



# **COMMITTEE CHARTER**

## **PERS Audit and Risk Committee**

March 2025

**TABLE OF CONTENTS**

PURPOSE ..... 3  
MEMBERSHIP ..... 3  
COMMITTEE MEETINGS ..... 3  
RESPONSIBILITIES ..... 4

# **Oregon Public Employees Retirement System Board**

## **Audit and Risk Committee Charter**

This charter defines the purpose, authority, and responsibilities of the Oregon Public Employees Retirement System (PERS) Audit and Risk Committee (Committee) consistent with Oregon Revised Statute 184.360 and Oregon Administrative Rule 125-700. The Committee has the responsibility and powers set forth in this Charter delegated to it by the PERS Board.

### **PURPOSE**

The Audit and Risk Committee (“Committee”) is appointed by the Oregon Public Employees Retirement System (“PERS”) Board to assist the board in its oversight of the effectiveness of governance, risk management, and compliance over strategic, financial, operations, and control objectives. In addition, the Committee shall oversee the performance of PERS’ internal audit and risk functions.

The Committee shall provide an avenue of open communication among the Chief Audit Executive (CAE), the internal audit and risk functions, PERS’ management, and the PERS Board. The CAE shall have direct and unrestricted access to Committee members. As defined in detail in the Internal Audit Charter, direct access to the Committee Chair will also be given to internal audit staff conducting audit work in any operational areas for which the CAE has responsibility in his/her broader role as the Chief Compliance, Audit, and Risk Officer.

In the event the CAE or internal audit staff feels the agency has accepted a level of risk that may be unacceptable, the Committee will receive a report on the matter for resolution.

The Committee has the authority, in its discretion, to conduct investigations and retain, at PERS’ expense (and pursuant to applicable Oregon law), special legal, accounting, or other consultants or experts to advise the Committee.

### **MEMBERSHIP**

The PERS Board shall appoint Committee members and shall designate one member of the Committee as Chair.

The Committee shall be comprised of not less than two members from the PERS Board. The Committee may include non-board members at the discretion of the board. All members serve on the Committee at the pleasure of the PERS Board.

### **COMMITTEE MEETINGS**

The Committee shall meet at least three times annually or more frequently as circumstances dictate. The Committee Chair shall approve an agenda in advance of each meeting. Agendas will be available on the PERS internet website.

Committee meetings are public meetings; however, if sensitive material is going to be discussed, the Committee may choose to meet separately in executive session in accordance with Oregon Public Meetings Law. Minutes of each meeting will be kept.

## **RESPONSIBILITIES**

### 1. Board Reports

- The Committee shall periodically report its activities to the PERS Board. In particular, the Committee shall review with the board any issues that arise with respect to the quality or integrity of PERS' financial statements, compliance with legal or regulatory requirements, the activities of the Audits Division or other external auditors, or the plans and activities of the internal audit function. The Committee's meeting minutes can qualify as the periodic reporting requirement.

### 2. Financial Reports

- Receive and review the Annual Comprehensive Financial Report.
- Review with management, the Audits Division or other external auditors, and the internal auditors the results of the financial statement audit, including any difficulties encountered.
- Review all significant suggestions for improved financial reporting made by internal auditors, the Audits Division, or other external auditors.
- Review with management and the Audits Division, or other external auditors, all matters required to be communicated to the Committee under Generally Accepted Auditing Standards and Government Auditing Standards.

### 3. Risk Management

- The Committee shall review periodically PERS' policies with respect to risk assessment and risk management. The Committee shall discuss significant risk exposures and the steps management has taken to monitor, control, and report such exposures.

### 4. Information Security

- The Committee shall review PERS' Information Security program objectives, related key performance indicators, and program assessments. The Committee shall discuss the assessments and the steps management has taken to monitor, control, and remediate significant issues identified.

### 5. Continuity Management

- The Committee shall review PERS' Continuity Management program objectives, related key performance indicators, and program assessments. The Committee shall discuss the assessments and the steps management has taken to monitor, control, and remediate significant issues identified.

### 6. Internal Controls

- Review periodically PERS' comprehensive policy on internal controls and compliance.
- Review periodically the policies on conflict of interest and standards of conduct.

- Consider the effectiveness of PERS' internal control systems, including fraud detection.

#### 7. Internal Audit

- Review periodically with management and the CAE the objectives, activities, staffing, budget, qualifications, organizational structure, and independence of the internal audit function.
- Review and approve the Internal Audit and Audit and Risk Committee charters, as well as Committee Meeting Minutes.
- Review and approve the annual risk assessment and audit plan prepared by the internal audit function. Review the internal audit activity's performance relative to its plan.
- Receive and review all internal audit reports and management letters.
- Review and monitor management's follow-up activities pertaining to any reported findings and recommendations.
- Receive periodic notices of assurance and advisory services by internal auditors.
- Review the appointment, replacement, discipline, or dismissal of the CAE.
- Review regularly the performance of the CAE.
- Review the effectiveness of the internal audit function, including compliance with the Institute of Internal Auditors' Global Internal Audit Standards.
- Designate the CAE as the primary point of contact for handling all matters related to audits, examinations, investigations or inquiries by external auditors or other state agencies.

#### 8. Audits Division and Other External Auditors

- Review significant reports and communications made by the Audits Division and other external auditors.
- Review management's follow-up activities pertaining to any reported findings and recommendations.

#### 9. Compliance

- Review the effectiveness of the system for monitoring compliance with laws and regulations, and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- Review the findings of any examinations by regulatory agencies, and any auditor observations, including investigations of misconduct and fraud.

#### 10. Whistleblower

- Review procedures established by management for the receipt, retention, and treatment of complaints received by PERS regarding accounting, internal accounting controls, or auditing matters, as well as for confidential, anonymous submissions by employees or others of concerns regarding accounting or auditing matters.

#### 11. Performance Assessment

- The Committee shall review and assess the performance of the Committee and the adequacy of this charter at least biennially.