

STATE BOARD FOR COMMUNITY COLLEGES AND OCCUPATIONAL EDUCATION

March 12, 2025

TOPIC: Board Policy 7-01, Audit Committee Authority and Charter

PRESENTED BY:

Danielle Bundy, Director of Internal Audit

RELATIONSHIP TO THE “TRANSFORMING FUTURES” STRATEGIC PLAN:

Empowered Talent; Power of 13

EXPLANATION:

In 2023, the Board approved its last revision to Board Policy (BP) 7-01, Audit Committee Authority and Charter. The System has reviewed this policy as the Institute for Internal Auditors recently released the Global Internal Audit Standards that were effective January 2025. Those Standards require updates to the Audit Committee Authority and Charter. In addition, CliftonLarsonAllen recently performed an external quality assurance review of the Internal Audit department which resulted in recommendations for edits to BP 7-01.

The substance of the policy is being re-written and restructured to reflect the following:

- Include the following requirements from the Global Internal Audit Standards.
 - Requirement for an annual private meeting between the Director of Internal Audit and the Audit Committee.
 - Inclusion of the Mandate which empowers Internal Audit to enhance the organization's success by providing the Board and senior management with objective assurance and advice.
 - Conveyance of the essential conditions to the Audit Committee and senior management which allow the Internal Audit department to fulfill its Mandate.
 - Requirement that the Audit Committee approve both the hiring and termination of the Director of Internal Audit.
- Clarify that the Internal Audit department does not have the authority to audit the Foundations or the Career and Technical Student Organizations as they are separate 501 (c)(3) entities.
- Reorganize the policy to better align with the model internal audit charter published by the Institute for Internal Auditors.

The attached BP 7-01 reflects the substantive as well as non-substantive, editorial, or conforming changes. A redline version showing the details of all revisions is available upon request to Legal Affairs. Changes to BP 7-01 were reviewed by the Audit Committee in the February 2025 meeting.

RECOMMENDATION:

Danielle Bundy recommends the Board approve the revisions made to BP 7-01.

ATTACHMENT:

BP 7-01 FINAL 03.12.25