AUDIT COMMITTEE of the
OREGON PUBLIC DEFENSE COMMISSION

Members

Chairperson

Jaclynn Moore

External Members

Deanna Horne
Reid Kajikawa
John Hutzler

OPDC Commission

Haley Olson

OPDC Agency

Ralph Amador
Kimberley Freeman
Scott Martin (non-voting)

Quarterly Public Meeting

Monday, October 26, 2026, 1:00-2:30pm via Zoom only.

Public Zoom link: https://zoom.us/j/96452446877
AC Members and panelists will receive a separate link via email to participate in the meeting.

Agenda

Approx. Duration	Discussion Item	Presenter
1:00-1:05 (< 5 min)	Call to Order, Purpose, and Governance Update.	Jaclynn & Scott M. (Inform)
1:05-1:15 (10 Mins)	The Chair of the Governance Subcommittee will join us briefly to share the status of the AC Charter updating effort and planned next steps.	Susan M. (Inform)
1:15-1:25 (10 Mins)	AC Administrative Discussions – Per the current AC charter, the AC must conduct AC and IA charter reviews as well as hold AC meetings with and without select members of the AC. The plan of when to hold these meetings will be discussed.	Jaclynn M. & Scott M. (Inform)
1:25-1:35 (10 Mins)	Brief Management Update on Budget, Finance and Operations. The focus is on sharing management priorities, emerging trends and/or operational areas of general concern.	Ralph A. & Kim F. (Inform)

1:35-1:45 (10 min)	CAE Review of completed IA work to include Audits, Advisory Engagements, External Quality Assessments (EQAs), Charter and Policy Development, and Planning.	Scott M. (Discuss)
1:45-1:55 (10 min)	CAE review of the implementation status of prior Audit Recommendations and Advisory Engagements.	Scott M. (Inform)
1:55-2:05 (10 min)	CAE Review of current and planned IA Work to include audits, advisory engagements, risk assessment(s), audit planning, AC and IA charter updates, policy development, and the drafting of an IA Standard Operating Procedures (SOP) manual.	Scott M. (Inform)
2:05-2:15 (10 min)	Status of the SOS Performance and Finance Audits of OPDC	Scott M. (Inform)
2:15-2:30 (15 min)	Round table specific to the agency's Internal Audit function and agenda's discussion points.	AC Members
2:30pm	Adjournment: (Next meeting: TBD in 2027)	Jaclynn M. (Inform)

Date: **September 17, 2026**

To: **Scott Martin, OPDC Chief Audit Executive**

Cc: **Robert Harris, Chair of OPDC**
Susan Mandiberg, Vice Chair of OPDC

From: **Kenneth Sanchagrin, Executive Director**

Re: **Cancellation of the June 2026 Audit Committee Meeting**

Background

The Oregon Public Defense Services (OPDS) agency was the predecessor to the agency portion of the Oregon Public Defense Commission (OPDC). As part of OPDS reorganization in 2021, HB 5030 (2021) created the Compliance, Audit, and Performance (CAP) Division to help strengthen the agency's program management, performance, and oversight. Within CAP, the Internal Audit Section was created via package 805 and required to conduct "internal audits of agency operations, as well as procured services."

Pursuant to HB 5030 (2021), the OPDS Board (the Public Defense Services Commission, or PDSC) approved an Audit Committee Charter on December 5, 2022. OPDC became the state's public defense commission and agency in January, 2024, and it continued to use the OPDS Audit Committee Charter. In mid-2025, the OPDC Executive Director was informed that the December 2022 charter needed review and that there was a possibility that significant revisions to the charter were required. First, the December 2022 charter was created and adopted when the OPDS was located in the Oregon Judicial Department and therefore not subject to Oregon Administrative Rules regarding internal audit functions. Second, recent revisions and additions to Oregon public meetings law raised questions regarding public access to Audit Committee meetings.

Agency Actions

The OPDC Executive Director, Kenneth Sanchagrin, began to gather background information on the OPDC Audit Committee throughout the latter half of 2025 and beginning of 2026. At the conclusion of this information gathering process, the Executive Director began to engage the Board in discussions regarding a full revision of OPDC's Audit Committee Charter.

OPDC Commission Meeting (April 15, 2026)

Director Sanchagrin, along with the Board Chair Rob Harris and Vice Chair Susan Mandiberg, delivered a verbal report to the Board regarding the agency's intention to draft a new Audit Committee Charter in partnership with the current OPDC Audit Committee Chair, Jaclynn Moore. The Board was also informed that a new draft charter would be developed by the OPDC Governance Committee and led by Vice Chair Mandiberg (as she is currently the Chair of the OPDC Governance Committee). The goal of this effort was to have a new Audit Committee Charter in place by June 2026 (which would occur before the next Audit Committee meeting scheduled for mid-June).

