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## LOUISIANA COMMUNITY & TECHNICAL COLLEGE SYSTEM

**To:** Mr. Joe Potts  
Audit Committee Chair

**From:** Michael Redmond  
Director of Internal Audit

**Date:** December 12, 2018

**Subject:** Update to Internal Audit Procedures Manual, Section C-1 Audit  
Committee Relations

### **FOR COMMITTEE ACTION**

**Recommendation:** Staff recommends that the Audit Committee of the LCTCS Board of Supervisors approve the update to the Internal Audit Procedures Manual, *Section C-1 - Audit Committee Relations*, as presented by the Director of Internal Audit to be effective January 1, 2019.

**Background:** Prior to this change, the Internal Audit procedures manual, approved by the LCTCS Audit Committee, required Internal Audit to report to the committee at least four times per year. Given the recently approved change in the meeting schedule of LCTCS Board of Supervisors, the scheduling of four meetings annually would have become problematic. This change, requiring only one meeting annually, but allowing for additional meetings, will allow for efficient scheduling of Audit Committee meetings.

**History of Prior Actions:** The Internal Audit practice of meeting four times annually with the Audit Committee was established in 2002 and reaffirmed in 2015. No financial implications are foreseen as a result of this proposed change.

**Benefits to the System:** Audit Committee meetings can be efficiently scheduled in accord with newly approved schedule of full board meetings.

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**Approved for Recommendation to the Committee**  
**Joe Potts, Audit Committee Chair**

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**Date**

Louisiana Community and Technical College System  
Internal Audit Department  
Standard Operating Procedures Manual

Section	Title	Standards Reference
<b>Appendix C</b>	<b>Charter of the Audit Committee of the Board of Supervisors</b>	

The Board of Supervisors of the Louisiana Community and Technical College System (LCTCS) hereby constitutes and establishes an Audit Committee with authority, responsibility, and specific duties as described below.

**Composition:**

The Audit Committee is a standing committee and as such shall be comprised of not less than five voting members appointed by the Board Chair to serve in accordance with the Bylaws of the Board of Supervisors of the LCTCS. These members are to be independent of management and operating executives. A quorum of the committee shall be in accordance with the Board Bylaws.

**Authority:**

The Audit Committee is granted the authority to investigate any activity of the LCTCS, and all employees are directed to cooperate as requested by members of the Committee. The Committee is empowered to retain outside counsel or persons having special competence as necessary to assist the Committee in fulfilling its responsibility.

**Responsibility:**

The Audit Committee is to serve as a focal point for the communication between the Board of Supervisors, the Finance Committee, the Chief Audit Executive, the Louisiana Legislative Auditors, and the President as their duties relate to financial accounting, reporting, organizational governance, risk management, and controls. The Audit Committee is to assist the Board of Supervisors and the Finance Committee in fulfilling its fiduciary responsibilities related to accounting policies and reporting practices of LCTCS and the sufficiency of auditing relative thereto. It is to be the Board's principal agent in assuring the quality of Internal Auditing, the integrity of management, and the adequacy of financial and operating disclosures. The opportunity for the Chief Audit Executive to meet with the entire Board of Supervisors as needed, however, is not to be restricted.

**Meetings:**

The Audit Committee is to meet at least ~~four~~one times each year, and as many times as that Committee deems necessary. As necessary or desirable, the chairman may request that members of management, the Chief Audit Executive, and the representatives of the Legislative Auditors be present at meetings of the committee. The Chief Audit Executive shall be requested to attend any meeting of the Committee related to its oversight responsibilities for auditing, financial reporting, organizational governance, risk management or internal control structure issues.

**Minutes:**

The minutes of each meeting are to be prepared as required by the Board Bylaws.

Version	Adopted Date	Effective Date
2.0		5/8/2002 <u>1/1/2019</u>

**Specific Duties:**

The Audit Committee is to be informed and vigilant in fulfilling the following duties:

- 1) Review the Chief Audit Executive’s evaluation of the performance of any outside audit work performed, including the degree of audit coordination, and the overall audit coverage.
- 2) Review with management and the Legislative Auditors as appropriate the following:
  - The LCTCS annual report.
  - Significant transactions not a normal part of the LCTCS’s operations.
  - The accounting and reporting policies and practices applied in preparing its financial statements, along with significant changes, if any, during the year.
  - The process that management uses in formulating sensitive accounting estimates.
  - The Legislative Auditor’s view on significant matters that were the subject of consultation with other accountants.
  - Significant adjustments proposed by the Legislative Auditors.
  - Any deficiencies noted by Legislative Auditors in the organization’s electronic data processing procedures and controls.
  - Any disagreements with management which, if not satisfactorily resolved would have caused the Legislative Auditors to issue a nonstandard report on the organization’s financial statements.
  - Any serious difficulties the Legislative Auditors encountered with management in performing the audit.
  - Any deficiencies noted by Legislative Auditors in the internal control structure.
- 3) Review with the Chief Audit Executive, the scope, staffing, budget, and audit schedule including plans for reviews of the organization’s electronic data processing procedures and controls. The Committee shall review and approve any significant subsequent changes in the audit plan.
- 4) Review with management, the Chief Audit Executive, and the Legislative Auditors, the general policies and procedures to reasonably assure the adequacy of internal accounting and financial reporting controls, including such controls related to officers’ expenses, prerequisites, and any use of corporate assets. Review any recommendations of Internal Audit and the Legislative Auditors with respect to accounting policies, internal controls, or other matters. Review with the Chief Audit Executive, the significant findings, current status, and management’s corrective action as a result of internal audits.
- 5) Confirm with management, the Chief Audit Executive, and the Legislative Auditors, ~~that tests of~~ compliance with significant corporation’s-organizational policies including the organization’s process of assessing the risk of fraudulent financial reporting and the program established to monitor compliance with the conflict of interest statement and code of conduct.
- 6) Review the controls that management has established to protect the integrity of the reporting process.
- 7) Instigate any special investigations of conflict of interest and compliance with federal, state, and local laws and regulations as may be warranted.

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- 8) Review audits conducted by other than Internal Audit or the Legislative Auditors.
- 9) Review with the General Counsel of the organization at least on an annual basis, the status of legal matters that may have a significant impact on the financial statements.
- 10) Meet privately with the Chief Audit Executive and the Legislative Auditors as deemed appropriate and at least annually.
- 11) Review the President's annual performance evaluations of the Chief Audit Executive.
- 12) Review the Auditee surveys of internal auditing.
- 13) Report to the Board on the results of performing the foregoing of duties and submit to the Board any recommendations the Audit Committee may have from time to time.

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