



Section Number: ____
Section Header: Audit Committee Policy
Responsible Office: Finance and Administration

Effective Date: June 12, 2006
Revision Date: _____
Responsible Officer: Associate Vice
President for Finance & Controller

INTRODUCTION

The Audit Committee Policy is being implemented at New Jersey City University (NJCU) to comply with the Public Company Accounting Reform and Investor Protection Act of 2002 (Sarbanes Oxley Act of 2002). The responsibilities of the Audit Committee as outlined by the Sarbanes Oxley Act of 2002 are discharged at NJCU by the Finance, Audit and Planning Committee. The primary role of the Finance, Audit and Planning Committee, with respect to the audit function, is to instill confidence that the funds entrusted to the institution are used in a manner consistent with good financial practice. This includes making certain that funds are used only for the purposes for which they were intended and in ways that do not violate the principles that resulted in the tax-exempt status. The Finance, Audit and Planning Committee is charged with protecting not only the financial assets, but also NJCU's most important asset: its good name and reputation.

PURPOSE

The purpose of the policy is to provide guidelines with respect to the functions and duties of the Finance, Audit and Planning Committee of the pertinent provision of Title II, sections 201 through 207, of the Sarbanes Oxley Act of 2002.

SCOPE

This policy applies to all NJCU Finance, Audit and Planning Committee members and employees involved in the audit process.

POLICY

In accordance with Title II, sections 201 through 207 of the Sarbanes Oxley Act of 2002, the Finance, Audit and Planning Committee has been assigned the following tasks:

- Recommending to the Board, or appointing directly, an independent audit firm.
- Reviewing the scope and plan for the independent audit.
- Reviewing or approving the contracting for any non-audit services provided by the external auditors.
- Receiving and acting upon the results of the audit with the external auditors, including reporting the results to the full Board.



The Finance, Audit and Planning Committee will consist of members of the Board most knowledgeable in financial statement preparation and internal controls.

The Finance, Audit and Planning Committee will meet at least twice annually with the independent auditors, or more frequently as circumstances require, to discuss any issues arising from the Finance, Audit and Planning Committee's responsibilities. These semi-annual meetings will be an audit planning meeting to adopt the scope of the upcoming audit and a post-audit meeting to review the results of the audit. The Finance, Audit and Planning Committee will also meet annually with management to discuss management's evaluation of the work performed by the independent auditors.

KEY PERFORMANCE INDICATORS

The success of the policy will be assessed annually using the following quantifiable measures:

1. Communicate policy to all employees and Board members.
2. Bid process is documented and adhered to.
3. Review number of meetings held with the external auditors.
4. Evaluation of the annual audit is to be performed and documented.

PROCEDURES

Sarbanes-Oxley Act of 2002 Title II Section 201

1. The Finance, Audit and Planning Committee approve any non-audit services in advance.
2. Non-audit services of the external auditor are limited to tax advisory services.

Sarbanes-Oxley Act of 2002 Title II Section 202

1. The external auditor is appointed through a competitive bid process.
2. The Board approves the selection of the external auditor.
3. Any additional services (tax services) provided by the external auditor that exceed \$5,000 will be pre-approved by the Finance, Audit and Planning Committee.

Sarbanes-Oxley Act of 2002 Title II Section 203

1. In the event an external auditing firm is appointed through a competitive bid process for consecutive terms in excess of seven years, the Finance, Audit and Planning Committee will ensure the external audit partner is rotated every seven years before the start of the new audit period.
2. The Finance, Audit and Planning Committee will inform the current audit partner when six years have expired in order to prepare and select a new partner.
3. The new audit partner will be introduced at the pre-audit meeting to the Finance, Audit and Planning Committee.

Sarbanes-Oxley Act of 2002 Title II Section 204



1. The external auditors will present audit results, including draft reports, supplemental financial information and related auditor reports for review and discussion at the post-audit meeting with the Finance, Audit and Planning Committee.
2. The Finance, Audit and Planning Committee will provide oversight in the following areas:
 - i. Significant accounting policies;
 - ii. Significant audit adjustments;
 - iii. Audit procedures;
 - iv. Assessment of the audit; and
 - v. Changes in report format or disclosure.

Sarbanes-Oxley Act of 2002 Title II Section 206

1. NJCU will be precluded from hiring a professional from the external auditing firm until one year has lapsed since the professional has worked on the audit engagement. After one year has passed, the hiring of the respective professional will be presented to the Board for review and discussion at the subsequent meeting. The meeting will document the benefits and risks of the potential appointee.

Sarbanes-Oxley Act of 2002 Title II Section 207

1. The Finance, Audit and Planning Committee will evaluate the external auditors with management after the post-audit meeting.
2. The Finance, Audit and Planning Committee will rank the external audit firms for the following categories:
 - i. Industry expertise - knowledge of different accounting standards for not-for-profit and higher education.
 - ii. Tax capabilities – strong tax specialty in the not-for-profit area.
 - iii. Resources – adequate number of knowledgeable staff to complete the job timely.
 - iv. Depth of expert resources – expertise and experience to provide critical business advice to improve operations.
 - v. Price – the fee in correlation to the service provided.
 - vi. Effective and efficient use of technology in the audit process.

CONTACT

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