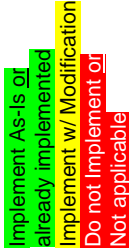


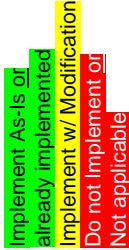
Sarbanes-Oxley Workgroup
 Table of Recommendations Regarding Implementation of NACUBO Best Practices
 Adopted by the Arizona Board of Regents Audit Committee
 April 29, 2004

Section	Sarbanes-Oxley Act Of 2002	NACUBO Best Practices Recommendations	<div style="display: flex; flex-direction: column; align-items: center; justify-content: center;"> <div style="background-color: #90EE90; padding: 2px;">Implement As-Is or already implemented</div> <div style="background-color: #FFFF00; padding: 2px;">Implement w/ Modification</div> <div style="background-color: #FF0000; padding: 2px;">Do not Implement or Not applicable</div> </div>	SOX Workgroup Comments & Recommendations
Title I Public Company Accounting Oversight Board (PCAOB)				
101-109	Describes public company accounting oversight board duties.	<i>Not Applicable</i>		Not Applicable.
Title II Auditor Independence				
201	Public accounting firms are prohibited from performing these nonaudit services to financial statement audit clients: <ol style="list-style-type: none"> 1. Bookkeeping or other services related to the accounting records or financial statements; 2. Financial system design and implementation; 3. Appraisal or valuation services, fairness opinions, or contribution-in-kind reports; 4. Actuarial services 5. Internal auditing outsourcing services; 6. Management or human resource functions; 7. Broker or dealer, investment adviser, or investment banking services; 	Institutions should prohibit their independent auditors from providing the nonaudit services prohibited by the Act unless extenuating circumstances exist and the audit committee approves the work in advance.		Not Applicable. Comment: Auditor independence is not an issue for the universities since the State Auditor General (as required by statute) performs our annual financial audits. The Auditor General does not perform non-audit services for-profit.

Sarbanes-Oxley Workgroup
 Table of Recommendations Regarding Implementation of NACUBO Best Practices
 Adopted by the Arizona Board of Regents Audit Committee
 April 29, 2004

Section	Sarbanes-Oxley Act Of 2002	NACUBO Best Practices Recommendations		SOX Workgroup Comments & Recommendations
	8. Legal services and expert services unrelated to the audit; 9. Any other service the Accounting Oversight Board determines, by regulation, is impermissible. A registered public accounting firm may engage in any other service, including tax services for an audit client, <i>but only if the Audit Committee approves the activity in advance.</i>			
202	The audit committee must pre-approve all services provided by the auditor.	Institutions should require pre-approval by the audit committee for all prohibited, nonaudit services performed by the independent auditor.		Not Applicable. Comment: This is not an issue since the State Auditor General does not perform non-audit services for-profit.
203	The lead (or coordinating) audit partner and the reviewing audit partner of the public accounting firm must rotate off the audit every five years.	Institutions should require a rotation of the lead partner every seven years with a timeout of two years.		Recommendation: The Audit Committee should request the Auditor General rotate senior staff (in-charge auditor and higher positions) every 5 years. Comment: As a matter of internal policy,

Sarbanes-Oxley Workgroup
 Table of Recommendations Regarding Implementation of NACUBO Best Practices
 Adopted by the Arizona Board of Regents Audit Committee
 April 29, 2004

