

# STATE BOARD OF EDUCATION AUDIT COMMITTEE CHARTER

**Adopted: 07/08/13**

## A. Purposes

The two primary purposes of the Audit Committee are enhancing agency risk management activities and assuring the independence and quality of the internal audit function. The Audit Committee, in consultation with the chief audit executive, sets the priorities of the internal audit function, promotes a strong internal control environment, and evaluates the adequacy of agency responses to risks or weaknesses identified through audits, reviews, or other processes, including those performed by external parties. Committee members are also involved in appraising the value of and assuring the sufficient funding of the internal audit function.

## B. Authority

In fulfilling the purposes of the Audit Committee, members perform the following duties, generally in consultation with the chief audit executive:

- Assure the independence of the internal audit function.
- Provide input on agency risk assessments, which form the basis of the audit plan.
- Approve the annual audit plan, which sets out the priorities of the internal audit unit for the following year.
- Evaluate audit findings, recommendations, and planned management improvements in the light of the risk management is willing to assume.
- Share perspectives in Audit Committee meetings on the information provided through various internal audit products, external reports, and invited testimony.
- Selectively follow-up on management's planned improvements in response to audits or reviews and assess the outcomes and process.
- Advise executive management, the chief audit executive, and/or the state board, as appropriate, if in the judgment of the committee, management is assuming an unreasonable level of risk.
- Help monitor the quality of the internal audit function.
- Contract for periodic peer reviews of the internal audit function that are required by professional auditing standards and review the results of those reviews.
- Recommend actions to improve the internal audit function.
- Participate in the performance appraisal of the chief audit executive.
- Provide input on management requests for audits to be performed by the Oregon Audits Division or independent consultants.
- Periodically review and approve the Internal Audit charter.
- Update the Audit Committee charter, as necessary.
- Identify the level of audit resources that will provide the committee the desired amount and scope of information on which to make risk-based decisions.
- Advocate for adequate budget resources to provide continuing professional education for internal audit staff, periodic peer reviews as required by professional auditing standards, and an adequate level of audit staff.

The Audit Committee must be advised of the appointment or dismissal of the chief audit executive before such action becomes effective. Objections, if any, of such actions will be made part of the committee minutes and forwarded to agency management and the State Board of Education.

### C. Composition

The Audit Committee is composed of nine to ten voting members, a majority of whom shall not be paid employees of the Oregon Department of Education, or the Early Learning or Youth Development Divisions. The Audit Committee includes the following members:

- At least one State Board Member, as appointed by the Board Chair
- Commissioner for Community College Services or designee
- Deputy Superintendent of Public Instruction, Oregon Department of Education, or designee
- Assistant Superintendent, Finance and Administration, Oregon Department of Education, or designee
- Four or five additional external members, appointed by the Chair of the Audit Committee, in consultation with the chief audit executive and the other Audit Committee members, and ratified by the State Board of Education.
- The Chief Audit Executive serves as a non-voting member of the Audit Committee.

Failure to achieve or maintain this precise composition shall not prohibit the Audit Committee from meeting or advising the chief audit executive or management.

### D. Terms

Agency staff are ex-officio members and serve for as long as they hold the position. The term of State Board members will coincide with the committee assignment process set out in State Board of Education policy. The external members are appointed for two-year terms, but may serve consecutive terms with no specified limit. However, the committee will monitor turnover and take steps to bring in new members at least every four years.

### E. Meetings

The Audit Committee meets quarterly, with additional meetings held as necessary. Meetings are usually about two hours per session. Because of the amount of material typically covered during meetings, it is important that members attend regularly, be punctual and come prepared, having reviewed the meeting materials. The committee may ask agency management, staff, or others to attend meetings to provide pertinent information. A quorum is not necessary to hold a meeting and conduct business.

### F. Meeting Agendas

Standing agenda items include review and approval of the minutes for the prior meeting and roundtable time that allows committee members to bring forward any audit-related issues of concern. The chief audit executive will coordinate development of the remainder of the agenda by polling the Audit Committee members 10 -15 working days prior to the quarterly meeting and three to five days prior to any supplemental meeting. At least once a year, time on the agenda will be set aside for the external Audit Committee members to meet with the chief audit executive in the absence of any Audit Committee members employed by either the Oregon Department of Education or the Department of Community Colleges and Workforce Development. Likewise, during at least one meeting per year, time will be set aside for the external Audit Committee members to meet with agency representatives in the absence of the chief audit executive.

### G. Minutes

The Oregon Department of Education will provide staff to attend Audit Committee meetings and prepare written minutes. The support staff will forward an electronic version of the minutes to the Chief Audit Executive, who will distribute them along with any other material for review to committee members at least five working days before the next scheduled meeting. A master file containing meeting agendas, minutes, and meeting materials shall be maintained by the Office of the Deputy Superintendent, Oregon Department of Education.

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