OPDC Governance Subcommittee Meeting (April 30, 2026)

The OPDC Governance Subcommittee met and considered an initial draft of a revised Audit Committee Charter. The subcommittee did not make any substantive changes to the draft, but it requested clarification on several items. The Vice Chair Mandiberg stated that OPDC agency staff would work with the current Audit Committee Chair to respond to the subcommittee's questions so that a revised Audit Committee Charter draft could be presented to the full Board in May.

OPDC Commission Meeting (May 20, 2026)

A revised draft Audit Committee Charter was completed and distributed to the Board for review in advance of the May 20, 2026 OPDC Commission Meeting. During the meeting, in response to concerns raised through public comment, Vice Chair Mandiberg stated that the draft charter would not be considered at the meeting so agency staff could consult with the agency's Department of Justice attorneys regarding several issues identified in public Comment. Vice Chair Mandiberg also informed the Board that the Audit Committee would not meet as previously scheduled in June 2026, as the Board had yet to approve a new Audit Committee Charter. Vice Chair Mandiberg also requested written feedback from other Board members (no feedback was submitted).

OPDC Commission Meeting (June 25, 2026)
Vice Chair Mandiberg provided an update concerning the work to revise the OPDC Audit Committee Charter. In this update, the Vice Chair informed the Board that she was working with the current OPDC Chief Audit Executive Scott Martin and Director Sanchagrin on the revisions. She also stated that through conversations with stakeholders, she believed that additional background and education regarding the internal audit function would be beneficial for members of the Board. Vice Chair Mandiberg stated that she would work with the CAE Martin to invite a representative from the Oregon Department of Administrative Services to provide this background at a future Board meeting.

Audit Committee Status
The OPDC Audit Committee, which was created and authorized by the Audit Committee Charter approved on December 5, 2022, did not meet in June 2026 as scheduled, as it was anticipated that a new audit committee charter would be approved by that date. Due to continued stakeholder engagement and the identification of legal issues regarding Oregon public meeting law, a revised audit committee charter has not been completed as of the date of this memorandum. To ensure that OPDC is meeting the spirit of the currently adopted Audit Committee Charter (effective 12/5/2022), CAE Martin, with support from Director Sanchagrin, has requested the scheduling of an audit committee meeting in late October to report on completed and pending audit work.

Oregon
Tina Kotek, Governor

Department of Administrative Services
155 Cottage Street NE
Salem, OR 97301

MEMORANDUM

DATE: October 20, 2026

TO: Oregon Public Defense Commission Audit Committee; Scott Martin, OPDC Chief Audit Executive

FROM: Eli Ritchie, DAS Chief Audit Executive

SUBJECT: Advisory information related to Internal Audit

This memorandum was developed in response to a request from the Oregon Public Defense Commission (OPDC) to provide information on the purpose and role of internal audit, aspects of governance of the audit function, and general matters related to state internal audit regulations and Global Internal Audit Standards (Standards).

The role of the Department of Administrative Services (DAS) related to internal auditing is to adopt rules setting standards and policies for internal audit functions within state government and report annually to the legislature on statewide internal audit activities.[1] This document is advisory in nature, for those charged with governance of the agency and audit function to consider when making decisions related to internal audit. Additional general information can be found in the DAS annual report on Statewide Audit Activities.[2]

Those charged with governance of state agencies are responsible for ensuring compliance with state requirements, including the requirements relevant for internal auditing outlined in Oregon Administrative Rule 125-700.

Background

There are many ways to review how organizations work and find ways to improve; these reviews are often called “audits.” For our purposes, auditing refers to work that is performed by trained auditors who are following auditing standards. An Internal auditor helps their organization meet its goals by providing objective and independent audit services and advice to those who govern and manage. Audit recommendations are used by

[1] Oregon Revised Statute 184.360, https://www.oregonlegislature.gov/bills_laws/ors/ors184.html
[2] Oregon State Library, https://digitalcollections.library.oregon.gov/nodes/view/27222

those who govern and manage the organization to address risks, improve processes, and strengthen controls. [3]

Internal audit is often confused with external audit. The State of Oregon, like most organizations, uses both functions. While both follow audit standards and are expected to be independent, objective and qualified, they use different standards and report to different groups.

Internal Auditors:

- ✓ Review the work of the agency they serve
- ✓ Stay independent from the areas they audit
- ✓ Act as trusted advisors to agency leaders
- ✓ Usually work within one agency
- ✓ Help with monitoring, risk reviews, advice and planning
- ✓ Follow standards from the Institute of Internal Auditors

External Auditors:

- ✓ Work for outside organizations
- ✓ Stay independent from the agencies they audit
- ✓ Hold agencies accountable to the public and elected officials
- ✓ Audit more than one agency
- ✓ Perform audits from time to time or once a year, often focusing on financial reports
- ✓ Follow standards from the U.S. Government Accountability Office

Both:

- ✓ Can access all the information they need to complete their work
- ✓ Focus on being independent, skilled, and accurate
- ✓ Use similar tools and methods
- ✓ Work to protect and serve the public interest

Similarly, internal audit is not the same as a quality assurance or compliance function. Often referred to as “second line” functions, these units provide complementary expertise,

[3] “Internal auditing strengthens the organization’s ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight. Internal auditing enhances the organization’s successful achievement of its objectives; governance, risk management, and control processes; reputation and credibility with its stakeholders; and ability to serve the public interest.” Global Internal Auditing Standards Domain I: Purpose of Internal Auditing.

support, monitoring and challenge to operating units within a specific body of work, such as information technology risk and compliance or workplace safety. Internal audit should coordinate with second line functions to limit duplication of effort but provide services from a position which allows for greater independence and objectivity, and at a higher level due to its direct accountability to the organization's governing body.

