

Members:

Susan Mandiberg, Chair
 Leslie Kay
 Philippe Knab
 Haley Olson



**Oregon
 Public
 Defense
 Commission**

Executive Director:

Ken Sanchagrin

Oregon Public Defense Commission

Governance, Policy, and Standards Subcommittee Meeting

*Meeting will occur virtually
 Thursday, October 29, 2026
 4:00pm – 5:30 PM 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
4:05-4:20	Update: Commission Discussion on Decision-Making and Policy Involvement	Philippe Knab
4:20-4:40	Update: Audit Committee	Chair Mandiberg
4:40-5:10	Discussion: Governance Subcommittee Future Tasks	Chair Mandiberg
5:10-5:25	Discussion: 2027 Governance Subcommittee Meeting Schedule	Chair Mandiberg
5:30 (Approximately)	**Adjourn**	

**To join the Zoom meeting, click this link: <https://zoom.us/j/99632343265>. 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.



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 charters⁷ 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)