

Members:

Susan Mandiberg, Chair
Alton Harvey, Jr.
Philippe Knab
Haley Olson



Executive Director:

Ken Sanchagrin

Oregon Public Defense Commission Governance, Policy, and Standards Subcommittee Meeting

*Meeting will occur virtually
Thursday, April 30, 2026
4:00pm – 5:30pm PST
Via Zoom**

Administrative Announcement

This is a public meeting, subject to the public meeting law and it will be recorded. Deliberation of issues will only be conducted by Commission members unless permitted by the Chair. Individuals who engage in disruptive behavior that impedes official business will be asked to stop being disruptive or leave the meeting. Additional measures may be taken to have disruptive individuals removed if their continued presence poses a safety risk to the other persons in the room or makes it impossible to continue the meeting.

AGENDA

Approx. Time	Item	Lead(s)
4:00-4:05	Welcome and Call to Order	Chair Mandiberg
4:05-5:30	Discussion: OPDC Audit Committee Restructure and Associated Bylaw Amendments	Chair Mandiberg
5:30	**Adjourn**	

**To join the Zoom meeting, click this link: <https://zoom.us/j/94818139392>. This meeting is accessible to persons with disabilities or with additional language service needs.*

Our Zoom virtual meeting platform is also equipped with Closed Captioning capabilities in various languages, which agency staff can assist you with setting up ahead of meetings.

Requests for interpreters for the hearing impaired, for other accommodations for persons with disabilities, or for additional interpreter services should be made to info@opdc.state.or.us. Please make requests as far in advance as possible, and at least 48 hours in advance of the meeting, to allow us to best meet your needs.

Listed times are an estimate, and the Chair may take agenda items out of order and/or adjust times for agenda items as needed.



Date: April 27, 2026

To: Governance, Policy, and Standards Subcommittee

Cc: Kenneth Sanchagrin, Executive Director

From: Susan Mandiberg, Chair of Governance, Policy, and Standards Subcommittee

Re: Audit Committee Charter Revision and Associated Bylaw Amendments

Nature of Presentation: Briefing/Discussion

Background:

AUDIT COMMITTEE CHARTER

Legal framework

OPDC is required to have an internal audit function with the following characteristics:

- at a minimum, a Chief Audit Executive¹
- governance according to professional auditing standards²;

¹ Budget Note 801 of SB 5532 A Budget Report and Measure Summary created the Internal Audit position for the Public Defense Services Commission (PDSC) budget for the 2023-25 biennium, which OPDC inherited.

² OAR 125-700-0135(1) (specifically suggesting the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF)).

- a formal, written internal audit charter³ that establishes the audit committee's mandate, authority, and functional reporting relationship including the roles and responsibilities of the audit committee and its members”⁴;
- an audit committee, the primary purpose of which is “to enhance the quality and independence of the internal audit function, thereby helping ensure the integrity of the internal audit process” and that has at least “one qualified external member that is independent of agency management” and “at least one board or commission member.”⁵

The audit committee must:

- “approve the risk-based internal audit plan” and “internal audit reports on the progress of internal and external audit report findings and recommendations to determine whether proper corrective action has been completed or that senior management has assumed the risk of not taking the recommended corrective action”⁶ and;
- receive reports from OPDC’s Chief Audit Executive, who also reports to OPDC’s Executive Director.⁷

Why the current audit committee charter needs revising

OPDC has been operating with an Audit Committee and an Audit Committee Charter inherited from the Public Defense Services Commission (PDSC), the former commission that operated under the Judicial Branch to administer Oregon’s public defense system.

The current Audit Committee Charter is inadequate for OPDC’s needs and may, in fact, be counterproductive. This conclusion results from (1) monitoring the Audit Committee’s functioning, especially over the past year as an Executive Branch agency, and (2) discussions with OPDC’s Chief Audit Executive Scott Martin, IAP and with the Oregon Military Department’s Chief Audit Executive Jaclynn Moore, CIA, CP.

Problems with the current Charter include:

³ Id., subsection (3). The charter for the internal audit function must “formally “define the internal audit function’s purpose, authority, responsibility, and the professional auditing standards the function will follow”; the audit committee and agency senior management must approve the charter and review it periodically.