Section	Sarbanes-Oxley Act Of 2002	NACUBO Best Practices Recommendations		SOX Workgroup Comments & Recommendations
				the Auditor General does periodically rotate staff and management on audit engagements. This is primarily for staff development, but also to get new perspectives on audits.
204	<p>The public accounting firm must report to the audit committee:</p> <ol style="list-style-type: none"> 1. All critical accounting policies and practices used by the client that have been discussed with management; 2. All alternative treatments of financial information, ramifications of such use, and the treatment preferred by the public accounting firm; 3. Other material written communication between the public accounting firm and management, such as the management letter or schedule of unadjusted differences. 	<p>Audit Committee oversight is critical to ensure the independence of the audit decisions.</p> <p>The audit engagement letter should be addressed to the audit committee rather than internal management.</p>		<p>Recommendation: The Audit Committee should request the concurrence of the Auditor General's Office for reporting directly to the Committee items 1 and 2, and then item 3 with respect to the schedule of unadjusted differences.</p> <p>Comment: Currently, the engagement letters <u>are</u> addressed to the presidents with copies sent to the Assistant Executive Director for Audit Services, who then notifies the Audit Committee members. The management letters <u>are</u> addressed to the Audit Committee and the university presidents.</p>
205	Conforming amendments to the SEC Act of	<i>Not applicable.</i>		Not Applicable.

Sarbanes-Oxley Workgroup
 Table of Recommendations Regarding Implementation of NACUBO Best Practices
 Adopted by the Arizona Board of Regents Audit Committee
 April 29, 2004

Section	Sarbanes-Oxley Act Of 2002	NACUBO Best Practices Recommendations	<div style="display: flex; flex-direction: column; align-items: center; gap: 2px;"> Implement As-is or already implemented Implement w/ Modification Do not Implement or Not applicable </div>	SOX Workgroup Comments & Recommendations
	1934.			
206	The public accounting firm cannot have employed the CEO, controller, CFO, chief accounting officer, or any person in an equivalent position, during the one-year period preceding the audit.	<p>Institutions should carefully consider the benefits of employing a CFO or controller who has worked for the auditing firm within the last year and consider how the position may relate to the institution's external audit.</p> <p style="background-color: #00FFFF;">To forego the one-year waiting period, institutions should document the benefits and risks and seek board approval.</p>		<p style="color: #800080;">Recommendation: Board policy should discourage the hiring of a senior official, e.g. president, CFO, controller, chief accounting officer, or any person in an equivalent position from the staff of the university's external auditors, unless one year has passed since the individual was involved in the university's audit. If the university believes it is necessary to forego the one-year waiting period, the university administration should document the benefits and risks and seek Board approval prior to extending an offer of employment.</p>
207	The GAO will do a study on the potential effects of mandatory rotation of public accounting firms.	The current emphasis is on rotation of audit partners (section 203) rather than rotation of firms. The audit committee should annually evaluate the performance of the external auditor. In addition, the committee should consider		<p>Not Applicable.</p> <p>Comment: Firm rotation is not an option since the State Auditor General (as required by statute) performs our annual financial audits. Use of other auditors would only occur if the Auditor General elected to contract with public accounting</p>

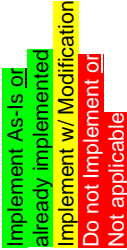
Sarbanes-Oxley Workgroup
 Table of Recommendations Regarding Implementation of NACUBO Best Practices
 Adopted by the Arizona Board of Regents Audit Committee
 April 29, 2004

Section	Sarbanes-Oxley Act Of 2002	NACUBO Best Practices Recommendations	<div style="display: flex; flex-direction: column; align-items: center; justify-content: center;"> <div style="background-color: green; color: white; padding: 2px;">Implement As-is or already implemented</div> <div style="background-color: yellow; color: black; padding: 2px;">Implement w/ Modification</div> <div style="background-color: red; color: white; padding: 2px;">Do not Implement or Not applicable</div> </div>	SOX Workgroup Comments & Recommendations
		periodically recompeting the selection of the external audit firm.		firms for the audits.
208-209	SEC final authority for Section 10A and considerations by appropriate State regulatory authorities.	<i>Not Applicable.</i>		Not Applicable.
Title III	Corporate Responsibility			
301		Institutions that do not have an audit committee should assign the audit function to another committee of the board of trustees, for example, the finance committee, or to the board as a whole. Institutions that assign audit committee functions to another committee should add "audit" to the committee title, for example, "Finance and Audit" Committee.		Not Applicable. Comment: The Board already has an active Audit Committee.
301	(1) The Commission may prohibit the listing of securities of any firm found not to be in compliance with paragraphs 2-6 of this section.	(1) Not Applicable		Not Applicable.

