

**WEDNESDAY, MARCH 5, 2025**  
**LEGAL, AUDIT, RISK AND COMPLIANCE COMMITTEE MEETING**

Elizabeth P. Kessler, chair  
Bradley R. Kastan, vice chair  
Alan A. Stockmeister  
Elizabeth A. Harsh  
Michael F. Kiggin  
John Jose Perez  
Kendall C. Buchan  
Amy Chronis  
John W. Zeiger (*ex officio*)

Location: Mount Leadership Room, Longaberger Alumni House  
2200 Olentangy River Road, Columbus, OH 43210

Time: 2:00-5:00 p.m.

**Public Session**

**2:00-2:20 p.m.**

*ITEM FOR DISCUSSION*

1. *Internal Audit Governance Standards and Quality Assurance Program – Mr. Brian Newell* 2:00-2:15 p.m.

*ITEMS FOR ACTION*

2. Approval of December 2024 Committee Meeting Minutes – Ms. Elizabeth Kessler 2:15-2:20 p.m.
3. Consent Agenda:
  - a. Updates to Charters for the Internal Audit Department and the Legal, Audit, Risk and Compliance Committee

*Written Reports (Background Only) – Public*

- a. *KPMG Required Audit Communications*

**Executive Session**

**2:20-5:00 p.m.**



# **Department of Internal Audit**

## **Global Internal Audit Standards Update**

### **Quality Assurance and Improvement Program Update**

Brian Newell, Chief Audit Executive

**Legal, Audit, Risk and Compliance Committee**

March 2025



# Overview

- The Institute of Internal Auditors (IIA) is the primary standards setting body for internal audit functions around the globe
- Major revisions to the IIA's internal audit standards became effective on January 9, 2025, and are now called the ***Global Internal Audit Standards™***
- Modifications have been made to the internal audit function's operations, documentation, and communication practices to comply with the new Standards
- This presentation covers communications required by the new Standards:
  1. **Purpose of the Internal Audit Function**
  2. **Governing the Internal Audit Function**
  3. **Quality Assurance and Improvement Program Update**



# Purpose of the Internal Audit Function

*The internal audit function strengthens the organizations' ability to create, protect, and sustain value by providing board and management with independent, risk-based, and objective assurance, advice, insight, and foresight*

The internal audit function enhances the organization's:

- Successful achievement of its objectives
- Governance, risk management, and control processes
- Decision-making and oversight
- Reputation and credibility with its stakeholders
- Ability to serve the public interest

# Purpose of the Internal Audit Function (continued)

The internal audit function is most effective when:

- Performed by competent professionals in conformance with the *Global Internal Audit Standards*<sup>TM</sup>
- Independently positioned with direct accountability to the Legal, Audit, Risk and Compliance (LARC) Committee
- Free from undue influence and committed to making objective assessments



## **Purpose of the Internal Audit Function (continued)**

**An effective internal audit function will enhance:**

- The LARC Committee's ability to exercise its oversight responsibilities
- Senior management's ability to achieve organizational objectives
- The organization's ability to create, protect, and sustain value

*The LARC Committee, senior management, and the internal audit function have a unique partnership in driving organizational success, and all three parties must fully support each other to facilitate that success*





# Governing the Internal Audit Function

## Keys to fulfilling the purpose of the internal audit function:

- The internal audit function must be positioned within an organizational structure that facilitates independence and proper governance
  - Reports functionally to the LARC Committee and University President
  - Reports administratively to the Senior Vice President for Business and Finance
  - Has no direct operational responsibility or authority over any activities audited
  - Has no impairments to independence
- Activities of the LARC Committee and senior management are “essential” to the internal audit function’s success
- Key activities are identified as “essential conditions” in the new Standards and establish a necessary foundation for effective dialogue and partnership between the LARC Committee, senior management, and the Chief Audit Executive



# Governing the Internal Audit Function (continued)

## *Global Internal Audit Standards™*

### Principle 6 – Authorized by the Board

- The LARC Committee establishes, approves, and supports the “mandate” of the internal audit function  
*(Note – The “mandate” specifies the authority, role, and responsibilities of the internal audit function)*

