

**AUDIT
APRIL 18, 2013**

TAB	DESCRIPTION	ACTION
1	AUDIT COMMITTEE CHARTER REVISION	Motion to approve
2	LCSC INTERNAL AUDIT UPDATE	Information Item

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AUDIT
APRIL 18, 2013

SUBJECT

Revision to Audit Committee Charter

APPLICABLE STATUTE, RULE OR POLICY

Idaho State Board of Education Bylaws, Section H.

BACKGROUND/DISCUSSION

The Audit Committee Charter provides that the Committee shall approve the termination of any institutional internal auditor, but it is silent on the hiring of any institutional internal auditor. Proposed amendments to the Committee charter would specify the institution president must confer with the Committee chair prior to hiring an internal audit manager.

IMPACT

The proposed amendment would allow the Committee to provide input to the hiring process and lets the internal audit manager know that the Audit Committee is involved.

STAFF COMMENTS AND RECOMMENDATIONS

Staff recommends approval.

ATTACHMENTS

Attachment 1 – Audit Committee Charter, revised

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BOARD ACTION

I move to approve the amendment to the Audit Committee Charter as presented requiring institution presidents to confer with the Audit Committee chair prior to hiring an internal audit manager.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

Oversight of Internal Audit Function

The internal audit department at each institution shall report functionally to the Committee with administrative reporting to the institution president. The charter for each internal audit function shall be approved by the Committee. Internal auditors shall have sufficient access to employees, property, and records of the institution to complete the internal audit plan approved by the Committee. The Committee shall review internal audit reports with the internal auditors and institution management. The internal audit report shall include significant findings, management's responses and all other such information as may be beneficial for the use of the Committee. Before hiring any new internal audit manager, the institution president shall confer with the Committee Chair. The Committee shall approve the termination of any institutional internal auditor (See Appendix E.)

Oversight of Institution Reporting and Compliance

The Committee shall review with Institution management, as it deems necessary, the Institution's financial policies and procedures and the results of any review of these areas by the internal auditor or the auditing firm. The Committee shall inquire of Institution management, the auditing firm, and internal auditors about significant risks and uncertainties facing the Institutions and i) assess the steps Institution management has taken to minimize such risks and uncertainties and ii) review compliance with such steps.

The Committee shall review with the general counsel legal and regulatory matters that, in the opinion of management, may have a material impact on the financial statements and compliance with federal, state, and local laws and regulations.

The Committee shall review with Institution management and the auditing firm the auditing firm's reports on the Institution's financial statements, compliance audits and all related reports, information and auditing results. The management shall present the financial statements to the Committee and Board and provide detail and summary reports as appropriate. The auditing firm shall present to the Committee and Board its reports on the financial statements and compliance audits.

(See Appendix F.)

Other Duties and Responsibilities as Assigned by the Board

The Committee shall accept assignments from the Board in financial oversight of the Board's activities as directed by the Board from time to time. These assignments shall be allowed so long as the assignments do not conflict with the Committee's ability to maintain its independence.

AUDIT
APRIL 18, 2013

SUBJECT

Update: Internal Audit Function at Lewis-Clark State College

APPLICABLE STATUTE, RULE OR POLICY

Idaho State Board of Education Bylaws, Section H.
Audit Committee Charter

BACKGROUND/DISCUSSION

One of the principal duties of the Audit Committee (Board Bylaws H.4.c.7), is to monitor the independence and performance of each organization's independent auditor and internal auditing department. The Audit Committee Charter requires the internal audit department at each institution to report functionally to the Committee with administrative reporting to the institution president.

IMPACT

The Audit Committee has discussed Lewis-Clark State College's internal audit function with College management. Concerns have been expressed by the Audit Committee that the College's controller, also acting as internal auditor, lacks necessary and appropriate independence. The Audit Committee has asked management to provide an update on the College's internal audit function to the full Board.

STAFF COMMENTS AND RECOMMENDATIONS

Staff has no comment or recommendation.

BOARD ACTION

This item is for informational purposes only. Any action will be at the Board's discretion.

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