Sarbanes-Oxley Workgroup
 Table of Recommendations Regarding Implementation of NACUBO Best Practices
 Adopted by the Arizona Board of Regents Audit Committee
 April 29, 2004

Section	Sarbanes-Oxley Act Of 2002	NACUBO Best Practices Recommendations	<div style="text-align: center;"> Implement As-is or already implemented Implement w/ Modification Do not Implement or Not applicable </div>	SOX Workgroup Comments & Recommendations
301	(2) The audit committee shall be directly responsible for the appointment, compensation, and oversight of the work of any registered public accounting firm employed by its company and the public accounting firm shall report directly to the audit committee.	(2) Audit committee involvement is critical in the selection of auditors and the performance of the audit.		<p>Comment: The State Auditor General has statutory responsibility for performing the universities' annual financial audits. The Audit Committee has no authority with respect to the Auditor General.</p> <p>Recommendation: The Audit Committee should continue the practice of meeting with the Auditor General's staff at least annually to review and discuss the financial reports and related audit activities.</p>
301	(3) each member of the audit committee shall be a member of the Board of Directors and shall otherwise be independent. Independent is defined as not receiving, other than for service on the Board of Directors, any consulting, advisory, or other compensatory fee from the company, and not being an affiliated person of the company.	(3) Independence of audit committee members is important. Management representatives should not be voting members of the committee.		<p>Already implemented.</p> <p>Comment: All Audit Committee members are Regents who are independent of the universities.</p>
301	(4) The audit committee shall establish	(4) A good practice would be the		Comment: Sarbanes-Oxley only

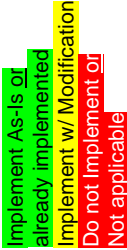
Sarbanes-Oxley Workgroup
 Table of Recommendations Regarding Implementation of NACUBO Best Practices
 Adopted by the Arizona Board of Regents Audit Committee
 April 29, 2004

Section	Sarbanes-Oxley Act Of 2002	NACUBO Best Practices Recommendations		SOX Workgroup Comments & Recommendations
	<p>procedures for:</p> <p>(a) The receipt, retention, and treatment of complaints received by the company regarding accounting, internal controls and auditing matters.</p> <p>(b) The confidential, anonymous submission by employees of questionable accounting or auditing matters.</p>	<p>establishment of confidential complaint mechanisms for employees: for example, a hot line, anonymous e-mail/voicemail, secure complaint boxes, or extending existing employee grievance processes or communication channels to the institution's internal auditors.</p> <p>The audit committee should review the nature and disposition of reported matters.</p>		<p>addresses complaint mechanisms for accounting, internal controls and auditing matters related to financial reporting. Current Audit Committee-directed efforts to increase communications between universities and the Audit Committee regarding the reporting of improprieties have a much broader applicability.</p> <p>Recommendation: Each university [and the central office] should develop a mechanism for the reporting (anonymous and otherwise) of improprieties (financial and otherwise) through the presidents [and executive director], to the Audit Committee, along with related plans for implementation of the mechanism. Development of these proposed mechanisms and related plans should be coordinated by the SOX workgroup and presented to the Audit Committee for acceptance in August 2004.</p>
301	(5) The Audit Committee shall have the	(5) The audit committee should		Recommendation: The Audit Committee

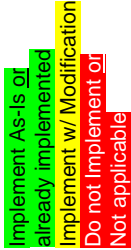
Sarbanes-Oxley Workgroup
Table of Recommendations Regarding Implementation of NACUBO Best Practices
 Adopted by the Arizona Board of Regents Audit Committee
 April 29, 2004

