



## **UC SAN DIEGO FOUNDATION POLICY FOR SELECTION OF AUDITOR**

### **GENERAL POLICY**

The UC San Diego Foundation Board of Trustees will choose an audit firm every five years by obtaining a proposal from the existing auditor, when service and price is considered satisfactory, or by accepting competitive proposals from at least three qualified nationally recognized certified public accounting firms. The Audit Committee will be responsible for making a selection recommendation to the Board after soliciting and reviewing proposals as appropriate.

### **AUDIT COMMITTEE GUIDELINES FOR AUDITOR SELECTION**

The selection of an audit firm for the UC San Diego Foundation will be undertaken every five years either by continuation of the existing auditor based on their proposal to continue as auditors or by competitive proposals. Selection will be based on the following:

1. Determination of whether or not full-scale competitive bid type proposals need to be obtained is to be determined by the Committee, based on:
  - A. Satisfaction with the performance of the current auditors and their attentiveness to Committee and Board requests, the quality of their work, the continuity of their staff, and their continued good standing as a nationally recognized CPA firm.
  - B. The fee structure of the existing firm, versus surveys of audit fees for other UC Campus Foundations.
  - C. The length of time the firm has had the Foundation contract versus the length of time that full-scale proposals have been solicited to ensure the firm remains competitive, both in terms of fees and in the educational/non-profit area of specialty.
  
2. If the factors in (1) above are favorable, the existing firm will be asked to submit a proposal for a period of fiscal years to be determined at the discretion of the Committee, but not to exceed a period of five years. The proposal should include, at a minimum:

- A. The personnel to be assigned to the audit team and a description of their experience and education.
  - B. The firm's anticipated ability to provide continuity in the audit team, and if not, at least highly experienced individuals in the educational/non-profit industry sector.
  - C. A schedule of annual audit fees and out-of-pocket costs to include hours and cost by level of individual assigned. The schedule should include a total fee for the first year of the proposal, and a not-to-exceed percentage increase for any multiple years thereafter based on the change in assets, change in the CPI, or change in individual rates, or any combination thereof.
3. If there is concern about any of the information determined from the preceding steps (1) and (2), then competitive proposals should be requested from other qualified certified public accounting firms. The proposals should include all of the items noted above, as well as a full description of the firm, local size, audit methodology, expertise in the area of educational/non-profit sector and current client in this sector, expectation of Foundation staff assistance in the performance of the audit, anticipated audit timing, and at least two contact references of clients in the Foundation's sector.