



Engagements with The Regents' Audit Firm

Responsible Officer:	AVP – Systemwide Controller
Responsible Office:	FA – Financial Accounting
Issuance Date:	2/1/2013
Effective Date:	7/13/2017
Last Review Date:	4/19/2017
Scope:	This Policy applies to all entities of the University of California, including campuses, medical centers, Lawrence Berkeley National Laboratory and the plans under the University of California Retirement System. This Policy does not apply to the University of California Campus Foundations or any other organizations determined to be component or affiliate units of the University of California.

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I. POLICY SUMMARY

The University will not retain the Regents' External Audit Firm to provide services which create a conflict of interest.

II. DEFINITIONS

Regents’ External Audit Firm: The independent certified public accounting firm that is appointed by The Regents of the University of California to perform the annual external audit of the University’s financial statements.

III. POLICY TEXT

A. Pre-approval of services provided by the Regents’ external audit firm

Prior to engaging the Regents’ External Audit Firm, all entities that fall under the scope of this Policy are required to contact the Office of the President – Chief Financial Officer Division who is responsible for making the determination whether the services are audit or audit-related, prohibited or additional services.

B. Audit-related services

The Regents’ External Audit Firm is authorized to perform audits and audit-related services for the University (if determined not to be inconsistent with Federal Law, University of California Regents’ Bylaws or Standing Orders or University Policy). Permissible audit-related services are deemed to be:

1. Federal audit support,
2. Internal Control Reviews and Investigations,
3. Implementation of new accounting standards,
4. Review of income and other tax matters,
5. Internal financial reviews,
6. Due diligence procedures related to public debt offerings,
7. Other transactions and audits of affiliated entities, and
8. Special purpose audits.

Audit and audit-related services require approval by the [Office of the President - Chief Financial Officer Division](#). Approval of the audit scope and plan is required by the Compliance and Audit Committee.

C. Prohibited services

The University of California will not retain Regents’ External Audit Firm to provide any of the following services:

1. Bookkeeping,
2. Financial information systems design and implementation,
3. Appraisal or valuation services,
4. Actuarial services,
5. Internal audits,
6. Management and human resource services,
7. Broker/dealer and investment banking services, and
8. Legal services.

D. Opportunities to provide additional services to the University of California

The Regents’ External Audit Firm is permitted to participate in competitive bids for other professional services that do not create a conflict of interest, in appearance or fact, and are allowable under the following standards:

1. The General Accounting Office Independence Standards for Audit, and
2. The American Institute of Certified Public Accountants Interim Ethics Standards.

The Regents’ External Audit Firm will only be retained to perform such services upon the approval of The Regents’ Committee on Compliance and Audit.

IV. COMPLIANCE / RESPONSIBILITIES

Executive Vice President - Chief Financial Officer: establishes procedures that comply with the Regents’ resolutions regarding the engagement of the University’s External Audit Firm.

Associate Vice President & Chief Procurement Officer: ensures that all contracts with the Regents’ External Audit Firm are approved according to University of California policy prior to the execution of the contract.

Compliance and Audit Committee: provides strategic direction and oversight, makes recommendations to the Board, and takes action pursuant to delegated authority on matters such as the qualifications, performance and independence of the University’s independent financial auditors and the University’s commitment to meeting all applicable legal, regulatory and policy requirements.

V. PROCEDURES

Not applicable.

VI. RELATED INFORMATION

[Board of Regents Bylaw 22.1, Authority of the Board – Authority/Delegation](#)

[Board of Regents Bylaw 30, President of the University](#)

Regents’ Meeting Item 905, [Resolution Creating Standards for Audit and Non-audit Services by the Regents’ Auditors \(The “Firewall” Proposal\)](#) which was approved by The Regents on September 19, 2002.

[Business and Finance Bulletin BUS-34, Securing the Services of Independent Consultants](#)

[Business and Finance Bulletin BUS-77, Independent Contractor Guidelines](#)

[Charter of the Compliance and Audit Committee](#)

VII. FREQUENTLY ASKED QUESTIONS

Not applicable.

VIII. REVISION HISTORY

July 17, 2017: This Policy was remediated to meet Web Content Accessibility Guidelines (WCAG) 2.0.

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Technical updates performed in 2017.