Section	Sarbanes-Oxley Act Of 2002	NACUBO Best Practices Recommendations	<div style="display: flex; flex-direction: column; align-items: center; font-size: 8px;"> Implement As-Is or already implemented Implement w/ Modification Do not Implement or Not applicable </div>	SOX Workgroup Comments & Recommendations
	authority to engage independent counsel or other advisors, as necessary to carry out its duties.	have all the necessary authority contained in its charter.		Charter should be revised accordingly, with the Board granting the authority to engage independent counsel or other advisors, as necessary to carry out the Committee's duties.
301	(6) Each company shall provide appropriate funding as determined by the Audit Committee for payment to the public accounting firm and any advisors employed by the Audit Committee under paragraph 5 above.	(6) The charter should also specify that appropriate funding be available for the audit committee.		<p>Comment: Regarding external auditor fees, this is not an issue. The Auditor General does not charge for the annual financial audit. However, the Auditor General does charge the universities directly to recoup some costs related to performing the Statewide A-133 Single Audit.</p> <p style="color: purple;">Recommendation: To the extent the Audit Committee may need to engage advisors, funding authorization should be granted by the Board. The Committee's Charter should be revised accordingly.</p>
302	The CEO and CFO shall certify along with the annual audit report that: (1) They have reviewed the report;	The provisions of the Act extend the current audit representation letter responsibilities. If institutions publicly disclose		Recommendation A: Beginning with the annual financial report for the fiscal year ending June 30, 2004, the university presidents and chief financial officers

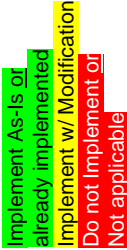
Sarbanes-Oxley Workgroup
Table of Recommendations Regarding Implementation of NACUBO Best Practices
 Adopted by the Arizona Board of Regents Audit Committee
 April 29, 2004

Section	Sarbanes-Oxley Act Of 2002	NACUBO Best Practices Recommendations		SOX Workgroup Comments & Recommendations
	<p>(2) Based on their knowledge, the report does not contain any untrue statement of a material fact or omission of a material fact that makes the statements misleading;</p> <p>(3) Based on their knowledge, the financial statements present in all material respects the financial condition and results of operations;</p> <p>(4) They are responsible for establishing and maintaining internal controls, ensuring that material information relating to the company and its consolidated subsidiaries is made known to officers and others within those entities; have evaluated the effectiveness of internal controls within 90 days prior to the report; and have presented their conclusions about the effectiveness of their internal controls based on their evaluation as of that date;</p> <p>(5) They have disclosed to the auditors and the audit committee all significant deficiencies and material weaknesses in</p>	<p>financial statements, they should consider these assertions. However, be warned that assertion 4 includes new and complex affirmations on the adequacy of internal controls over both financial reporting and financial disclosures.</p> <p>The degree of centralization of financial operations is an important consideration for higher education. Business units' responsibility for financial reporting should be clearly defined, including policies for those activities. Institutions that are decentralized should consider implementing "sub certification" requirements from financial leaders responsible for the financial results of units, departments, or schools. The</p>		<p>should certify with respect to SOX assertions (1), (2) and (3).</p> <p>Recommendation B: Assertions (4), (5) and (6) would require considerable effort and should be deferred, pending activity under Section 404.</p> <p>As noted in Section 404, the following are the recommended "next steps":</p> <ol style="list-style-type: none"> a. Establish a tri-university Internal Control Assessment Workgroup to develop a consistent approach for conducting an internal control assessment. b. Each university should begin documenting its financial reporting process. c. Each university should select a pilot project to identify and evaluate the adequacy of controls over financial reporting and other financial disclosures. d. The Workgroup should report the results of the pilot projects to the Audit

Sarbanes-Oxley Workgroup
Table of Recommendations Regarding Implementation of NACUBO Best Practices
 Adopted by the Arizona Board of Regents Audit Committee
 April 29, 2004