### Principle 7 – Positioned Independently

- The LARC Committee establishes and protects the internal audit function’s independence and qualifications

### Principle 8 – Overseen by the Board

- The LARC Committee oversees the internal audit function to ensure the function’s effectiveness





# **Governing the Internal Audit Function (continued)**

## **Principle 6 – Authorized by the Board**

### **Essential Conditions – What we need from you:**

- Approve and support the authority, role, and responsibilities of the internal audit function (internal audit mandate)
- Review and approve the internal audit charter and annual audit plan
- Confer with senior management and the Chief Audit Executive on the internal audit function's activities, staffing, organizational structure, and budgets
- Ensure the Chief Audit Executive reports to a level that allows the internal audit function to fulfill its mandate
- Ensure the internal audit function has unrestricted access to data, records, information, personnel, and physical properties
- Ensure there are no restrictions limiting the internal audit function's ability to carry out its responsibilities
- Champion the internal audit function and meet periodically with the Chief Audit Executive in private

# **Governing the Internal Audit Function (continued)**

## **Principle 7 – Positioned Independently**

### **Essential Conditions – What we need from you:**

- Maintain a direct reporting relationship with the Chief Audit Executive and the internal audit function
- Confer with senior management and concur with the appointment or removal of the Chief Audit Executive
- Confer with senior management on the Chief Audit Executive's performance evaluation
- Provide opportunities for the Chief Audit Executive to discuss significant and sensitive matters with the LARC Committee, including meetings without management present
- Ensure the Chief Audit Executive is positioned in the organization at a level that enables duties to be performed without interference from management
- Empower the Chief Audit Executive to bring matters directly to senior management and escalate matters to the LARC Committee when necessary
- Acknowledge potential impairments to independence when approving roles or responsibilities for the Chief Audit Executive beyond the scope of internal auditing
- Establish appropriate safeguards if the roles and responsibilities of the Chief Audit Executive impair the internal audit function's independence



# **Governing the Internal Audit Function (continued)**

## **Principle 8 – Overseen by the Board**

### **Essential Conditions – What we need from you:**

- Communicate the LARC Committee's perspective on organizational strategies, objectives, and risks to assist the Chief Audit Executive with determining internal audit priorities
- Set expectations with the Chief Audit Executive for:
  - The frequency of communications with the LARC Committee
  - The criteria for determining the types of issues to escalate to the LARC Committee
  - The process for escalating matters of importance to the LARC Committee
- Discuss with the Chief Audit Executive any disagreements with senior management or other stakeholders
- Collaborate with the Chief Audit Executive and senior management to ensure the internal audit function has sufficient resources to fulfill its purpose
- Consider the impact of insufficient resources on the internal audit mandate and the audit plan, and engage with senior management and the Chief Audit Executive on a solution if resources are determined to be insufficient



# **Governing the Internal Audit Function (continued)**

## **Principle 8 – Overseen by the Board (continued)**

- Discuss the quality assurance and improvement program with the Chief Audit Executive
- Consider the internal audit function's performance objectives
- Assess the effectiveness and efficiency of the internal audit function
- Confer with the Chief Audit Executive on:
  - The plan for an external quality assessment of the internal audit function conducted by an independent, qualified assessor or assessment team
  - The scope and frequency of external quality assessments
  - The competencies and independence of the external assessor or assessment team
  - The rationale for conducting self-assessments with independent validation instead of external quality assessments
- Receive and review the results of the external quality assessment from the assessor or assessment team
- Confer with the Chief Audit Executive on plans to address deficiencies and monitor progress

# Quality Assurance and Improvement Program

## As defined by the Institute of Internal Auditors (IIA):

- Program must include both internal and external quality assessments of the internal audit function
- External quality assessments are required every five years
- Next external quality assessment is targeted for 2026
  - Previous external quality assessment was finalized in February 2021, where the external assessment team confirmed the internal audit function generally conformed to the IIA's – *International Standards for the Professional Practice of Internal Auditing*.
- Internal quality assessments are required periodically when not undergoing an external quality assessment
- The results of internal quality assessments must be reported to the LARC Committee and senior management.