⁴ Id., subsection(5)(a)-(c). The board member can fulfill the requirement for an independent external member.

⁵ Id.

⁶ Id., subsection (5)(d).

⁷ OAR 125-700-0150(1) (“the agency Chief Audit Executive must report functionally to the agency audit committee, and administratively to the agency Director, Deputy Director, or equivalent”).

- Standards. The current Charter does not adequately identify the standards the Committee will use to govern the internal audit function.
- Internal versus external audits.
 - An external audit identifies situations that have already caused problems that cannot be corrected proactively; the analogy is assessing how a fire started. An internal audit is meant to identify risks that can be addressed before problems occur; the analogy is being a smoke alarm that can prevent the fire from starting or becoming serious.
 - Allowing the external audit culture into an internal Audit Committee is harmful to the internal audit function. Employees should want to partner with the internal audit function because it makes the agency better; they should not feel that the audit committee is engaging in “gotcha” activities.
 - The PDSC-derived charter includes at least some “external audit” functions,⁸ and the existing audit committee has operated in some ways more like an external audit group. A revised charter will help eliminate this tendency.
- Committee membership. The PDSC charter outlines committee membership and structure that are counter to what is needed for an internal audit committee.
 - The internal audit function involves an inward facing risk-identifying process. This focus requires an internal audit committee that consists of the agency’s chief administrative personnel. While the Chief Audit Executive is not the Chair of the Committee, the Chief Audit Executive normally chairs audit committee meetings and has a vote in Committee decisions.
 - The existing charter states that a majority of the committee may *not* be employees of the Agency. In addition, the charter prohibits the Chief Audit Executive from being a voting member of the committee.⁹
 - The existing charter allows—and the existing committee contains—external members who get a direct benefit from the agency’s operations. Such membership creates a potential conflict of interest that can hamper the internal audit.

⁸ The “purposes” include “promoting the integrity of the ... external audit processes” and evaluating risks or weaknesses identified in audits conducted by external parties. The audit committee’s duties include receiving external audit reports and “obtain[ing] periodic external peer reviews of the Internal Audit function (external Quality Assurance Reviews).”

⁹ Part D: Composition.

- Reporting responsibilities. Audit Committee duties under the current Charter include advising and reporting to the Commission. There are at least two problems with this requirement.
 - An audit committee's proper role is to advise the internal Chief Audit Executive (who then advises the agency's executive director. The OPDC Board will be advised by the Chief Audit Executive, the Executive Director, or both. The audit committee has no role in governance.
 - If an audit committee advises and reports to the Commission directly, the Audit Committee's meetings must be public meetings, which hampers the effectiveness of the internal audit function.

Things to note about the proposed new audit committee charter

The proposed audit committee charter to be considered today is based on the audit committee charter of the Oregon Military Department. The proposed charter is meant to eliminate the problems with the existing charter and to put both the duties, membership, and reporting structure in line with the activities of a purpose-driven internal audit function.

Some of the things to note especially are:

- The draft charter focuses the Audit Committee's responsibilities specifically on the Committee's role as advisor to the Chief Audit Executive.
- The draft charter clarifies that the Audit Committee itself has no direct reporting to or responsibility to advise the OPDC Board.
- The draft charter clarifies why the Committee is not subject to public meeting laws.
- As is appropriate for an internal audit committee, the Committee is made up largely of senior management at the Agency; there are two non-agency members: an internal auditor from another State agency and a member of the Board. (We will need to advise the Board and ED of alternate ways to get input from stakeholders.)
- The charter adopts conflict rules that are different from those in the OPDC Bylaws because:
 - The Audit Committee is not a sub-committee of the Board, but rather an internal Agency liaison.
 - As the Audit Committee is assessing internal Agency functions. Agency employees are unlikely to be benefiting financially from any proposed action. Thus, any conflicts will involve possibly unwelcome suggestions that the Chief Audit Executive audit a particular division. It will be helpful to have the Agency head's input on the discussion, but not appropriate for

the Agency head to vote on the suggestion. The charter language adopts this approach.

- The Charter requires more than a majority of members for a quorum, and the quorum is based on membership. This approach was adopted to ensure buy-in of proposed ideas and collective input. Note that delegated stand-ins are able to contribute and share information, and so would be part of the quorum. In addition, the cadence of the Committee meetings should not make achieving a quorum difficult.
- Because the Audit Committee's function is to advise the Chief Audit Executive, it is appropriate to cancel meetings if the CAE cannot attend.