Section	Sarbanes-Oxley Act Of 2002	NACUBO Best Practices Recommendations		SOX Workgroup Comments & Recommendations
	<p>the internal controls that could adversely affect the company's ability to record, process, summarize and report financial data;</p> <p>(6) They have indicated in the report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions.</p> <p>Reincorporating outside of the United States does not lessen the requirements of Section 302.</p>	<p>sub-certification provides assurance on the underlying numbers and controls.</p> <p>Institutions should start documenting their financial reporting process; and identifying and evaluating the adequacy of controls over financial reporting and other financial disclosures.</p> <p>The audit committee should consider periodic inquiries of financial executives on the adequacy of controls.</p>		<p>Committee in November 2004 with recommendations for next steps.</p>
303	<p>It is unlawful for any officer or director of a company to take an action to fraudulently influence, coerce, manipulate, or mislead an auditor engaged in the performance of an audit for the purpose of rendering the financial statements materially misleading.</p>	<p>This should be addressed in the institution's code of conduct/code of ethics.</p>		<p>Recommendation: Include the following statement in a system-wide code of ethics for all employees, development of which will be coordinated by the SOX workgroup: "No employee, officer or regent may take any action to fraudulently influence,</p>

Sarbanes-Oxley Workgroup
 Table of Recommendations Regarding Implementation of NACUBO Best Practices
 Adopted by the Arizona Board of Regents Audit Committee
 April 29, 2004

Section	Sarbanes-Oxley Act Of 2002	NACUBO Best Practices Recommendations		SOX Workgroup Comments & Recommendations
				coerce, manipulate, or mislead an auditor engaged in the performance of an audit for the purpose of rendering the financial statements materially misleading.”
304	If an accounting restatement is necessary due to misconduct, the CEO and CFO shall reimburse the company for any bonus or other incentive or equity-based compensation received by that person during the 12-month period following the issuance of the financial statements, as well as reimburse the company for any profits realized from the sale of securities of the company during that same 12-month period.	<i>Not applicable.</i> However, the audit committee may want to review compensation arrangements for the CEO and CFO. Incentives related to financial results should be disclosed to the audit committee.		No further action required. Comment: CEO (president) compensation is already approved by the Board. None of the other senior executives have incentive arrangements related to financial results.
305	The SEC may issue an order to prohibit, conditionally or unconditionally, permanently or temporarily, any person who has violated section 10(b) of the 1934 Act from acting as an officer or director of a company if the SEC has found that such person is unfit.	<i>Not applicable.</i> However, institutions should consider any SEC action in connection with hiring officers and nominating trustees; and ensure that employment contracts of senior officers allow removal for financial impropriety.		Recommendation 305A: Board policy should require senior officer* candidate background checks to include searches for SEC actions against the candidates. Recommendation 305B: Board policy should require that employment contracts for senior officers specifically allow

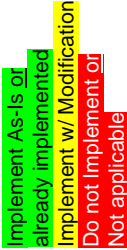
Sarbanes-Oxley Workgroup
 Table of Recommendations Regarding Implementation of NACUBO Best Practices
 Adopted by the Arizona Board of Regents Audit Committee
 April 29, 2004

Section	Sarbanes-Oxley Act Of 2002	NACUBO Best Practices Recommendations	<div style="display: flex; flex-direction: column; align-items: center; font-size: 8px;"> Implement As-Is or already implemented Implement w/ Modification Do not Implement or Not applicable </div>	SOX Workgroup Comments & Recommendations
				removal for financial impropriety*. * The terms "senior officer" and "financial impropriety" will need to be defined for consistency in system-wide application.
306-308	Concerns sales of stock, fair funds for investors and attorneys practicing before the SEC.	<i>Not applicable.</i>		Not Applicable.
Title IV	Enhanced Financial Disclosures			
401	SEC shall study off-balance sheet disclosures to determine their extent and whether GAAP results reflect the economics of such transactions.	Higher education should follow current and appropriate accounting standard guidance (i.e. FASB, GASB).		No action required. Comment: Universities already follow GASB.
402	In general, it shall be unlawful for a company to extend personal loans to any director or executive officer.	The audit committee should be aware of and review policies on personal loans and understand that housing assistance included as part of compensation is not a personal loan.		Not Applicable. Personal loans are prohibited by statute.
403	Directors, officers, and 10%+ owners must report designated equity security transactions by the end of the second business day following the day the	The audit committee should be aware of and review policies on ownership interest in related ventures or start-ups. Existing		Recommendation: The SOX Workgroup should coordinate a review of current Board and university policies addressing ownership and conflict of interest in