# Quality Assurance and Improvement Program (continued)

## Internal Assessments

### Ongoing Monitoring:

- Project Monitoring – Progress is tracked for each project, audit workpapers are reviewed for quality and accuracy by management team, and audit reports and communications are reviewed by the Chief Audit Executive
- Performance Metrics – Productivity, project management, and audit efficiency is monitored weekly for each auditor
- Status Meetings – Auditors meet with management team weekly/biweekly (individual/team meetings) and with Chief Audit Executive monthly to discuss project status and productivity
- Continuous Feedback – Auditors receive ongoing verbal coaching and feedback, written coaching notes, and customer feedback at the end of each audit
- Professional Development and Training – Auditors receive approximately 40 hours of continuing professional education annually

# Quality Assurance and Improvement Program (continued)

## Internal Assessments

### Periodic Self-Assessments:

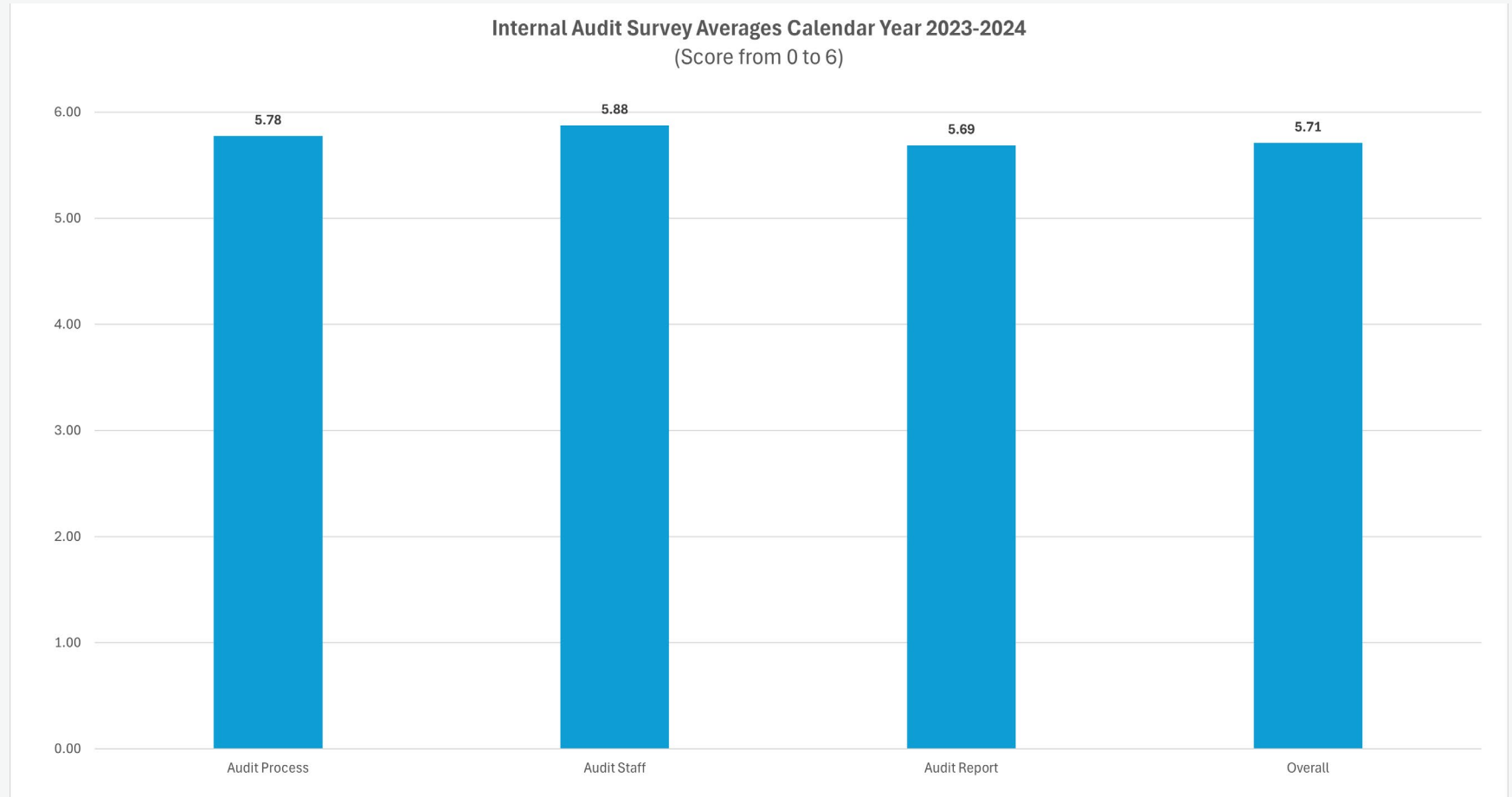
- Governance Review – Internal Audit and LARC Committee charters are reviewed annually and updated as needed
  - Both charters are being revised for compliance with the new *Global Internal Audit Standards*<sup>TM</sup>
- Workpaper Review – Sample of audit workpapers are reviewed by the internal audit function's management team to confirm compliance with departmental practices and the IIA Standards
  - This will be completed as part of the comprehensive and fully documented internal quality assessment in preparation for the external quality assessment planned for 2026
- Position Descriptions – Job position descriptions for each audit position are reviewed and updated periodically
- Formal Coaching – Two formal coaching reviews are documented for each auditor every year
- Audit Process/Scope Review – Audit processes and scoping practices are reviewed and modified as necessary
- Customer Satisfaction Surveys – Distributed to management and audit contacts at the end of each audit