NEEDED BYLAW AMENDMENTS

The OPDC Bylaws mention the internal audit function and committee in ADD places:

Section II.B. The Executive Director shall ensure that OPDC staff present an internal audit report to the Board at least yearly.

- This provision is consistent with the draft Audit Committee Charter and need not be amended.

Section V.B. This section addresses the audit committee, and parts of the section need to be amended. I suggest the following for discussion:

Sec. V.B.1.

- *Current language:* OPDC may approve an audit committee charter and audit committee to advise the Board and to assist OPDC auditors in their audit function.
- *Recommended:* OPDC may approve an audit committee charter whose purposes are consistent with OAR 125-700-0135(5).
- *Explanation:* As explained in the draft Charter, the Audit Committee is appointed by the agency's Chief Audit Executive (CAE), and the Audit Committee advises the CAE, not the Board. In addition, the Audit Committee assists the CAE, not "auditors."

Sec. V.B.2.

- *Current language:* An audit committee is not a subcommittee of the Board, but one voting commissioner shall serve on the audit committee.
- *Recommended:* This sub-section continues to be accurate and does not need to be amended.

Sec. V.B.3.

- Current language: The Audit Committee meetings are subject to public meeting laws.
- Recommended: The Audit Committee meetings are not subject to public meeting laws.
- Explanation: Please see footnote 2 in the draft Charter.

Possible new language

- The Agency's Chief Audit Executive shall appoint the Audit Committee members, other than the member appointed by the Board.

Fiscal Impact:

None.

Recommendation:

Review the existing Audit Committee Charter and the proposed draft Charter and provide feedback during the April 30th Subcommittee meeting.

Proposed Action:

It is important to have a revised Audit Committee Charter in place prior to the next Audit Committee meeting on June 8, 2026. In light of this need, the Governance, Policy, and Standards Subcommittee will forward to the Board a report that contains a proposed draft charter and bylaw amendments, a summary of the Subcommittee members' supporting or opposing positions, and a recommendation to the Board, if any.

Oregon Public Defense Commission Audit Committee Charter

MANDATE AND PURPOSE

The establishment of the OPDC Audit Committee is derived from Oregon Administrative Rule OAR 125-700-0135(5), which requires state agencies with an internal audit function to maintain an audit committee or equivalent advisory body to support the independence and effectiveness of internal audit activities.

Consistent with this rule, the OPDC Audit Committee provides advisory review and independent perspective to the Executive Director and Agency leadership regarding internal audit activities and related assurance matters.

The purpose of this Charter is to comply with the requirement that the audit committee have a formal written charter that “establishes the audit committee’s mandate, authority and functional reporting relationship including the roles and responsibilities of the audit committee and its members.”¹

The Oregon Public Defense Commission (OPDC) Audit Committee (Audit Committee or Committee) supports the quality and independence of the audit function, thereby promoting the integrity of the internal and external audit processes across the Agency. The Committee is appointed by the Chief Audit Executive to advise and hold the Chief Audit Executive accountable to the Institute of Internal Audit (“Redbook”) standards. The Committee is the independent body to whom the Chief Audit Executive functionally reports.

The Committee assists the Executive Director and Agency leadership by providing the Chief Audit Executive with structured and systematic advisory review regarding the adequacy and effectiveness of management’s processes related to:

- The independence and effectiveness of the Internal Audit Function
- The risk based internal audit plan and the results of internal audit activities
- Significant governance, risk management, and internal control matters identified through internal audit or other assurance activities
- Coordination between internal audit, external auditors, and other assurance providers
- Management’s progress in addressing internal audit recommendations
- Matters affecting financial accountability or compliance that are identified through internal audit or assurance activities

In carrying out this role, the Audit Committee reviews matters within these areas and provides independent advice and perspective regarding the adequacy and effectiveness of management practices and opportunities for improvement.

The Committee serves in an advisory capacity to the Executive Director. The Committee does not exercise administrative, policy making, or decision-making authority over the OPDC. All authorities to establish policy, direct operations, and make final management decisions remains with the Board, Executive Director, and Agency leadership.