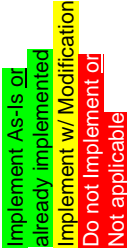
Sarbanes-Oxley Workgroup
Table of Recommendations Regarding Implementation of NACUBO Best Practices
 Adopted by the Arizona Board of Regents Audit Committee
 April 29, 2004

Section	Sarbanes-Oxley Act Of 2002	NACUBO Best Practices Recommendations	<div style="text-align: center;"> Implement As-is or already implemented Implement w/ Modification Do not Implement or Not applicable </div>	SOX Workgroup Comments & Recommendations
	transaction was executed.	conflict of interest policies can be leveraged and should be reviewed with the audit committee.		various ventures & start-ups and brief the Audit Committee on the policies, along with any recommended changes.
404	<p>Each annual report shall contain an internal control report, which:</p> <p>(1) States the responsibility of management for establishing and maintaining an adequate internal control structure and procedures for financial reporting; and</p> <p>(2) Contains an assessment, as of the end of the fiscal year, of the effectiveness of the internal control structure and procedures of the company for financial reporting.</p> <p>The public accounting firm shall attest to and report on the internal control assessment made by management.</p>	<p>Identifying, designing, and maintaining controls and procedures that safeguard assets and minimize risk is sound business practice. A good business practice would be to start planning how an internal control assessment might be conducted. A few institutions have started doing risk assessments and documenting key financial processes. The audit committee should consider independence issues if contemplating using the external auditor for this review function. For reference, institutions can obtain a copy of the Committee</p>		<p>Comment: The resources and effort required to provide a positive assertion on internal control could be substantial, and may be ill-advised given current budgetary concerns.</p> <p>Recommendation:</p> <ol style="list-style-type: none"> a. Establish a tri-university Internal Control Assessment Workgroup to develop a consistent approach for conducting an internal control assessment. b. Each university should begin documenting its financial reporting process. c. Each university should select a pilot project to identify and evaluate the adequacy of controls over financial

Sarbanes-Oxley Workgroup
 Table of Recommendations Regarding Implementation of NACUBO Best Practices
 Adopted by the Arizona Board of Regents Audit Committee
 April 29, 2004

Section	Sarbanes-Oxley Act Of 2002	NACUBO Best Practices Recommendations		SOX Workgroup Comments & Recommendations
		<p>of Sponsoring Organizations (COSO) model of an internal control framework. The COSO model is considered the most widely accepted model for controls.</p> <p>Institutions with internal audit departments should consider using them to periodically report on internal controls to the audit committee in addition to reporting to management. These activities should be coordinated with the risk assessment and internal control initiatives described above.</p> <p>The results of the internal control assessment should be tested to ensure compliance. A positive assertion on controls would require a large sustained effort</p>		<p>reporting and other financial disclosures. d. The Workgroup should report the results of the pilot projects to the Audit Committee in November 2004 with recommendations for next steps.</p>

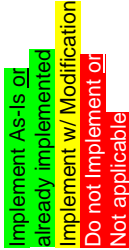
Sarbanes-Oxley Workgroup
 Table of Recommendations Regarding Implementation of NACUBO Best Practices
 Adopted by the Arizona Board of Regents Audit Committee
 April 29, 2004

Section	Sarbanes-Oxley Act Of 2002	NACUBO Best Practices Recommendations		SOX Workgroup Comments & Recommendations
		<p>and would require the external auditor to perform an attestation on internal controls, which would be expensive and time consuming. NACUBO does not recommend external auditor attestation or audit of internal controls. An alternative would be for management to provide the assertions and testing without the external audit attestation.</p> <p>NACUBO encourages institutions to take this topic seriously and start planning how an internal control assessment might be conducted. NACUBO will monitor the actions of institutions and communicate discoveries. At this point, NACUBO and the APC are not aware of any institutions that have committed to this positive</p>		

