

Approved

COMPLIANCE AND AUDIT COMMITTEE

May 24, 2018

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

REGENTS POLICY ON USE OF THE UNIVERSITY'S EXTERNAL ACCOUNTING FIRM

The Committee recommends that the Regents adopt a Regents Policy on Use of the University's External Accounting Firm as shown in Attachment 1.

Committee vote: Regents Anguiano, Elliott, Kieffer, Lemus, Makarechian, Newsom, Tauscher, and Zettel voting "aye."

Board vote: Regents Anguiano, Elliott, Guber, Kieffer, Lansing, Lemus, Makarechian, Mancina, Monge, Napolitano, Newsom, Ortiz Oakley, Park, Sherman, Tauscher, and Zettel voting "aye."

Regents Policy on Use of the University's External Accounting Firm

POLICY SUMMARY/BACKGROUND

The Regents' external accounting firm shall be authorized to perform audit and audit-related services for the University. Certain services which would create a conflict of interest will not be provided to the University by the Regents' external accounting firm. Other services may be performed by the Regents' external accounting firm only if they do not create the appearance of a conflict of interest, are competitively bid, and are approved by the Compliance and Audit Committee.

POLICY TEXT

The Regents' external accounting firm will be authorized to perform audit and audit-related services to the University. For the purposes of this policy, audit-related is deemed to be federal audit support, internal control reviews and investigations, implementation of new accounting standards, review of income and other tax matters, internal financial reviews, due diligence procedures related to public debt offerings and other transactions and audits of affiliated entities or special purpose audits.

The University will not retain the Regents' external accounting firm to perform services that create a conflict of interest under the Government Accounting Office independence standards and the American Institute of Certified Public Accountants ethical standards. For the purposes of this policy, services that create a conflict of interest under these standard are bookkeeping, financial information systems design and implementation, appraisal or valuation services, actuarial services, internal audits, management and human resource services, broker/dealer and investment banking services and legal services ("Prohibited Services").

The Regents' external accounting firm is permitted to competitively bid for services that do not create a conflict of interest or appearance of such a conflict, and are allowable under the General Accounting Office independence standards for audit and the American Institute of Certified Public Accountants ethics standards ("Additional Services"). The Regents' external accounting firm would only be retained to perform such services upon the approval of the Regents' Compliance and Audit Committee.

COMPLIANCE/DELEGATION

Prior to engaging the Regents' external accounting firm, the Office of the President – Chief Financial Officer will determine whether the services are audit or audit-related, Prohibited Services or Additional Services. This responsibility may be further delegated by the Chief Financial Officer.

NO RIGHT OF ACTION

This policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the University of California or its Board of Regents, individual Regents, officers, employees, or agents.