¹ OAR 125-700-0135(5)(a).

DRAFT AUDIT COMMITTEE CHARTER FOR GOVERNANCE SUBCOMMITTEE REVIEW

The activities of the Audit Committee are intended to support transparency, accountability, and confidence in the integrity of the Agency’s governance, risk management, and internal control practices.

DISCLOSURE REGARDING ADVISORY STATUS

The OPDC Audit Committee is established to provide advisory review and independent perspective to the Chief Audit Executive. The Chief Audit Executive appoints Audit Committee members in support of the Executive Director and Agency leadership specific to internal audit activities and related assurance matters. The Committee does not exercise administrative, policy making, or decision making authority for the OPDC.

The Committee does not establish policy, direct agency operations, or take actions that bind the Agency.

Consistent with this advisory role, the Committee does not function as a governing body of the OPDC.

AUTHORITY

In discharging its responsibilities, the Audit Committee may request access to members of management, employees, and relevant information necessary to carry out its advisory review responsibilities. The Committee may also request access to records, data, and reports relevant to matters under review. If access to requested information is restricted due to legal or confidentiality considerations, the Audit Committee and the Chief Audit Executive will follow applicable State procedures for resolving the matter.

The Audit Committee may request any explanatory information it considers necessary to support its advisory review responsibilities. Agency management and staff are expected to cooperate with reasonable requests for information made by the Committee.

The Audit Committee may recommend that independent counsel or other advisors be engaged, when appropriate, to assist the Committee in understanding matters related to internal audit or assurance activities.

In carrying out its advisory responsibilities, the Audit Committee may perform the following functions:

- Review communications and reports issued by external auditors that may have a significant impact on the OPDC.
- Facilitate discussion between management and internal or external auditors when significant audit matters arise
- Request information from employees or external parties relevant to matters under review
- Meet with department managers, external auditors, or legal counsel as necessary to obtain information relevant to audit or assurance matters

The authorities described in this section are intended to support the Committee’s advisory review responsibilities. The use of the term “may” reflects that the Committee is permitted to request information, review matters, and provide advice as needed to fulfill its purpose. These provisions do not create a requirement for the OPDC to take action at the direction of the Committee. Final authority for all management decisions, operational actions, and policy determinations remains with the Executive Director and Agency leadership.

MEMBERSHIP

The OPDC Audit Committee will consist of at least 12 members and shall include at least one Board member and one external member who is independent of OPDC management.

The Chairperson of the OPDC Audit Committee will rotate every two years unless otherwise determined by the Committee.

If the Chairperson is unable to attend a meeting, a temporary chair may be designated from among the Committee members for that meeting.

The OPDC Executive Management Team members serving on the Committee include:

- The Executive Director
- The Chief Audit Executive
- The Deputy Director
- The Chief Information Officer
- The Chief Financial Officer
- The Chief Procurement Officer
- The Human Resources Director
- The Director of the Trial Division
- The Director of the Appellate Division
- The Director of the Compliance Audit and Performance Division

Attendance at Audit Committee meetings is strongly encouraged. When necessary, a Division Director may designate a Deputy or appropriate representative to attend on their behalf. If the Chief Audit Executive cannot attend a meeting, the meeting must be cancelled.

A quorum consists of 80% of regular Committee members or designated substitutes. When circumstances require, advisory votes may be conducted electronically.

Audit Committee members will receive orientation or training regarding the purpose of the Committee, its mandate, and the organizational objectives of the OPDC.

Members are expected to disclose any actual or perceived conflicts of interest related to matters under review by the Committee. When a conflict of interest exists, the member may participate in the discussion but may not participate in the advisory vote related to that matter.

MEETINGS

The Committee will meet at least three times per year. Additional meetings may be convened when circumstances require; however, the time between meetings should not exceed five months.

The Chief Audit Executive will communicate periodically with the Audit Committee regarding internal audit activities, including updates to the internal audit plan or advisory work when appropriate.

DRAFT AUDIT COMMITTEE CHARTER FOR GOVERNANCE SUBCOMMITTEE REVIEW

The Committee may invite members of management, auditors, or other individuals to attend meetings and provide information relevant to matters under review. The Executive Director reserves the right to invite anyone they feel necessary to the meetings without prior approval or notification given.

