made to the Business Board, which in turn makes a recommendation to the Governing Council.

Previous Action Taken:

The University's purchasing policy requires that the appropriate vice-president or the CFO is responsible for conducting regular reviews of contracted consulting or professional services, such as audit services, approximately every five years. Factors to be considered in conducting reviews and evaluating tenders when called will include price, service, quality, personnel deployed and track record. A review does not necessarily lead to a tender call if the vice-president or CFO deems it advisable to continue to engage the same supplier of the service.

The CFO conducted the last review of audit services in 1998 and concluded that the University was very well served by Ernst & Young. It has been the practice over the years to periodically change the audit partner to renew the relationship. This was done, beginning in 1999. The previous partner had been in place for about nine years.

Action Sought:

A recommendation to the Business Board of the appointment of Ernst & Young LLP as auditors of the University and for the pension plans, and a recommendation to the University of Toronto Innovations Foundation to appoint Ernst & Young LLP as auditors.

It is recommended that:

- 1) Ernst & Young LLP be re-appointed as external auditors of the University of Toronto for the fiscal year ending April 30, 2003;
- 2) Ernst & Young LLP be re-appointed as external auditors of the University of Toronto pension plans for the fiscal year ending April 30, 2003;
- 3) The members of the University of Toronto Innovations Foundation be requested to appoint Ernst & Young LLP as external auditors of the Foundation for the fiscal year ending April 30, 2003 at a remuneration to be fixed by the directors of the Foundation.

Financial Implications: None. Audit fees for 2002-03 to be negotiated.