Governance of Internal Auditing in the Public Sector

For state agencies in Oregon, requirements for audit governance are derived by Oregon Administrative Rule chapter 125-700 and professional auditing standards.

Rule elements related to governance include requirements for agencies to select appropriate auditing standards, establish an audit committee with external membership, and establish a dual reporting structure for the chief audit executive with functional reporting to the audit committee.

Administrative reporting involves oversight of day-to-day concerns, such as approval of expenses and leave, while functional reporting involves accountability for meeting performance expectations. In the public sector, required administrative processes for personnel actions, such as hiring, discipline and determining compensation, complicate functional oversight of the chief audit executive by the audit committee. In these cases, government organizations should attempt to meet the intent of these standards.

Topic	Standards Reference	Rule Reference
Functional Reporting	7.1 "Board: Establish a direct reporting relationship with the chief audit executive and the internal audit function to enable the internal audit function to achieve its mandate."	OAR 125-700-0150(1) "In order to maximize both independence and objectivity of the audit function and allow the internal audit function to fulfill its responsibilities, the agency Chief Audit Executive must report functionally to the audit committee and administratively to the agency Director, Deputy Director, or equivalent."
Administrative Reporting	7.1 "Senior Management: Position the internal audit function at a level within the organization that enables it to perform its services and responsibilities without interference, as directed by the board.	

Per the Standards, the internal audit function receives its authority, roles, and responsibilities from laws and regulations and from the organization's "Board," the "Highest-level body charged with governance."[4]

[4] Global Internal Audit Standards, pg. 10.

Determining the body or bodies that function as the organization's "board" may be challenging in the public sector. State agencies may have more than one governing body, which may include the organization's chief executive officer, or equivalent. As such, there is no universal governance structure that applies, and organizations must define the "board" based on their own structure and requirements.

The roles and responsibilities of the OPDC Commission and Executive Director are described in ORS 151.216 and 219, respectively. The agency should review these and related laws and regulations to determine which body or bodies act as the "board" as defined in the Standards to determine appropriate governance processes, such as appointment of audit committee members.

Definition of Board

"The highest-level body charged with governance, such as:

- A board of directors
- An audit committee
- A board of governors or trustees
- A group of elected officials or political appointees
- Another body that has authority over the relevant governance functions.

In an organization with more than one governing body, 'board' refers to the body/bodies authorized to provide the internal audit function with the appropriate authority, role, and responsibilities. If none of the above exist, "board" should be read as referring to the group or person that acts as the organization's highest-level governing body. Examples include the head of the organization and senior management."

-Global Internal Auditing Standards

Standards advise in cases where laws and regulations require a structure which does not meet independence requirements, organizations should attempt to achieve the intent of relevant standards. Regarding independence, the Standards advise the intent can be achieved through establishment of an audit committee which includes members who are independent of management. The standards do not explicitly note the number or percentage of members who should be independent of management. In Oregon, agency audit committees are required to include at least one member independent of management. For agencies with a governing board or commission, at least one member must be included on the audit committee, which may satisfy the rule requirement for an independent external member.[5]

[5] OAR 125-700-0135(5)(b) and (c)

The purpose of the audit committee, as defined in rule, is "to enhance the quality and independence of the internal audit function, thereby helping to ensure the integrity of the internal audit process."[6] Audit committees perform roles such as approving governing charters[7] and the internal audit plan, [8] receiving information and audit results from the chief audit executive and audit staff who perform engagements, and ensuring internal auditors have unrestricted access to conduct their work.

Recommendations

(1) OPDC should determine and document its understanding of its governing body or bodies who serve as the organization's "board" as defined by Standards

(2) Following documentation of its determination of the "board," OPDC should align the determination with the charters governing the agency internal audit function and audit committee, and ensure the charters reflect the practices of its audit committee and audit function. The charters should include all aspects required by the Standards, such as:
- Reporting Relationships
- Composition and appointment process for the audit committee
- Practices and requirements for use and protection of information
- Nature of audit services provided by the function
- Appropriate topics for audit committee oversight
- Safeguards for conflicts of interest

(3) The OPDC Audit Committee should ensure the agency internal audit function receives an External Quality Assessment at least every five years, as required by the Standards and Oregon Administrative Rule. This assessment will evaluate the structure and practices of the audit committee, and audit function and determine its level of conformance with requirements and recommend corrective actions.

[6] OAR 125-700-0015(4)
[7] OAR 125-700-0135(5)(a)
[8] OAR 125-700-0140(2)