

DAU 8-1 External Audit Policy

Policy Code	Policy Name		
DAU 8-1	External Audit Policy		
Responsible Executive	Current Revision Date	Next Revision Date	
- Finance Department	10/2023	10/2027	

1. Purpose of Policy

DAU is committed to maintaining high standards of financial integrity and accountability. To achieve this objective, the university undergoes periodic External Audits by independent and qualified auditors who examine and evaluate its financial records, processes, and controls. The purpose of this policy is to define the scope and requirements for external audits at DAU, and to assign roles and responsibilities for conducting and facilitating such audits.

2. Policy Scope

This policy applies to all external audits conducted at DAU, including financial audits, compliance audits, and other types of audits performed by external auditors. It covers all departments, units, and operations of the university that are subject to audit, as well as the external auditors assigned by the university to perform audits.

3. Policy Statement

External audit of DAU financial statements and accounts is an essential part of the university's governance and accountability framework. The external audit provides assurance to the board of trustees, management, and stakeholders that the university's financial information is reliable, accurate, and compliant with Generally Accepted Accounting Principles (GAAP). The external auditor shall be selected by the board of trustees based on their qualifications, experience, reputation, and independence. The external auditor shall perform the audit in accordance with international professional accounting standards and ethical principles and shall report their findings and recommendations to the board of trustees. The university shall respect the external auditor's role and authority and shall implement appropriate actions to address any audit issues or recommendations.

4. Policy Procedures

The board of trustees shall engage the services of an auditing firm to serve as the external auditor of the university. The external auditor shall conduct an annual review of the financial records and provide an audit report together with a management letter as part of the auditor's report. The audit report shall be sent directly to the board of trustees or to a committee formed for this purpose by the board of trustees. The board of trustees shall review the report prior to making recommendations to the President of DAU.

Reporting Fraudulent or Illegal Acts

DAU shall properly report the fraudulent or illegal act.

These illegal acts include:

- Any person who suspects that fraud or illegal activities are taking place in his or her department must report that suspicion immediately to their direct supervisor. If the employee believes that the supervisor is involved, or is otherwise uncomfortable reporting in this manner, he/she must immediately notify the University Auditor. Supervisors to whom such reports are made must review them, and if they have merit, report them to the next level of management or to the University Auditor
- Individuals conducting business on behalf of the University are personally responsible for the consequences of any violations they commit.

- Individuals conducting business on behalf of the University must do so for the benefit of the University. Where a potential for personal gain exists, this potential conflict of interest must be reported immediately, and be carefully evaluated before any financial transactions are allowed to occur.

Response and Resolution of External Audit Findings from Regulatory Agencies

Responding to external audit findings from regulatory agencies includes ensuring the following:

- The University Auditor is notified prior to commencement of any audit or review by an external regulatory agency.
- A full investigation of facts is conducted to ensure the accuracy of any findings.
- If a finding is in error, full documentation must be sent immediately to the Office of President
- If a finding is valid, corrective action must be taken immediately to correct the deficiency and ensure the situation does not recur.
- Where findings result in disallowances, departments must cover the disallowances with other department funds. If a department does not take prompt action, central accounting departments may step in to act. Where findings result in extrapolated disallowances, the Executive Director - Financial Management will review the circumstances and decide upon an appropriate allocation of the disallowance.

Engagement of External Auditors

The university shall assign external auditors based on a competitive selection process that ensures the independence, qualifications, and experience of the auditors. The engagement of external auditors shall be approved by the board of trustees or other authorized bodies of the university. The terms of assignment, including the scope of the audit, fees, and other relevant terms, shall be documented in a formal letter or contract.

Scope of External Audits

The scope of external audits shall be defined in the engagement letter or contract, and shall be based on applicable auditing standards, laws, regulations, and the university's specific requirements. It may include financial audits, compliance audits, performance audits, or other types of audits as determined by the university or required by applicable laws or regulations. The external auditors shall have access to all relevant financial records, processes, and controls of the university, and shall be allowed to perform necessary audit procedures to obtain reasonable assurance on the accuracy, reliability, and compliance of the university's financial information.

Roles and Responsibilities

The university's top management shall provide necessary support and cooperation to the external auditors, including providing access to relevant financial records, processes, and controls, and responding to audit inquiries in a timely and accurate manner. The internal audit function, if present, shall collaborate with the external auditors to facilitate the conduct of external audits, including aiding in audit planning, testing, and reporting. The external auditors shall perform their audit procedures in accordance with applicable auditing standards and shall exercise professional judgment and skepticism to obtain reasonable assurance on the university's financial information. They shall communicate the results of their audits, including any material findings, recommendations, or concerns, to the university's top management, board of trustees, or other relevant stakeholders.

Audit Reporting

The external auditors shall provide a written report on the results of their audits, which shall include their opinion on the fairness of the university's financial information and the compliance with applicable laws, regulations, and accounting standards. It shall be submitted to the university's senior management, board of trustees, or other relevant stakeholders, and shall be presented in a format that is understandable and accessible. The university shall take appropriate actions to address any material findings or recommendations raised by the external auditors and shall provide timely responses and updates to the audit report.

5. Related Policies/ Documents/ Forms

DAU 8-2 Financial Policy

6. Document History

Version	Issue/ Rev. Date	Updated Information/ Summary of Changes
1	10/2023	1 st issue of the Policy