

June 21, 2012

12-133

MODIFY THE BOARD AUDIT COMMITTEE CHARTER
TO CLARIFY THE SELECTION PROCESS OF THE
CITIZEN MEMBERS OF THE AUDIT COMMITTEE

PREPARED BY: Wing-Kit Chung, Vice President, Administrative Services

APPROVED BY: Dr. Preston Pulliams, District Vice President

REPORT: On February 18, 2010, the Board of Directors approved the Audit Committee Charter. Board members and citizen members of Audit Committee selections were approved by the Board in April 2010 and September 2010 respectively.

In January 2012, one of the citizen members of the Committee, Mr. Dick Tracy, resigned. In the process of filling the vacancy left by Mr. Tracy, the Audit Committee Chair noticed some ambiguity in the selection process language in the original Audit Committee Charter. Changes to clarify the process are proposed in Exhibit 'A'. The Audit Committee is recommending the adoption of the changes so the process of filling the vacancy can get underway as soon as these changes are adopted.

RECOMMENDATION: That the Board approve the changes to the Audit Committee Charter as proposed in Exhibit 'A'

Exhibit A

Charter of the Audit Committee Board of Directors Portland Community College

Mission

The Audit Committee of the Board of Directors of Portland Community College is established by resolution to assist the Board in fulfilling its oversight responsibilities relating to:

- Integrity of the College financial records including the financial statements
- Retaining the independent (external) auditor and assuring qualifications and independence
- Ensuring the independence and performance effectiveness of the external and internal audit functions
- Sufficiency of the system of disclosures and internal controls regarding finance, accounting, legal compliance and ethics as established in Board policy
- Operational performance of the College, particularly with regard to the business risks for the College and the sufficiency of the College's risk mitigation programs

Status

The Audit Committee is a committee of the Board of Directors as a whole

Membership

The Audit Committee is comprised of four members. Two members are members of the Board of Directors. Two members are citizens residing in the College District

The term of membership is four years.

Members may serve two consecutive terms.

Committee members from the PCC Board will be designated by the Board through resolution.

Members of the College Board shall make recommendations to the Audit Committee Chair for citizen members from the District. The Audit Committee will review and evaluate those recommendations, and select the most qualified candidates for interviews. Interviews shall be conducted individually and separately or as a group of 3 or less by the Audit Committee Chair, Vice Chair and up to two other Board members. Interviewers shall provide feedback on the

candidates to the Audit Committee Chair. The Audit Committee will review interviewer feedback, and nominate the most qualified public candidate(s) by way of resolution which will then be voted on by the Board. In the event a citizen member cannot serve the entire term, this process shall be used to select a replacement.

The Audit Committee may call upon the Board Assistant to help facilitate the nomination and interview processes. ~~Committee members from the District are appointed by the Board based on a public "request for participation" prepared by the Board. Interested citizens will be interviewed by the Board and appointed by the Board through resolution.~~

If permitted by the qualifications and experience of members of the PCC Board of Directors who might serve on this committee, three of the four committee members must have financial management expertise sufficient to fulfill their responsibilities, as determined by the PCC Board as a whole.

One of the Board members on the committee shall be designated as Audit Committee Chair by Board resolution.

The District President will be an ex-officio member of the committee, in order to ensure effective staff support for the committee's efforts.

Meetings

The Audit Committee will meet at least twice annually:

- To hear and comment on the Annual Audit Plan(s) as proposed by staff and the external and internal auditors. At this meeting the Committee may provide recommendations as to particular areas of focus for the upcoming audit activity. Both College staff (as designated by the District President) and the external audit firm's partner-level audit principal will attend.
- To hear and comment on the draft Annual Audit Report as prepared by the external audit firm prior to its submission to the College Board of Directors. To hear and comment on the Annual Internal Audit Report prepared by the internal auditor prior to its submission to the College Board of Directors.

The Audit Committee will report out on its meetings at the next regular meeting of the Board as a whole.

The Committee may consider an additional meeting to review and comment on the College's proposed Consolidated Annual Financial Report (CAFR).

The committee may call special committee meetings with the concurrence of three of the four committee members, and with the concurrence of the Board of Directors.

Authority

The Audit Committee is an advisory committee to the Board of Directors and has no independent authority not granted to it by resolution of the Board of Directors.

As a committee of the Board, the Audit Committee does not possess management control authority over College staff, nor does it have supervisory authority over the external or internal audit functions.

Specific Responsibilities:

The committee shall:

- Review external and internal audit plans and results and make recommendations to the Board prior to their submission to the Board as a whole
- Report to the Board its findings and opinions regarding the College response to the internal and external audit results
- Review specific areas of future external audit focus for consideration, and recommend specific areas of future internal and external audit focus for consideration by the District President and Board of Directors

Sunset

The Audit Committee may be dissolved by resolution of the Board as a whole.

Adopted: February 18, 2010

Revised: May 20, 2010

Revised: June 21, 2012