# Quality Assurance and Improvement Program (continued)

## Customer Satisfaction Survey Results

- Results are based on a point scale (0 = Strongly Disagree through 6 = Strongly Agree)
- Results presented are for calendar years 2023 and 2024



# Quality Assurance and Improvement Program (continued)

## Results of Internal Quality Assessment

### Chief Audit Executive Assurance

- Based on the internal audit function's internal quality assurance practices, the Chief Audit Executive believes the internal audit function is in general compliance with the *Global Internal Audit Standards*<sup>TM</sup>
- This includes confirmation that the internal audit function is independent, with no known independence impairments



**SUMMARY OF ACTIONS TAKEN**

*December 6, 2024 – Legal, Audit, Risk & Compliance Committee Meeting*

**Members Present:**

Elizabeth P. Kessler

Kendall C. Buchan

John W. Zeiger (ex officio)

**Members Present via Zoom:**

Bradley R. Kastan

Elizabeth A. Harsh

Amy Chronis (arr. 9:26 a.m.)

Alan A. Stockmeister (arr. 9:03 a.m.)

Juan Jose Perez

**Members Absent:**

Michael F. Kiggin

**PUBLIC SESSION**

The Legal, Audit, Risk and Compliance Committee of The Ohio State University Board of Trustees convened on Friday, December 6, 2024, virtually and in person at Longaberger Alumni House on Ohio State's Columbus campus. Committee Chair Elizabeth Kessler called the meeting to order at 8:57 a.m.

Ms. Kessler briefly welcomed Dr. Kendall Buchan to the committee and recognized Ms. Amy Chronis' recent appointment as a charter trustee. She was previously a public member of the Board of Trustees.

**Item for Action:**

1. Approval of Minutes: No changes were requested to the August 21, 2024, meeting minutes; therefore, a formal vote was not required, and the minutes were considered approved.

**EXECUTIVE SESSION**

It was moved by Ms. Kessler and seconded by Mr. Zeiger that the committee recess into executive session to consult with legal counsel regarding pending or imminent litigation and to consider business-sensitive trade secrets that are required to be kept confidential by federal and state statutes.

A roll-call vote was taken, and the committee voted to move into executive session with the following members present and voting: Ms. Kessler, Mr. Kastan, Mrs. Harsh, Mr. Perez, Dr. Buchan, and Mr. Zeiger. Mr. Stockmeister and Ms. Chronis were not present for this vote.

