

<b>University of Prince Edward Island</b>	<b>Policy No.</b> ADMFIN FIN005	<b>Revision No. 0 (New)</b>
<b>Policy Title:</b> Policy on Non-Audit Services		<b>Page 1 of 3</b>
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<b>Policy Approval Authority:</b> Board of Governors	<b>Designated Executive Officer(s):</b> Vice-President Administration and Finance	<b>WWW Access:</b> Yes

## Purpose

- 1.1. To outline the principles and parameters under which the External Auditor can be engaged for Non-Audit Services, in particular, establishing responsibility for ensuring that the objectivity and independence of the External Auditor is maintained while providing Non-Audit Services.

## 2. Scope

- 2.1. This policy applies to all situations where the External Auditor is retained to perform services other than the External Audit.

## 3. Definitions

- 3.1. **Finance, Audit & Risk Committee** (“the Committee”) is established by the University of Prince Edward Island’s (i.e., the University’s) Board of Governors pursuant to the provisions of the University Act R.S. P.E.I. 1988 Cap. U-4<sup>1</sup>
- 3.2. **External Audit** is the process of independent evaluation of the University’s financial statements by a qualified independent third party to determine if those statements present fairly, in all material respects, the financial position; results of operations; and cash flows for the period under review in accordance with Canadian accounting standards for not-for-profit organizations.
- 3.3. **External Auditor** is the qualified independent third party engaged by the University of Prince Edward Island to undertake the External Audit.
- 3.4. **Non-Audit Services** means services performed by the External Auditor that are not the External Audit.

## 4. Authority

- 4.1. Pursuant to the Finance, Audit & Risk Committee Terms of Reference, “*the Committee shall develop and oversee a policy respecting non-audit services*” (Article 14.3.3)
- 4.2. Implementation and administration of this Policy rests with the Vice-President Administration and Finance.

## 5. Policy

- 5.1. The following guiding principles must be considered before engaging the External Auditor to perform Non-Audit Services:

<sup>1</sup> [UPEI Board of Governors Finance, Audit, and Risk Committee Terms of Reference](#) approved February 6, 2025

- 5.1.1. Independence: The External Auditor must remain independent in both fact and appearance.
- 5.1.2. Objectivity: Non-Audit Services must not create conflicts of interest or place the External Auditor in a position of auditing their own work.
- 5.1.3. Transparency: All Non-Audit Services must be disclosed and approved in accordance with this policy.
- 5.1.4. Conflicts of interest: The External Auditor must not:
  - 5.1.4.1. Create a self-review threat, such as preparing accounting records or financial statements.
  - 5.1.4.2. Engage in management functions or decision-making.
  - 5.1.4.3. Be remunerated through contingent or success-based fees.
  - 5.1.4.4. Advocate for the company in fact or appearance.

**5.2. Approval of Non-Audit Services**

- 5.2.1. The Committee shall approve all Non-Audit Services for engagement through the External Auditor in advance, except those approved under 5.2.2 or 5.2.3.
- 5.2.2. The Committee Chair, when expedient or necessary, has the authority to approve Non-Audit Services proposed for engagement through the External Auditor.
- 5.2.3. The Vice-President Administration and Finance has the authority to approve Non-Audit Services proposed for engagement through the External Auditor up to \$10,000 per fiscal year.
- 5.2.4. When Non-Audit Services have been approved under section 5.2.2 or 5.2.3, they shall be communicated to the Committee at the next scheduled Committee meeting.

**5.3. Monitoring and Reporting**

- 5.3.1. The External Auditor will report to the Committee all non-audit work on an annual basis.
- 5.3.2. The Committee will assess the cumulative impact on External Auditor's independence.

**5.4. Interpretation**

- 5.4.1. Questions regarding this policy may be directed to the Vice-President Administration and Finance or Comptroller.

**6. Review**

- 6.1. The Committee shall review this policy on an annual basis.

**7. References**

- 7.1. [UPEI Board of Governors Finance, Audit, and Risk Committee Terms of Reference](#)

**8. Related Policies**

Not applicable.