

## **Questions and Answers for file no. 201602507 External Audit Services, Set 2**

### **Question 10:**

What is CMHC's policy with respect to provision of non-audit services by its external auditor? Assuming no conflict or independence issues, does CMHC generally permit non-audit services to be performed by its external auditor?

### **Answer 10:**

The proponent would need to ensure that they are independent in accordance with the requirements of Chartered Professional Accountants (CPA) Canada. In addition, we note that independence in fact and in appearance is factored in all decisions that are made by the Corporation. Auditor involvement in non-audit services would be evaluated on a case by case basis considering the nature and the extent of the potential non-audit services, and the Corporation reserves the right to not involve the auditor in non-audit services that are permissible under CPA Canada standards.

### **Question 11:**

You have indicated that the scope of work does not include procedures or the issuance of an audit opinion on CHT. You have also asked how our quality control reviews will be co-ordinated with the auditor of CHT. We have the following questions in respect of CHT:

- a. Is the current (non-OAG) external audit firm of CHMC also the current auditor of CHT?

### **Answer 11a:**

Please refer to Section 3.2 Scope of Work

- b. If yes, and given the significance of CHT to CMHC consolidated financial statement, does the base audit fee range provided by CMHC take into account the incremental work that would be required where the auditor of CMHC and CHT are not the same Firm?

### **Answer 11b:**

The fee range in Question 39 assumes that the non-OAG joint auditor of CMHC is not the auditor of CHT. The fee range in Question 39 includes any necessary procedures to be able to issue the consolidated opinion on CMHC's consolidated financial statements.

- c. Is the process for appointing an audit firm for CMHC the same for CHT? Would you consider including CHT in the scope of work for the RFP?

### **Answer 11c:**

The process for appointing the auditor of CHT is separate from CMHC and including CHT in the scope of work for the RFP is not a consideration.

### **Question 12:**

Is the current (non-OAG) external audit firm of CMHC also the current auditor of the Pension Plan financial statements? Would you consider including the pension plan audit in the scope of work for the RFP?

**Answer 12:**

Yes, the current non-OAG external audit firm is also the auditor of the Pension Plan financial statements. Including the pension plan audit in the scope of the RFP is not a consideration.

**Question 13:**

With respect to page 16 of the RFP, proponents are instructed to include in their responses a section titled 4.5 Proponent's Qualifications, where they are to address items A, B and C. Items A, B and C are similar to Appendix C questions 1, 15 and 29, and the RFP instructs proponents to answer Appendix C questions in their responses under a section titled 4.6 Responses to Statement of Work. Please provide clarification as to where in their responses proponents are to provide the overview of the firm, resumes of the team, and references.

**Answer 13:**

The Corporation does not have a formal preference as to the location. The Corporation does not expect the proponent to include the same information twice, therefore, the proponent may choose the location that best fits with its response.

**Question 14:**

For Question 20, proponents are asked about their CPAB and PCAOB results for the office of the engagement partner and engagement quality control reviewer. The protocol with CPAB and PCAOB include limits on the disclosure of such information. Given the limitations imposed, may proponents answer a question related to the CPAB/PCAOB process that would be more general? e.g., 'Describe your interaction with CPAB and PCAOB in the inspection process and how you integrate their recommendations into your processes or audits.'

**Answer 14:**

This is acceptable, but we request that you extend your response to the offices of the lead partner and engagement quality reviewer. Essentially, we are looking to understand if there have been any significant audit quality observations that have arisen through either the firm's internal inspection process (should one exist) or external audit inspection process that suggest the firm is not able to provide the highest quality service to CMHC.

**Question 15:**

For page 47, "C-iii) Proposed Solution", are proponents expected to address this in their responses? C-iii is between questions 29 and 30.

**Answer 15:**

The intention was for this to be included in the request for proposal as a separate itemized question. We do acknowledge the interdependency with some of the other questions and are not looking for repetition. The Corporation is looking for a high-level summary of the proposed audit solution that would incorporate the elements listed to the extent they are applicable and have not been already addressed in the response.