The committee entered executive session at 8:59 a.m., and the meeting adjourned at 11:53 a.m.

**UPDATES TO CHARTERS FOR THE INTERNAL AUDIT DEPARTMENT AND  
THE LEGAL, AUDIT, RISK AND COMPLIANCE COMMITTEE**

Synopsis: Approval of the amended charters for the Internal Audit Department and Legal, Audit, Risk and Compliance committee is proposed.

WHEREAS in November 2004 the Board of Trustees adopted a charter for the Internal Audit Department; and

WHEREAS in August 2022 the Board of Trustees adopted a charter for the Legal, Audit, Risk and Compliance Committee; and

WHEREAS in August 2022 the Board of Trustees last adopted an amended and updated charter for the Internal Audit Department; and

WHEREAS new internal audit standards entitled the *Global Internal Audit Standards* became effective in January of 2025 and require updates to the Internal Audit and Legal, Audit, Risk and Compliance Committee charters to comply with the new audit standards:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby adopts the attached amended charters for the university's Internal Audit Department and the Legal, Audit, Risk and Compliance Committee.

## Purpose

The purpose of The Ohio State University's internal audit function is to strengthen The Ohio State University's ability to create, protect, and sustain value by providing The Ohio State University's Board of Trustees and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The Ohio State University's internal audit function enhances The Ohio State University's:

- Successful achievement of its objectives.
- Governance, risk management, and control process.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interests.

The Ohio State University's internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with The Institute of Internal Auditors' Global Internal Audit Standards™, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to The Ohio State University's Board of Trustees through its Legal, Audit, Risk, and Compliance (LARC) Committee.
- Internal auditors are free from undue influence and committed to making objective assessments.

### ***Commitment to Adhering to the Global Internal Audit Standards***

The Ohio State University's internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The Chief Audit Executive will report annually to the LARC Committee and senior management regarding the internal audit function's conformance with the Global Internal Audit Standards, which will be assessed through a quality assurance and improvement program.

## Mandate

### ***Authority***

The authority of The Ohio State University's internal audit function is created by its direct reporting relationship to The Ohio State University's Board of Trustees through its LARC Committee (defined within Ohio Administrative Code 3335). With this authority, the internal audit function has unrestricted access to the LARC Committee.

The LARC Committee authorizes the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish its objectives.

- Obtain assistance from the necessary personnel of The Ohio State University and other specialized services from within or outside The Ohio State University to complete internal audit services, as deemed necessary.

### ***Independence, Organization Position, and Reporting Relationships***

The Chief Audit Executive will be positioned at a level in the organization that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. The Chief Audit Executive will report functionally to The Ohio State University Board of Trustees through its LARC Committee and the President and administratively (for example, day-to-day operations) to the Senior Vice President for Business and Finance. This positioning provides the organizational authority and status to bring matters directly to senior management and escalate matters to the LARC Committee, when necessary, without interference and supports the internal audit function's ability to maintain objectivity.

The Chief Audit Executive will confirm to the LARC Committee, at least annually, the organizational independence of the internal audit function. If the governance structure does not support organizational independence, the Chief Audit Executive will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The Chief Audit Executive will disclose to the LARC Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.

### ***Changes to the Mandate and Charter***

Circumstances may justify a follow-up discussion between the Chief Audit Executive, the LARC Committee, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant reorganization within the organization.
- Significant changes in the Chief Audit Executive, composition of the LARC Committee, and/or senior management.
- Significant changes to the organization's strategies, objectives, risk profile, or the environment in which the university operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

## **LARC Committee Oversight**

To establish, maintain, and ensure The Ohio State University's internal audit function has sufficient authority to fulfill its duties, the LARC Committee will:

- Maintain a direct reporting line with the internal audit function to enable internal audit services and responsibilities to be performed independently without interference from management.
- Discuss with the Chief Audit Executive and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.
- Participate in discussions with the Chief Audit Executive and senior management about the "essential conditions," described in the Institute of Internal Auditors' Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.

