



MICHIGAN STATE UNIVERSITY  
**BOARD OF TRUSTEES**  
Executive Action Summary

Audit, Risk and Compliance-Attachment 1

**APPROVED**  
**JUNE 28, 2024**  
**BOARD OF TRUSTEES**  
**MICHIGAN STATE UNIVERSITY**

**Date** June 28, 2024

**Committee Name** Audit, Risk and Compliance

**Agenda Item:** Revision to BOT 104, *Board of Trustees – Auditor Rotation*

**Information**

**Review**

**Action**

**Resolution:**

BE IT RESOLVED, that the Board of Trustees hereby approves revisions to BOT 104, *Board of Trustees – Auditor Rotation*, as indicated in Attachment A.

**Recommendation:**

The Trustee Committee on Academic Affairs recommends that the Board of Trustees approve the following:

- The conversion of BOT 104, *Board of Trustees – Auditor Rotation*, to the standard policy template with technical amendments.

**Prior Action by BOT:**

The board approved the transition of Board of Trustees policies to a standard policy template on September 8, 2023.

**Responsible Officers:**

Stefan Fletcher, Secretary and Chief of Staff to the Board of Trustees

**Summary:**

The Board of Trustees authorized the adoption of a standard policy template for Board of Trustees policies on September 8, 2023. The use of a standard policy template improves the readability, usability, and consistency of board policies.

BOT 104 has been converted to the standard policy template. In addition, technical amendments have been made, including the correction of the name of the Audit, Risk and Compliance Committee as well as the addition of the responsibilities and duties of the Senior Vice President, Chief Financial Officer, and

Treasurer in assisting the board in acquiring or reappointing an audit firm.

**Background Information:**

As part of the overall vision to appropriately update Board of Trustees policies, the transition of BOT 104 to the standard template will provide consistent information for those charged with implementing or complying with BOT 104. The new policy template features standard subheadings and scheduled review dates which are standard policy management features to aid the organization of policy content and guide the systematic review of board policies.

**Source of Funds:** Not applicable.

**Resource Impact:** Not applicable.



## Board of Trustees Policy

**POLICY NUMBER: BOT 104**

**POLICY NAME: Board of Trustees Auditor Rotation**

<b>Effective Date:</b>	<a href="#">February 16, 2018</a>
<b>Last Review Date:</b>	<a href="#">June 28, 2024</a>
<b>Next Scheduled Review Date:</b>	<a href="#">June 2029</a>

### I. POLICY STATEMENT

[This policy provides guidance on selecting and keeping auditors for the University to maintain financial integrity and mandates the transition of auditors every six years with no partner at one firm allowed to serve as auditor for more than \(1\) one six-year term.](#)

### II. RESPONSIBLE OFFICE

[Senior Vice President, Chief Financial Officer and Treasurer](#)

### II. SCOPE

[This policy applies to all financial audits performed by an outside party for the Board of Trustees.](#)

### IV. DEFINITIONS

[None listed.](#)

## V. POLICY

It shall be the policy of the Board of Trustees to periodically rebid the University's financial audit work. The external audit firm, selected through a bidding process overseen by the Trustee Audit, Risk and Compliance Committee, shall be appointed initially at the beginning of the term and reappointed annually for a total term of not more than six consecutive audits. At the completion of the sixth consecutive audit by the same firm, a request for proposals shall be issued to select a firm for the next audit cycle of six years.

If the incumbent audit firm is selected to continue to perform the financial audit for a subsequent six-year period, a change in the partner in charge of the audit ~~will be~~ required.

While the Board reserves the right, notwithstanding this policy, to change audit firm at any time, the Board recognizes that both the University and the audit firm selected make substantial initial investments at the beginning of the audit relationship and that both parties anticipate recovery of their costs over the six-year period. Therefore, the Board does not intend to change the audit firm during the six-year audit cycle so long as the service and the fees of the audit firm remain satisfactory through the six-year period.

## VI. PROCEDURES

1. The Senior Vice President, Chief Financial Officer and Treasurer shall be responsible for solicitation of proposals for external audit services at least once every six years.
2. The Senior Vice President, Chief Financial Officer and Treasurer shall review the proposals with the Audit, Risk and Compliance Committee who shall make the final decision.
- 4-3. No firm may act as the financial auditor for more than (6) six consecutive **annual** audits without being selected through a subsequent competitive proposal process except as outlined in Section V of this policy.

## VII. RELATED POLICIES AND INFORMATION

None listed.

## VIII. HISTORY

Enacted: October 26, 1979

Amended: June 28, 2024  
February 16, 2018  
May 6, 2005  
February 10, 1995  
October 13, 1989  
December 3, 1982

Retired Policy No. 01-01-04

Commented [A1]: Are they actually appointed annually or are they given a multi-year term not to exceed 6 years?

Commented [A2R1]: [Mention was removed] can verify, but we reappoint annually via reso. In February.



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