

# New York University

## UNIVERSITY POLICIES

**Title:** Employing Members of the Independent External Auditor  
**Policy Number:** 5  
**Effective Date:** October 1, 2007  
**Issuing Authority:** Martin Dorph, Senior Vice President for Finance and Budget  
**Responsible Officer:** Samantha Green, Financial Compliance Officer

### Purpose of the Policy

New York University (“University”) maintains the integrity of its financial statements, financial reporting processes, and internal controls by engaging the services of an independent external auditor (“auditor”). To ensure the auditor is truly independent and is capable of exercising objective and impartial judgment on all issues encompassed within the auditor’s engagement, the University places carefully considered limitations on the hiring of current or former employees of its auditor in any financial reporting oversight role at the University, as provided in this Policy.

### Policy Definitions

#### *Financial Reporting Oversight Role*

Financial reporting oversight role means a role in which an individual is in a position to, or does, exercise influence over the contents of the financial statements or related information (such as management’s discussion and analysis), or influence over anyone who prepares financial statements or related information, such as when the individual is a member of the board of trustees, president, senior vice president for finance and budget, general counsel, controller, director of internal audit, treasurer, or any equivalent position.

### University Policy

The University establishes the following guidelines for hiring employees or former employees of the auditor.

1. University shall not hire any employee or former employee of its auditor for a position with the University in a financial reporting oversight role if such employee or former employee was the lead or concurring partner, or any other member of the audit engagement team who provided more than ten hours of audit, review, or attestation services

for the University during the 1-year period preceding the date of the initiation of the audit.

2. The prohibition contained in paragraph 1 of this Policy shall not apply if an employee or former employee of the independent auditor did not work on the University's audit, review or attestation engagement for more than ten hours, except for the lead or concurring partner, or is hired by the University for a position other than a position involving financial reporting oversight role.

3. The audit engagement team includes all partners and professional employees who participate in an audit, review or attestation engagement of the University, including audit partners and all persons who consult with others on the audit engagement team during the audit, review or attestation engagement regarding technical or industry-specific issues, transactions or events.

4. For purposes hereof, audit procedures are deemed to have commenced for the current audit engagement period the day after the prior year's periodic annual report is published. The audit engagement period for the current year is deemed to conclude the day the current year's periodic annual report is published.

5. The University's management will periodically advise the Audit Committee of any partners or professional employees of the independent auditor hired by the University as permitted under these guidelines.

6. The following exemptions shall apply to these hiring guidelines:

a. Individuals employed by the University as a result of a business combination between an entity that is also an audit client of the independent auditor and the University, provided employment was not in contemplation of the business combination and the Audit Committee is aware of the prior employment relationship; or

b. Individuals employed by the University due to an emergency or other unusual circumstance, provided that the Audit Committee determines that the relationship is in the interest of the University.

7. These guidelines are effective for employment relations with the University that commence on and after October 1, 2007.

## Notes

### **1. Dates of official enactment and amendments:**

Adopted by the University on September 17, 2007.

### **2. History:**

None

### **3. Cross References**

None