- Review and approve the internal audit charter, which includes the internal audit mandate and the scope and types of internal audit services, as well as any changes or updates to the charter.
- Annually review and approve the risk-based internal audit plan with the Chief Audit Executive.
- Annually confer with senior management and the Chief Audit Executive on the internal audit function's activities, staffing, organizational structure, and budgets.
- Obtain periodic updates from the Chief Audit Executive on the performance of the internal audit function relative to its risk-based internal audit plan and discuss the reasonableness of any existing scope or resource limitations.
- Consider the effectiveness of the internal audit function, including conformance with the Institute of Internal Auditors' Global Internal Audit Standards, based on the internal audit function's quality assurance and improvement program.
- Confer with senior management and concur with the appointment or removal of the Chief Audit Executive, with specific consideration of competencies, qualifications, and performance.
- Annually confer with senior management on the performance review and associated compensation and salary adjustment of the Chief Audit Executive.
- At each meeting of the Committee, provide the Chief Audit Executive an opportunity to report significant findings and management's response and to discuss privately with the Committee any matters that the Committee or Chief Audit Executive believe should be raised.

## **Chief Audit Executive Roles and Responsibilities**

### ***Ethics and Professionalism***

The Chief Audit Executive will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organization and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organization.
- Report organizational behavior that is inconsistent with the organization's ethical expectations, as described in applicable policies and procedures.

### ***Objectivity***

The Chief Audit Executive will ensure the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the Chief Audit Executive determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install



systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for The Ohio State University or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any Ohio State University employees who are not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the Chief Audit Executive, the LARC Committee, management, or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

### ***Managing the Internal Audit Function***

The Chief Audit Executive has the responsibility to:

- Annually develop a risk-based internal audit plan that considers input of the LARC Committee and senior management. Discuss the plan with the LARC Committee and senior management and submit the plan to the LARC Committee for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the LARC Committee and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in The Ohio State University's business, risks, operations, programs, systems, and controls.
- Communicate with the LARC Committee and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards and laws and/or regulations.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the LARC Committee and senior management periodically and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfill the internal audit mandate.
- Identify and consider trends and emerging issues that could impact The Ohio State University and communicate to the LARC Committee and senior management as appropriate.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to The Ohio State University's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit

Standards. Any such conflicts will be resolved or documented and communicated to the LARC Committee and senior management.

- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the Chief Audit Executive cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the LARC Committee.

### ***Communication with the LARC Committee and Senior Management***

The Chief Audit Executive will report periodically to the LARC Committee and senior management regarding:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Internal audit budget and resource requirements.
- Significant revisions to the internal audit plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the internal audit function's conformance with the Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the LARC Committee that could interfere with the achievement of The Ohio State University's strategic objectives.
- Results of assurance and advisory services.
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond The Ohio State University's risk appetite.

### ***Quality Assurance and Improvement Program***

The Chief Audit Executive will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the Chief Audit Executive will communicate with the LARC Committee and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside The Ohio State University. Qualifications must include at least one assessor holding an active Certified Internal Auditor® credential. Public sector competencies and knowledge as well as knowledge of the Global Internal Audit Standards will be considered when selecting external assessors.

## Scope and Types of Internal Audit Services

The scope of internal audit services covers the entire breadth of the organization, including all of The Ohio State University's activities, assets, and personnel. The scope of internal audit activities also encompasses, but is not limited to, objective examinations of evidence to provide independent assurance and advisory services to the LARC Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for The Ohio State University.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of The Ohio State University's strategic objectives are appropriately identified and managed.
- The actions of The Ohio State University's officers, directors, management, employees, and contractors or other relevant parties comply with The Ohio State University's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.
- Operations and programs are being carried out effectively, efficiently, ethically, and equitably.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact The Ohio State University.
- The integrity of information and the means used to identify, measure, analyze, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

Internal audit engagements also may include conducting or assisting in the investigation of significant suspected fraudulent activities within or against The Ohio State University and notifying management and the LARC Committee of the results, as well as The Ohio State University Police Division as appropriate.

