

Section: Business and Support Operations

Section Number: 3.1.2

Subject: Audits: External

Date of Present Issue: 06/20/00

Date of Previous Issues:
01/92

POLICY:

1. ANNUAL AUDIT

The University financial records shall be audited at the close of business on June 30 of each year by a certified public accounting firm.

2. SCOPE OF AUDIT

- a. The examination of the financial records, accounts, and procedures of Lake Superior State University shall be made in accordance with generally accepted auditing standards as adopted by the American Institute of Certified Public Accountants.
- b. With respect to Federal assistance received, an annual Single Audit shall be performed using such AICPA and GAS standards as may be appropriate to render an opinion on the University's compliance with the requirements described in OMB Circular A-133.

3. CONTRACT PERIOD

The maximum contract period with any certified public accounting firm will be five years. When each contract period expires, the external audit service shall be re-bid. While no accounting firm will be prohibited from succeeding itself, the University recognizes the desirability of periodically changing accounting firms.

4. REQUEST FOR AUDIT PROPOSALS

Several large certified public accounting firms with experience auditing colleges and universities will be requested to submit proposals.

5. PERSONNEL REQUIREMENTS

The proposed services shall be rendered by or under the personal supervision of competent certified public accountants who will faithfully perform their work with care and diligence and report all irregularities, omissions, and discrepancies in the accounts of Lake Superior State University. All proposals shall set forth the names and qualifications of staff members who would have primary responsibility for the audit.

6. WORK PERFORMED BY UNIVERSITY PERSONNEL

University personnel will be used where appropriate to expedite the work of auditors and to avoid additional audit costs. Examples of work which might be performed by University personnel to assist the auditors are as follows:

- a. Trial balances of all funds with supporting schedules when requested.
- b. Preparation of other schedules requested for audit purposes.
- c. Preparation of preliminary financial statements.
- d. Pulling of vouchers, receipts, and other documents as required.
- e. Preparation of requested correspondence.

Cooperation between the external auditors and any persons or firms performing internal audit services for the University will be expected to avoid duplication of effort.

7. CONFLICT OF INTEREST

The University's conflict of interest policy will apply to the relationship between the external auditors and the University staff. University officials responsible for activities being audited by the external auditors will not retain such auditors for personal services unless their immediate supervisor has approved the scope of such services.

Auditors should not be retained to perform any special services for the University without approval from the President and/or Vice President of Business and Financial Operations.

8. OTHER BENEFITS

An external audit firm will not be requested to perform any other benefits or services to the University as a condition of continuance of the audit agreement, such as hiring LSSU graduates, providing scholarships or guest lecturers.

Policy adopted by the Board of Regents on October 30, 1987, amended January 9, 1992.