



# Direct Support Organization (DSO) External Auditor Selection

<b>Policy Number</b>	2-208
<b>Responsible Authority</b>	Chief Audit Executive
<b>Initiating Authority</b>	President and Vice President and Executive Chief of Staff
<b>Effective Date</b>	6/16/2017
<b>Date of Origin</b>	6/16/2017

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## APPLICABILITY/ACCOUNTABILITY

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This policy applies to all UCF direct support organizations that, based on state law or board by-laws, require external auditing services that cannot legally be provided by the Florida Auditor General.

These services may include the preparation of audited financial statements or tax returns, along with obtaining an independent professional opinion on the interpretation of accounting standards.

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## POLICY STATEMENT

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The university is committed to obtaining third-party services such as those provided by external auditing firms using appropriate procedures developed by the university.

This policy is intended to balance the value of having a long-term relationship with an external auditing firm while providing a mechanism for new ideas and perspective through a mandatory requirement for a new firm to be selected on a periodic basis. The contract length for external audit services should be no longer than five years. Firms may be contracted on a more frequent basis, but all firms must be selected through an applicable competitive procurement process. A firm currently providing services may be selected for one additional term, but the total engagement may not exceed ten years.

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## DEFINITIONS

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**External Auditing Firm.** A third-party entity licensed by the state of Florida to provide public accounting services. These firms are typically structured as partnerships with the selection of an engagement partner to serve as the primary executive on the auditing engagement.

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## PROCEDURES

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### 1. Selection Process

- a) At the end of the contract period (not to exceed five years), a formal Request for Proposal (RFP) using applicable competitive procurement procedures should be completed.
  - b) The current firm is only eligible for re-selection for one additional period not to exceed five years with the total consecutive engagement period limited to no more than ten years. The current firm will become re-eligible for selection after another firm serves as the external auditor for a contracted period.
  - c) Re-selection of an existing firm through RFP requires that a new engagement partner be named for the final contract period.
  - d) For situations where there is an existing contract beyond the effective date of this policy, the existing contract will not be extended beyond its first available opt-out date or expiration date (whichever comes first) and the process contained within this policy will be implemented in time to prevent any gap in services.
  - e) If the contracted firm merges with another firm, the existing contract may be amended to have the newly formed firm serve as the DSO's external auditor for the balance of the contract per approval of the DSO's board.
2. Individuals involved in the selection of this firm should include at minimum one external member of the DSO board, the DSO Chief Financial Officer or Treasurer, and the DSO chair or designee. The UCF Chief Audit Executive must be included on this selection panel in an advisory role. The recommendation from the committee should be made to the DSO's audit or finance committee for subsequent approval by the full DSO board at a public meeting. If no such committee exists, the recommendation should go directly to the full DSO board.
  3. If multiple DSOs want to develop a joint RFP to leverage their purchasing power and enhance the level of institutional knowledge the external auditing firm is able to provide, this may be done using the guidelines and time limits contained within this policy.
  4. To reduce any potential for a conflict of interest, a formal policy will be implemented by each DSO that would prohibit hiring employees from their engaged external audit firm that have actively worked on the DSO account within the prior two years. Employees from the external auditing firm who had no direct involvement (billable hours as an example) with the engagement would be eligible for hire at any time.

5. Each DSO board will review and approve implementation of this policy at a public meeting and reference the policy in its individual board by-laws.

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## CONTACTS

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University Audit, 4365 Andromeda Loop N, MH 341, Orlando, FL 32816-0080.

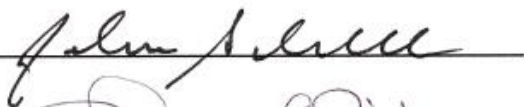
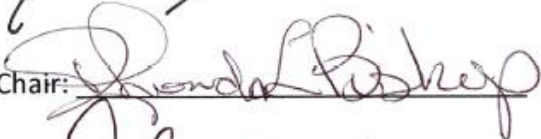
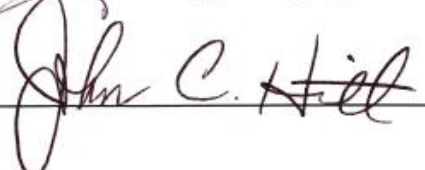
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POLICY APPROVAL (For use by the Office of the President)	
Policy Number: <u>2-208</u>	
Initiating Authority: <u></u>	Date: <u>6-16-17</u>
University Policies and Procedures Committee Chair: <u></u>	Date: <u>6/2/17</u>
President or Designee: <u></u>	Date: <u>6/16/17</u>