## Legal, Audit, Risk & Compliance Committee Charter

### Purpose of Committee

The Legal, Audit, Risk and Compliance Committee is a standing committee of The Ohio State University Board of Trustees established to assist the Board in fulfilling its role in providing oversight of the university's legal, audit, risk and compliance functions. Matters to be brought before the Committee may include, but shall not be limited to: reports regarding significant legal, legislative and regulatory matters and initiatives; potential and active litigation; oversight and monitoring of compliance programs and activities; university and OSU Wexner Medical Center enterprise risk management programs and business continuity planning; approval and monitoring of affiliated entities; and any other matter assigned to the Committee by the Board or the chair of the Board. Additionally, the Committee will:

- Monitor and discuss with management the financial operations of the University including the effectiveness of internal control over financial reporting.
- Focus on maintaining the integrity of the external auditor's qualifications and independence and the performance of the internal audit function and the external auditors.
- Interface with administration, outside auditors and internal auditors to evaluate financial integrity of University operations and resolve any issues raised by the University's auditors.

Although the Committee has the powers and responsibilities articulated in this charter, the Committee's core function is oversight. It is not the duty or responsibility of the Committee to plan or conduct audits. Management is responsible for the quality, accuracy and integrity of the organization's accounting practices, financial statements and reporting, and system of internal controls. The external auditor is responsible for performing an audit of the organization's financial statements.

### Committee Authority and Responsibilities

In furtherance of its purpose set forth above, the Committee shall have the authority to conduct or authorize investigations into any matters within its scope of responsibility. Specifically, it is empowered to:

- Seek access through the university to obtain counsel, accountants, or other expertise to advise the Committee or assist in the conduct of an investigation;
- Seek any information it requires from employees - all of whom are directed to cooperate with the Committee's requests - or external parties;
- Meet with university board members, officers, compliance officer, university counsel, or outside counsel, as necessary;
- Serve as an objective party, independent of management, to monitor the university's compliance with laws and regulations;
- Review all accounting operations and decisions of the University;
- Institute and oversee special financial or fraud investigations as needed and obtain accountants or other expertise to advise the Committee or assist in the conduct of an investigation; and,
- Perform any other activities consistent with this charter, the University's Bylaws, and governing law, as the Committee or the Board of Trustees deems necessary or appropriate.

The Committee will carry out the following responsibilities:

#### Legal

- Review prospective and active litigation and ongoing legal and regulatory risks of the university.



### Legal, Audit, Risk & Compliance Committee Charter

- Ensure there are no unjustified restrictions or limitations on, and review and concur in the appointment, review, replacement, or dismissal of the general counsel.
- Review periodically with the general counsel the guidelines, plans, activities, staffing, and organizational structure of the legal function.
- Review the effectiveness of the legal function.
- On a regular basis, meet separately with the general counsel to discuss any matters that the Committee or general counsel believes should be discussed privately.
- Ensure there are no unjustified restrictions or limitations on the legal function.

### Audited Financial Statements

- Review with management and the external auditors the results of the audit and resolve any disagreements.
- Review and discuss the University's annual audited financial statements with management and the external auditors prior to submission to the appropriate regulatory officials.
- Evaluate annually the external auditor's qualifications, performance, and independence, including a review and evaluation of the lead partner, taking into account the opinions of the University's management and the ~~internal audit director~~ chief audit executive, and report its conclusions to the Board of Trustees.
- Review with management and the auditors the status of the University's internal control over financial reporting, including reports on significant findings and recommendations, together with management's response.

### Internal Audit

- ~~Internal audit reports directly to the Committee.~~
- ~~Approve the internal audit charter and assure the independence of the internal audit function.~~
- Maintain a direct reporting line with the internal audit function to enable internal audit services and responsibilities to be performed independently without interference from management.
- ~~Review annually with the director of internal audit the guidelines, plans, activities, staffing, and organizational structure. Discuss with the chief audit executive and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.~~
- ~~Review the effectiveness of the internal audit function, including conformance with the Institute of Internal Auditors' Definition of Internal Auditing, Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing.~~
- ~~Have final approval authority regarding the appointment, review, and removal of the director of internal audit. At least once per year, review the performance of the internal audit director and concur with the annual compensation and salary adjustment.~~
- Participate in discussions with the chief audit executive and senior management about the "essential conditions," described in the Institute of Internal Auditors' Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Review and approve the internal audit charter, which includes the internal audit mandate and the scope and types of internal audit services, as well as any changes or updates to the charter.
- Annually review and approve the risk-based internal audit plan with the chief audit executive.
- Annually confer with senior management and the chief audit executive on the internal audit function's activities, staffing, organizational structure, and budgets.



