

Audit Committee Charter

Oregon Department of Corrections

2021

PURPOSE

The purpose of the audit committee is to enhance the quality and independence of the internal audit function and assist the Director in fulfilling oversight responsibilities of the Department of Corrections (DOC) and Oregon Corrections Enterprises (OCE), including reporting processes, the system of internal control, internal and external audits, and monitoring compliance with laws, regulations, agency policies, and the code of conduct.

The DOC audit function is made up of Internal Audit staff, the Audit Advisory Committee, and the Audit Governance Committee. Staff and committees will maintain free and open communication with the DOC Chief Audit Executive, DOC Director, and the Secretary of State Audits Division.

AUTHORITY

The mandate for the establishment of the Audit Committee is derived from Oregon Revised Statute 184.360 and Oregon Administrative Rule 125-700-0100 through 125-700-0155 which govern internal audit functions in Oregon state agencies. The DOC Audit Advisory and Governance Committees will meet the requirements set forth in state law and policy, including assisting the Chief Audit Executive in the operation of the internal audit function in compliance with chosen professional auditing standards.

Charter elements related to structure, committee chair, composition, and committee responsibilities will take effect upon the appointment of three external members. Until that time, the current Audit Committee will fulfill all listed responsibilities.

STRUCTURE AND COMPOSITION

The Audit Advisory Committee is comprised of the following members appointed by the DOC Director:

- Members of the DOC Executive Team
- At least 3 external members

Continuance of external Audit Advisory Committee members will be reviewed every two years by the DOC Director. Terms for external members must be staggered to avoid full turnover in one year.

One member will be appointed Audit Advisory Committee Chair by the DOC Director or Deputy Director for a term of two years. The individual responsible for administrative oversight of the Chief Audit Executive is exempt from serving as Audit Committee Chair.

The Audit Governance Committee is comprised of the external members and two internal members of the Audit Committee. Internal members will serve one-year terms and will be appointed by the DOC Director or Deputy Director. The Audit Governance Committee will be chaired by one of the external members as appointed by the DOC Director or Deputy Director.

The audit committees should collectively possess sufficient knowledge of agency operations, internal audit, financial management, and information technology. External members are not staff members of DOC or OCE, and do not carry out other activities on behalf of DOC or OCE. At least one external member will have audit knowledge and experience.

MEETINGS

The audit committees will attempt to meet four times annually with authority to convene additional meetings as circumstances require. The committee may invite others to attend meetings and provide pertinent information, as necessary. The Chief Audit Executive will develop meeting agendas in consultation with the Director, Deputy Director, or Audit Governance Committee chair. Minutes will be recorded by the Chief Audit Executive or Internal Audit staff.

The Audit Governance Committee will convene separately from the Audit Committee. A quorum of four members must be present to approve decisions, including at least two external members. Decisions and recommendations can also be made electronically. If there is a tie vote, the item will be tabled for further discussion.

RESPONSIBILITIES

The Chief Audit Executive will fulfill requirements stated in the DOC Internal Audit Charter and will oversee daily operations of the internal audit function per chosen professional auditing standards. The Chief Audit Executive will also provide or arrange for orientation and training of Audit Committee members on the purpose of the committee, professional auditing standards, and other relevant topics.

The Audit Advisory Committee will carry out the following responsibilities:

- Receive communications from the Chief Audit Executive and DOC Internal Audit staff on results of audit and consulting engagements, risk assessments, internal and external quality assurance reviews, and the results of other activities;
- Provide input to the Chief Audit Executive on the agency-wide risk assessment, audit plan, Internal Audit Charter, Audit Committee Charter, and Internal Audit staffing and resources;
- Assess areas of department risk based on internal and external audit reports and establish plans to eliminate or mitigate risk;
- Annually review the performance of the Chief Audit Executive and the internal audit function;
- Assist the agency in implementing audit recommendations and support the Chief Audit Executive on identified corrective actions; and
- Assist Chief Audit Executive in maintaining conformance with professional auditing standards, independence and objectivity of the audit function, and unrestricted access to agency staff, management, data, and records.

- Review all audit results from external auditors to determine management's response to audit recommendations
- Review and approve the selection of any independent auditors retained by the DOC for the performance of external audits
- Other duties as necessary to fulfill the stated purpose of the committee and conformance with chosen professional auditing standards

The Audit Governance Committee will carry out the following responsibilities

- Review and approve the Internal Audit Charter and Audit Committee Charter at least every 2 years or as needed
- Review and approve the annual Agency-Wide Risk Assessment
- Review and approve the annual Audit Plan and significant changes to the plan

CONFLICTS OF INTEREST

It is the responsibility of an Audit Committee member to disclose a conflict of interest, whether actual or perceived, to the Committee. Performance of an internal audit in the area of responsibility of the Audit Committee member does not inherently constitute a conflict of interest.

Approved by a vote of the Audit Committee on 3/5/2021