

**AUDIT COMMITTEE AUTHORITY AMENDMENTS**

2022 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Karen M. Peterson**

Senate Sponsor: Kathleen A. Riebe

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**LONG TITLE**

**General Description:**

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

**Highlighted Provisions:**

This bill:

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

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

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

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

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

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

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

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

(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) [Hf] 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:  
70 (a) designate, in writing, the responsibilities and powers described in Subsection (3)  
71 that are held by the State Board of Education and the responsibilities and powers described in  
72 Subsection (3) that are held by the audit committee; and  
73 (b) make rules, in accordance with Title 63G, Chapter 3, Utah Administrative  
74 Rulemaking Act, for selecting the entity to be audited, determining the scope of the audit, and  
75 determining the procedures to be used in conducting the audit, including due process  
76 procedures.