

EXTERNAL AUDITOR INDEPENDENCE REQUIREMENTS

As a part of its charter, the Legal, Legislative, and Audit Committee is responsible for recommending external auditors for various components of the University of Arkansas to the Board of Trustees for approval. In all matters relating to the audit work during their audit engagement with the University, independent external audit firms should be free from personal, external and organizational impairments, as defined by Government Auditing Standards issued by the Comptroller General of the United States.

External audit firms will be precluded from providing nonaudit services to the University of Arkansas during the term of their audit engagement. For purposes of this policy, examples of nonaudit services include, but are not limited to, the following:

- Developing or implementing accounting systems
- Determining account balances
- Developing internal control systems
- Processing payroll
- Posting transactions
- Evaluating assets
- Designing or implementing information technology or other systems
- Performing actuarial studies
- Performing other management functions or making management decisions

April 5, 2002