Meeting agendas will be prepared by the Chief Audit Executive and distributed to Committee members in advance of each meeting, along with relevant briefing materials. Committee members are expected to review materials and participate in meetings.

Following each meeting, the Chief Audit Executive will prepare and distribute meeting minutes for review and acknowledgment by the Committee. Approved minutes will be maintained by the Internal Audit Function in accordance with applicable records retention schedules.

Audit Committee meetings are not subject to Oregon Public Meeting laws.²

RESPONSIBILITIES

The committee will carry out the following responsibilities:

The Audit Committee carries out the following advisory responsibilities in support of the Internal Audit Function and the Executive Director. The following advisory responsibilities are related only to Audits (Internal & External), Advisory Engagements, Risk Briefings or Committee Activity:

Financial Information

- Review significant accounting and financial reporting matters that may affect the OPDC.
- Consider information regarding complex or unusual transactions, significant accounting judgments, and relevant professional or regulatory developments that may impact financial reporting.

Internal Control and Risk Management

- Review information regarding the effectiveness of the Agency's internal control framework, including controls related to information technology.
- Consider information from internal or external auditors regarding internal control over financial reporting and other significant operational areas.
- Review significant findings reported by auditors and management's responses to those findings.
- Consider information regarding the Agency's risk management practices as identified through audit or assurance activities.

Internal Audit

- Review and assess the adequacy of the Internal Audit Charter at least biennially.
- Periodically review the strategic objectives, staffing, budget, resources, and organizational structure of the Internal Audit Function.
- Review information regarding the activities and performance of the Internal Audit Function.
- Review the results of the internal audit risk assessment and provide input regarding the risk based internal audit plan and any significant changes to the plan.

² OAR 199.050.0010(2)(b) (providing that public meetings law does not apply to bodies appointed by an individual public official with authority to make recommendations only to that individual public official who has the authority to act on the body's recommendations and is not required to pass the recommendations on unchanged to a public body").

DRAFT AUDIT COMMITTEE CHARTER FOR GOVERNANCE SUBCOMMITTEE REVIEW

- Review the effectiveness of the Internal Audit Function, including its conformance with The Institute of Internal Auditors' Global Internal Audit ethics.
- Provide input to the Executive Director regarding the performance, qualifications, appointment, or removal of the Chief Audit Executive.
- Review internal audit reports and related communications following their release to management.
- Review information regarding management's progress in addressing internal audit recommendations.
- Review results of the Internal Audit Function's Quality Assurance and Improvement Program, including the results of external quality assessments conducted at least once every five years.

External Audit

- Review communications and reports issued by external auditors that may have a significant impact on the OPDC.
- Consider coordination efforts between internal audit and external auditors when applicable.
- When appropriate, meet with external auditors to discuss matters related to audit work.

Compliance and Ethics

- Review information regarding the Agency's processes for monitoring compliance with applicable laws, rules, regulations, and policies.
- Review information regarding management's response to significant instances of noncompliance, including legal or ethical violations.
- Consider processes used to communicate the Agency's code of conduct and ethical expectations to personnel.

Reporting

- Provide advisory updates to the Executive Director regarding Committee activities and matters discussed.
- Support communication between the Chief Audit Executive and members of the Executive Management Team regarding audit related matters.
- Review and provide input on audit related reports distributed to oversight entities including the Oregon Department of Administrative Services and the Audits Division of the Secretary of State.

Other Responsibilities

- Review information regarding significant allegations or investigations related to fraud, waste, or abuse that may affect the Agency.
- Review and assess the adequacy of the Audit Committee Charter at least biennially.
- Periodically evaluate the effectiveness of the Committee.

BACKGROUND

The Audit Committee was established with the implementation of its Audit Committee Charter document on December 5th 2022. The agency was then named the "Office of Public Defense Services" (OPDS) and was overseen by the "Public Defense Services Commission" (PDSC), which ratified Audit Committee membership. With the passage of SB 337 in June of 2023, the agency's name was changed to the "Oregon Public Defense Commission" (OPDC), which it shares with its gubernatorially appointed and Senate-confirmed oversight body (the "Board").