Sarbanes-Oxley Workgroup
 Table of Recommendations Regarding Implementation of NACUBO Best Practices
 Adopted by the Arizona Board of Regents Audit Committee
 April 29, 2004

Section	Sarbanes-Oxley Act Of 2002	NACUBO Best Practices Recommendations	<div style="display: flex; flex-direction: column; align-items: center; justify-content: center;"> <div style="background-color: #90EE90; padding: 2px;">Implement As-is or already implemented</div> <div style="background-color: #FFFF00; padding: 2px;">Implement w/ Modification</div> <div style="background-color: #FF0000; padding: 2px;">Do not Implement or Not applicable</div> </div>	SOX Workgroup Comments & Recommendations
		assertion on controls.		
405	Sections 401, 402, and 404 do not apply to any investment company registered under section 8 of the Investment Company Act of 1940.	<i>Not applicable.</i>		Not Applicable.
406	Requires each company to disclose whether it has adopted a code of ethics for its senior financial officers and the contents of the code of ethics.	A best practice is the adoption of a code of ethics for senior financial officers. Subsequently, the audit committee should review the adequacy of the code and periodically review how compliance is assured.		<p>Recommendation A: The Board should adopt a code of ethics for senior financial officers**.</p> <p>Recommendation B: Subsequently, the Audit Committee should periodically review compliance with the code.</p> <p>**The term "senior financial officer" will need to be defined for consistency in system-wide application.</p>
407	Companies are required to disclose whether at least one member of the audit committee is a "financial expert". The final rule also provides a definition of a financial expert. In the final rule,	A best practice would be the inclusion of at least one financial expert on the audit committee. Institutions should consider the following in defining financial expertise:		Recommendation A: The Audit Committee should discuss options for approaching the Governor with the goal of having her consider for future regental appointments an individual who qualifies as a financial "expert" under Sarbanes-

Sarbanes-Oxley Workgroup
 Table of Recommendations Regarding Implementation of NACUBO Best Practices
 Adopted by the Arizona Board of Regents Audit Committee
 April 29, 2004

Section	Sarbanes-Oxley Act Of 2002	NACUBO Best Practices Recommendations		SOX Workgroup Comments & Recommendations
	<p>recognition was given that an audit committee financial expert can acquire the requisite attributes of an expert in many different ways and that experience, in addition to education, is an important consideration.</p>	<ul style="list-style-type: none"> familiarity with estimates, accruals, and reserves relevant to higher education longevity and experience with a given institution can be considered “other relevant experience” <p>Colleges and universities should also consider rotating the financial expert and begin planning for the process and cost of recruiting, training, and retaining financial expertise.</p> <p>The recruitment and retention of a financial expert by public institutions might be limited when alumni or elected officials appoint the board.</p>		<p>Oxley.</p> <p>Recommendation B: If the Board is successful in gaining such an appointment, the “expert” should be expected to be a continuing member of the Audit Committee during his or her term on on the Board, unless and until another “expert” is appointed.</p>
408-409	Addresses enhanced and real time disclosures by issuers of securities.	<i>Not applicable.</i>		Not Applicable.
Title V	Analyst Conflicts of Interest			

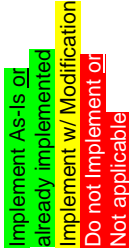
Sarbanes-Oxley Workgroup
 Table of Recommendations Regarding Implementation of NACUBO Best Practices
 Adopted by the Arizona Board of Regents Audit Committee
 April 29, 2004

