

1 **AUDIT COMMITTEE AUTHORITY AMENDMENTS**

2 2022 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Karen M. Peterson**

5 Senate Sponsor: Kathleen A. Riebe

6

LONG TITLE

7 **General Description:**

8 This bill modifies the responsibilities and powers of an audit committee established by
9 the State Board of Education.
10 the State Board of Education.

11 **Highlighted Provisions:**

12 This bill:

13 ▶ requires the State Board of Education to designate, in writing, the responsibilities
14 and powers of an audit committee established by the State Board of Education.

15 **Money Appropriated in this Bill:**

16 None

17 **Other Special Clauses:**

18 None

19 **Utah Code Sections Affected:**

20 AMENDS:

21 **63I-5-301**, as last amended by Laws of Utah 2016, Chapter 195

22

23 *Be it enacted by the Legislature of the state of Utah:*

24 Section 1. Section **63I-5-301** is amended to read:

25 **63I-5-301. Audit committee -- Powers and duties.**

26 (1) (a) Each appointing authority may establish an audit committee to monitor the
27 activities of the agency internal audit program.



28 (b) An audit committee may serve more than one state agency internal audit program.

29 (2) The appointing authority shall ensure that audit committee members have the
30 expertise to provide effective oversight of and advice about internal audit activities and
31 services.

32 (3) [~~H~~] Except as provided in Subsection (4), if an audit committee has been
33 established, the audit committee shall:

34 (a) appoint, evaluate, and, if necessary, remove the agency internal audit director;

35 (b) prepare and adopt formal policies that define:

36 (i) the purpose of the agency's internal audit program; and

37 (ii) the authority and responsibility of the agency's internal auditors;

38 (c) ensure that policies adopted under Subsection (3)(b):

39 (i) do not place limitations on the scope of the internal audit program's work; and

40 (ii) clarify that an auditor does not have authority or responsibility for an activity that
41 the auditor audits;

42 (d) ensure that:

43 (i) the audit director employs a sufficient number of professional and support staff to
44 implement an effective internal audit program;

45 (ii) compensation, training, job tenure, and advancement of internal auditing staff is
46 based upon job performance;

47 (iii) the audit director and staff collectively possess the knowledge, skills, and
48 experience essential to the practices of the profession and are proficient in applying internal
49 auditing standards, procedures, and techniques;

50 (iv) the internal audit program has staff who are qualified in disciplines necessary to
51 meet the audit responsibilities, including accounting, business management, public
52 administration, human resource management, economics, finance, statistics, electronic data
53 processing, or engineering;

54 (v) internal audit staff are free of operational and management responsibilities that
55 would impair their ability to make independent audits of any aspects of the agency's operations;

56 (vi) the audit director and the internal audit staff have access to all personnel and
57 records, data, and other agency information that the audit director or staff consider necessary to
58 carry out their assigned duties; and

59 (vii) the audit director and internal audit staff have the necessary access to the agency
60 head, agency management, and agency staff;

61 (e) approve internal auditing policies proposed by the agency head or audit director;

62 (f) review and approve the annual internal audit plan, modifications to the internal
63 audit plan, risk assessment, and budget;

64 (g) review internal and external audit reports, follow-up reports, and quality assurance
65 reviews of the internal audit office; and

66 (h) periodically meet with the agency internal audit director to discuss pertinent
67 matters, including whether there are any restrictions on the scope of audits.

68 (4) In relation to an audit committee established by the State Board of Education, the
69 State Board of Education shall ~~§~~ → : ← ~~§~~

69a ~~§~~ → **(a)** ← ~~§~~ designate, in writing, the responsibilities and powers described
70 in Subsection (3) that are held by the State Board of Education and the responsibilities and
71 powers described in Subsection (3) that are held by the audit committee ~~§~~ → [] ; **and**

71a **(b) make rules, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking**
71b **Act, for selecting the entity to be audited, determining the scope of the audit, and determining**
71c **the procedures to be used in conducting the audit, including due process procedures.** ← ~~§~~