Unique among state agencies was the formation of the Audit Committee as a "Special Committee" of the agency's oversight Board. This structure, as OPDC learned in June of 2025, subjected it to the Oregon

DRAFT AUDIT COMMITTEE CHARTER FOR GOVERNANCE SUBCOMMITTEE REVIEW

Public Meetings Laws and required public Audit Committee meetings. With the restructuring of Audit Committee appointments and advisory relationships, this Audit Committee charter negates the need for public Audit Committee meetings and returns the function of Internal Audit to an internal role.

This charter was reviewed and ratified during the **May XX, 2026** Commission meeting which abolished the Audit Committee’s prior standing as a Special Committee of the Commission.

Subsequent to the termination of the prior Audit Committee with the ratification of the new Audit Committee Charter, members of the new Audit Committee have ascribed their signatures below affirming their participation and agreement.

_____	The Executive Director
Ken Sanchagrin	
_____	Deputy Director
Emese Perfecto	
_____	Chief Information Officer
David Martin	
_____	Director Financial Officer
Ralph Amador	
_____	Chief Procurement Officer
Jana Hart	
_____	Human Resources Director
Laura Sanchez	
_____	Director of Compliance, Audit and Performance
Vacant	
_____	Director of the Trial Division
Aaron Jeffers	
_____	Director of the Appellate Division
Ernest Lannett	
_____	External Member, Chief Audit Executive at the Oregon Military Department
Jaclynn Moore	
_____	Commission Board Member
Vacant	
_____	Chief Audit Executive – OPDC

Public Defense Services Commission
AUDIT COMMITTEE CHARTER

Adopted: December 5, 2022

This document describes the authority, responsibilities, and structure of the Audit Committee (Committee), a Subcommittee of the Public Defense Services Commission (Commission).

A. Purposes

The Committee provides governance and oversight of Internal Auditing for the Commission and the Commission's Office of Public Defense Services (OPDS). The primary purpose of the Committee is to enhance the quality and independence of the audit function, thereby promoting the integrity of the internal and external audit processes. The Committee, in consultation with the Chief Audit Executive and OPDS executive leadership, sets the priorities of the Internal Audit function, promotes a strong internal control environment, and evaluates the adequacy of Management's 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. The Committee shares the Commission's equity values, which inform the Committee's decisions.

B. Authority

In accordance with HB 5030 (2021), the Commission delegates authority to the Committee for accomplishing the duties set forth below. This structure mirrors executive branch Administrative Rules, internal audit professional *Standards*, and best-practices, which specify the audit committee as the governance body to which the Internal Audit function reports.

C. Duties

The Committee generally shall ensure the integrity and effectiveness of the Internal Audit function, and enhance the quality and independence of both external and internal audits. The Internal Audit function reports functionally to the Committee. In this role the Committee and its members shall:

- Assure the independence of the Internal Audit function, and annually obtain from the Chief Audit Executive: a statement of Code of Ethics compliance and disclosures of actual or perceived conflicts of interest;
- Provide input on risk assessments, which form the basis of the Internal Audit Plan;
- Provide input to, and approve, the Internal Audit Plan, which sets out goals, objectives, and a three-year work schedule;
- Receive internal and external audit reports. Evaluate audit findings, recommendations, and auditees' proposed mitigations in the context of the Commission's risk tolerance;
- Assure follow-up on Internal Audit report findings and recommendations to determine whether proper corrective action has been completed or that Management has explicitly assumed the risk of not taking the recommended corrective action;
- Advise Management, the Chief Audit Executive, and/or the Commission, as appropriate if, in the judgment of the Committee, Management is assuming an unreasonable level of risk;
- Be informed by the Chief Audit Executive, in writing, of scope or resource limitations placed on the Internal Audit function;
- Receive and review the Internal Audit annual report that is prepared for the Oregon Department of Administrative Services;
- At least annually report to the Commission on Committee activities;