Section	Sarbanes-Oxley Act Of 2002	NACUBO Best Practices Recommendations	<div style="display: flex; flex-direction: column; align-items: center; gap: 2px;"> <div style="background-color: green; color: white; padding: 2px;">Implement As-is or already implemented</div> <div style="background-color: yellow; color: black; padding: 2px;">Implement w/ Modification</div> <div style="background-color: red; color: white; padding: 2px;">Do not implement or Not applicable</div> </div>	SOX Workgroup Comments & Recommendations
501	Treatment of security analysts by registered securities associations and national security exchanges.	<i>Not applicable.</i>		Not Applicable.
Title VI Commission Resources and Authority				
061-604	Appearance and practice before the SEC, funding, federal court authority and qualifications of brokers and dealers.	<i>Not applicable.</i>		Not Applicable.
Title VII Studies and Reports				
701-705	Concerns studies regarding accounting firms, credit rating agencies, violators, violations, investment banks, financial advisors, and enforcement of securities laws.	<i>Not applicable.</i>		Not Applicable.
Title VIII Corporate and Criminal Fraud Accountability				
801-807	Discusses securities fraud, penalties, statute of limitations, sentencing, and employee protection.	<i>Not applicable,</i> however regarding section 802, a good practice would be to ensure that documents and records sent or received in connection with the audit are retained for seven years.		Do not implement. Comment: University records retention schedules for audit-related documents are designed to meet Federal and/or Arizona's statutory requirements. No changes are advocated.
Title IX White Collar Crime Penalty				

Sarbanes-Oxley Workgroup
 Table of Recommendations Regarding Implementation of NACUBO Best Practices
 Adopted by the Arizona Board of Regents Audit Committee
 April 29, 2004

Section	Sarbanes-Oxley Act Of 2002	NACUBO Best Practices Recommendations	<div style="display: flex; flex-direction: column; align-items: center; gap: 5px;"> Implement As-is or already implemented Implement w/ Modification Do not Implement or Not applicable </div>	SOX Workgroup Comments & Recommendations
Enhancements				
901-906	This section advances criminal penalties for fraudulent acts and the US Department of Justice jurisdiction of financial statement certification. The certification requirement under section 906 is separate from the requirement under section 302.	<i>Not applicable.</i>		Not Applicable.
Title X Corporate Tax Returns				
1001	The chief executive officer, per the "sense of the senate," should sign the federal income tax return of a corporation.	Institutions should review the level of authority of signers on the various tax returns; a senior financial manager with financial accountability for the information presented on the tax return should sign the return.		Recommendation: The chief business officer of each university should designate, for each tax return, the senior financial manager(s) with financial accountability for information on the tax return who should sign the return.
Title XI Corporate Fraud Accountability				
1001-1004	Discusses fines, consequences, and sentencing for individuals and issuers.	<i>Not Applicable.</i>		Not Applicable.
1005	Gives the SEC the authority to prohibit anyone convicted of securities fraud from being an officer or director of any publicly traded company.	Institutions should consider securities fraud convictions relevant in background checks for new employees.		Recommendation: As part of evaluating candidates for senior officer*** positions, the universities should consider the ramifications of hiring a candidate with a securities fraud conviction before

Sarbanes-Oxley Workgroup
 Table of Recommendations Regarding Implementation of NACUBO Best Practices
 Adopted by the Arizona Board of Regents Audit Committee
 April 29, 2004

Section	Sarbanes-Oxley Act Of 2002	NACUBO Best Practices Recommendations		SOX Workgroup Comments & Recommendations
				<p>extending an offer of employment.</p> <p>*** The term "senior officer" will need to be defined for consistency in system-wide application.</p>
1006-1007	Addresses criminal penalties under the SEC Act of 1934 and penalties for retaliation against informants.	<i>Not Applicable.</i>		Not Applicable.

Sarbanes-Oxley Workgroup
Table of Recommendations Regarding Implementation of NACUBO Best Practices
Adopted by the Arizona Board of Regents Audit Committee
April 29, 2004

Sarbanes-Oxley Workgroup Members

Rick Gfeller, ABOR, Assistant Executive Director for Audit Services - Workgroup Coordinator

LeEtta Overmyer, ASU, Associate Vice President for Administration and Finance

Bob Norton, NAU, Assistant Vice President and Comptroller

Charles Ingram, UA, Assistant Vice President for Financial Services

Mark McGurk, UA, Comptroller