

## OUSD

The Audit Committee Draft Amendment to BB9131. (Additions are underlined)

The Audit Committee is maintained at the recommendation of the Financial Crisis Management and Assistance Team as a best practice for highly functioning school districts.

The audit committee shall consist of 7 members. Note. Add two members, one of whom should have financial expertise.

Purpose: The responsibilities of the Audit Committee shall include but not be limited to the following:

1. Recommend to the Board for approval the independent auditors.
2. Review the independent audit engagement, including the RFP, fee, scope, and timing of the audit, and any other services to be rendered, including non-audit services and reports to the audit committee.
  - 2a. The External Auditor shall be available to attend Audit Committee meetings as requested by the Audit Committee.
  - 2b. Staff shall provide the audit committee appropriate materials related to the engagement of the independent auditor according to the RFP and contract award process.
3. Work closely with the External Auditor and OUSD staff to determine the annual timeline for the development and presentation of the annual audit, and to identify any issues that may impede the preparation of the audit. The Audit Committee shall alert the Board of Education if a significant delay in audit completion is anticipated.
4. Review with the independent auditor district policies and procedures regarding internal auditing and internal accounting and financial controls. The Audit Committee shall include this item in its report to the Board.
  - 4a. The Audit Committee inquire as to any “Red Flags” the external auditor may have seen during the course of the audit concerning the districts accounting and financial controls.
5. Review with the district's financial and accounting staff district policies regarding internal accounting and financial controls.
  - 5a. The Audit Committee shall request and receive reports from OUSD staff on the structure and process of auditing, accounting and financial controls to determine their effectiveness and benefit to the district. The Audit Committee shall include this item in its report to the Board.
6. Upon completion of their audit, review with the independent auditors the cooperation they received from district personnel during the audit, the extent to which district resources could be used to minimize the time spent on the audit, and any significant matters of concern arising from the audit.

6a. The external auditor shall prepare a report on this matter at the first meeting of the audit committee subsequent to the publication of the annual audit, or at a meeting of the audit committee to be determined. Any significant findings shall be included in the audit committee's report to the Board.

7. Review with the independent auditors any significant transactions which are not a normal part of the district's business, any changes in accounting principles and practices, all significant proposed audit adjustments, and any recommendations that they may have for improving internal controls, choice of accounting principles or management systems.

7a. The external auditor shall prepare a report on this matter at the first meeting of the audit committee, subsequent to the publication of the annual audit, or at a meeting of the audit committee to be determined. Any significant findings shall be included in the audit committee's report to the Board.

8. Review and recommend district policies to the Board to prohibit unethical, questionable, or illegal activities by district employees.

8a. The audit committee shall request of the independent auditor an assessment of the risk of such activities occurring and shall make a report and/or recommendations to the Board to safeguard the district.

9. Upon completion of the independent audit, review with the district's financial and accounting managers their perception of the independent auditors, and any significant matters of concern arising from the audit.

10. Review with staff and the external auditor the extent to which recommendations made by the independent auditors have been implemented, to include audit findings and recommendations for additional financial controls. The Audit Committee shall include the results of the review in the report to the Board of Education.

11. Review with the internal auditor the organization and independence of the internal audit function; the goals and plans of internal audit including the nature and extent of work; problems and experiences in completing internal audits; and findings, conclusions, and recommendations as a result of internal audits.

11a. OUSD staff shall work with the audit committee to develop a job description for the internal auditor and the audit committee shall have a member sit on the hiring committee.

12. Prepare semi-annual written reports to the Board relating the results of committee activities.

The Board of Education shall provide written guidance and priorities to the Audit Committee on an annual basis regarding those areas on which the Audit Committee should focus.