

AGENDA ITEM 4.

AUDIT COMMITTEE

Submitted for:

Action

Summary:

It is recommended that the Commission establish an Audit Committee to (1) oversee external and internal audits and (2) to monitor remediation of existing external and internal audit findings.

In support of this recommendation, staff notes that it is standard for state agencies comparable to ISAC to have committees chaired by and made up of members of the governing board to review external audits, internal controls, and, in some circumstances, budget and finance matters.

Staff research of the private sector indicates that the most effective audit committees are ones in which the internal auditor functionally reports directly to the audit committee, and the committee members are knowledgeable in accounting or finance.

Action Requested:

That the Commission establish an Audit Committee that oversees external audits and internal audits. In addition to submitting recommendations to the Commission on the areas of oversight, the Audit Committee shall be responsible for monitoring the remediation of existing internal and external audit findings. The Chairman shall name the Chair of the Audit Committee and two additional members. The Audit Committee shall submit recommendations to the Commission with respect to the scope of the Audit Committee's oversight and monitoring responsibilities.