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AUDIT COMMITTEE CHARTER

- Obtain from the Chief Audit Executive an annual report on compliance with auditing *Standards* and any challenges in meeting these *Standards*.
- Monitor, and recommend actions to improve, the quality of the Internal Audit function;
- Participate in the performance appraisal of the Chief Audit Executive;
- Provide input on the Commission's requests for audits to be performed by the Secretary of State Audits Division or other independent consultants;
- Identify the level of audit resources that will provide the Committee and the Commission the desired amount and scope of information on which to make reliable risk-based decisions;
- Advocate for adequate budget resources to provide continuing professional education for Internal Audit staff, periodic external peer reviews as required by professional auditing *Standards*, and an adequate level of audit staff;
- Obtain periodic external peer reviews of the Internal Audit function (external Quality Assurance Reviews) that are required by Oregon Administrative Rules and audit *Standards*. Receive reports of external reviews, and direct changes and improvements recommended therein;
- Annually review and approve the charters of the Committee and of the Internal Audit function;
- Be advised by OPDS Management of the imminent 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 Management and the Commission;
- Consider the effectiveness and adequacy of, and compliance with, financial and programmatic internal control systems, including information technology security and control;
- Understand the scope of internal and external auditors' reviews of internal control over financial and performance reporting, and obtain reports on significant findings and recommendations, together with Management's responses. Review significant accounting and reporting issues, including those related to complex or unusual transactions, highly judgmental areas, and recent professional and regulatory pronouncements;
- Review with Management, and the Secretary of State Audits Division financial auditors, the results of the Audits Division's annual financial statement audit, including any difficulties encountered.
- Maintain the confidentiality of communications and deliberations.

D. Composition

The Audit Committee is composed of between seven and nine voting Members, a majority of whom shall not be employees of the OPDS or Members of the Commission. The Chairperson of the Committee shall not be an employee of the OPDS or member of the Commission. The Audit Committee includes the following Members:

- At least one Commission member, as appointed by the Commission Chairperson
- The OPDS Executive Director, or designee
- The OPDS Budget and Finance Manager, or designee
- Between four and six additional External Members, appointed by the Chairperson of the Committee, in consultation with the OPDS Executive Director or designee, the Chief Audit Executive, and the other Committee Members, and ratified by the Commission.
- The Chief Audit Executive serves as a non-voting member of the Committee.

Diversity and equity shall be considered in the selection of Committee Members. Failure to achieve or maintain a precise composition shall not prohibit the Committee from meeting or conducting activities.

E. Appointment, Terms and Succession

Candidates for the Committee may be nominated by any member, nominations should reflect the Committee's need for a variety of perspectives. The Chairperson will work with the OPDS Executive Director or designee, and the Chief Audit Executive, to initially screen candidates. The credentials of qualified candidates will be presented to the full Committee for deliberation and decision, to be ratified by the Commission.

OPDS managers and Commission Committee Members may serve for as long as they hold their positions. External Members are appointed for two-year terms, but with Committee approval may serve consecutive terms with no specified limit. However, the Chairperson will monitor turnover and take steps to bring in new Members at least every four years. Members considering resignation should attempt to notify the Committee sufficiently in advance such that a replacement can be brought on in time for the subsequent quarterly meeting.

The Chair of the Committee will be filled by a current Committee member. Members may volunteer or accept nomination from other members. The Chair's term will begin upon affirmative vote by a majority of members. The term of office for the Chair will be two years, with no term limits.

F. Meetings, Agendas, Minutes

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. A quorum is necessary to hold a meeting and conduct business. Robert's Rules of Order shall guide proceedings. Should any action come before the Committee which requires a vote, and a Committee member has an actual or perceived conflict of interest, that member shall declare the conflict and refrain from voting on the action.

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. Standing presentation and discussion of the state of OPDS operations and finances will be led by OPDS Management. The Committee may also invite guests, such as Secretary of State Audit Division managers, other OPDS managers, or stakeholders, to present topics that promote Committee effectiveness. The Chief Audit Executive will coordinate development of the remainder of the agenda by polling Committee Members one-to-two weeks 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 Commission and OPDS managers. Likewise, during at least one meeting per year, time will be set aside for the Committee to meet in the absence of the Chief Audit Executive. At least once a year, financial and performance audit managers from the Secretary of State's Audits Division will be invited to a meeting, during which time shall be set aside for meeting with external Committee Members absent the Commission member, OPDS management, and the Chief Audit Executive.

OPDS Management will provide support staff to attend Committee meetings and prepare written minutes. The support staff will forward an electronic version of the minutes to the Chair and the Chief Audit Executive, who will distribute them along with any other material for review to Committee

Public Defense Services Commission
AUDIT COMMITTEE CHARTER

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 OPDS management.

END
