Audit Committee Pre-Approval of Independent Auditor Services

Policy Statement

This policy establishes requirements for the pre-approval of services to be provided by the independent auditor by the Audit Committee of the Rockwell Collins Board of Directors.

Applicability

Locations: All

Business Units: All

Revision Summary


1.0 Definitions

1.1 Financial Reporting Oversight Role – A role in which a person is in a position to or does exercise influence over the contents of the Company’s financial statements or anyone who prepares them. In this context, financial statements refers to the consolidated financial statements of the Company, and does not refer to financial statements of wholly-owned subsidiaries, joint ventures, benefit plans, or other special-purpose financial statements. RC-FIN-POL-116, Employment of Current or Former Employees of Independent Audit Firm, lists the positions the Company has deemed Financial Reporting Oversight roles.

1.2 independent auditor – The external public accounting firm selected to audit the Company’s consolidated financial statements to ensure conformity with U.S. Generally Accepted Accounting Principles (GAAP) and assess the effectiveness of the Company’s internal controls over financial reporting. Deloitte & Touche LLP currently serves as the Company’s independent auditor.

1.3 Sarbanes-Oxley Act – The Sarbanes-Oxley Act of 2002, including any interpretations or related rules issued by the Securities and Exchange Commission (SEC) or the Public Company Accounting Oversight Board (PCAOB).
2.0 General

2.1 The Sarbanes-Oxley Act increased requirements for the oversight of the engagement of independent auditors. As a result, the Securities and Exchange Commission enhanced its rules relative to audit committee responsibility for the pre-approval of services performed by the independent auditor to ensure that external auditors remain independent of their audit clients.

2.2 If the independent auditor's independence is impaired, consequences include the resignation of the independent audit firm from their engagement to audit the Company's financial statements.

2.3 This policy establishes the Company's requirements to ensure compliance with relevant SEC rules and other authoritative pronouncements to maintain auditor independence when engaging the independent auditor to perform services for the Company.

3.0 Responsibilities and Actions

3.1 Audit Committee Pre-Approval Requirements

3.1.1 The Audit Committee of the Rockwell Collins Board of Directors (Audit Committee) is required to pre-approve all services to be performed by the independent auditor to ensure that the provision of such services does not impair external audit firm independence. This includes, but is not limited to, the following types of services:

a. Audit Services

   1. The annual audit services engagement terms and fees shall be subject to the specific pre-approval of the Audit Committee. The Audit Committee shall approve, if necessary, any changes in terms, conditions and fees resulting from changes in audit scope, Company structure, or other matters.

   2. The Audit Committee may grant pre-approval for other audit services, which are those services that only the independent auditor reasonably can provide.

b. Audit Related Services

   1. Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and that are traditionally performed by the independent auditor.
2. The Audit Committee believes that the provision of audit-related services does not impair the independence of the auditor and may grant pre-approval for audit-related services.

c. Tax Services

1. The Audit Committee believes that the independent auditor can provide tax services to the Company such as tax compliance, tax planning and tax advice without impairing the auditor’s independence.

2. The Audit Committee will not permit the retention of the independent auditor in connection with a transaction initially recommended by the independent auditor.

3. The Audit Committee expressly prohibits the provision of tax services to members of the Board of Directors, Executive Officers, and employees performing financial oversight roles (as designated in RC-FIN-POL-116, Employment of Current or Former Employees of Independent Audit Firm), whether paid from Company funds or by the individual.

d. All Other Services

1. The Audit Committee may grant pre-approval to those permissible non-audit services classified as all other services that it believes are routine and recurring services and would not impair the independence of the auditor.

4.0 Prohibited Non-Audit Services

4.1 There are specific categories of non-audit services that the independent audit firm is prohibited by law from performing for the Company. These prohibited services are as follows:

a. Bookkeeping or other services related to the accounting records or financial statements for the Company,

b. Financial information systems design and implementation,

c. Appraisal or valuation services, fairness opinions, or contribution-in-kind reports,

d. Actuarial services,

e. Internal audit outsourcing services,

f. Management functions or human resource functions,
g. Broker-dealer, investment adviser, or investment banking services, and

h. Legal support services and expert services unrelated to the audit.

4.2 The Company shall not engage the independent audit firm to perform any prohibited services for the Company.

Related Information

Rockwell Collins Policies

RC-FIN-POL-116 Employment of Current or Former Employees of Independent Audit Firm
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