### Legal, Audit, Risk & Compliance Committee Charter

- Obtain periodic updates from the chief audit executive on the performance of the internal audit function relative to its risk-based internal audit plan and discuss the reasonableness of any existing scope or resource limitations.
- Consider the effectiveness of the internal audit function, including conformance with the Institute of Internal Auditors' Global Internal Audit Standards, based on the internal audit function's quality assurance and improvement program.
- Confer with senior management and concur with the appointment or removal of the chief audit executive, with specific consideration of competencies, qualifications, and performance.
- Annually confer with senior management on the performance review and associated compensation and salary adjustment of the chief audit executive.
- At each meeting of the Committee, provide the ~~director of internal audit~~ chief audit executive an opportunity to report significant findings and management's response and, if needed, discuss privately with the Committee any matters that the Committee or ~~internal audit~~ chief audit executive believes should be raised.

#### External Audit

- The external auditors report directly to the Committee and provide all required audit communications to it.
- Approve the contract with the external auditor for the annual audit of the University, subject to ultimate approval of the Auditor of State.
- Pre-approve all auditing and non-audit services to be provided by the external auditor and/or delegate this authority to the Committee Chair.
- Review and approve the external auditor engagement letter.
- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.
- Review the performance of the external auditors, and with input from the administration, determine appointment or discharge of the external auditors.
- Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the University, including non-audit services.
- Provide oversight for the rotation of the lead external audit partner.
- At each meeting of the Committee, provide the external auditors an opportunity to discuss privately with the Committee any matters that the Committee or auditors believe should be raised.

#### Risk

- Discuss university policies with respect to risk assessment and risk management.
- Discuss significant risk exposures and steps to monitor, mitigate, and control these risks.
- Provide oversight of the university's insurance, business continuity, and risk management programs.
- Periodically review the university's enterprise risk management program, the OSU Wexner Medical Center risk program, major insurance policies, and related issues.



## Legal, Audit, Risk & Compliance Committee Charter

### **Compliance**

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- Obtain regular updates from the chief compliance officer and university legal counsel regarding compliance and legal matters.
- Review the findings of any examinations by regulatory agencies, and any auditor observations.
- Review compliance with Related Party/Conflict of Interest Disclosure Statements for senior management annually.
- Ensure there are no unjustified restrictions or limitations on, and review and concur in the appointment, review, replacement, or dismissal of the chief compliance officer.
- Review periodically with the chief compliance officer the guidelines, plans, activities, staffing, and organizational structure of the compliance function.
- Review the effectiveness of the compliance function.
- On a regular basis, meet separately with the chief compliance officer to discuss any matters that the Committee or compliance believes should be discussed privately.
- Ensure there are no unjustified restrictions or limitations on the compliance function.

### **Reporting Responsibilities**

- Regularly report to the Board of Trustees about Committee activities, issues, and related recommendations.
- Provide an open avenue of communication between the general counsel, risk management, government affairs, compliance and integrity, and the Board of Trustees.
- Review any other reports the university issues that relate to the Committee's responsibilities.

### **Other Responsibilities**

- Perform other activities related to this charter as requested by the Board of Trustees.
- Receive periodic updates and an annual legislative report from the office of government affairs.
- Given the reporting relationship, receive regular reports from the general counsel, director of risk management, chief audit executive and chief compliance officer and provide opportunity for them to meet separately to discuss any matters that the Committee or general counsel, director of risk management, chief audit executive and chief compliance officer believes should be discussed privately.
- Establish standards for ethical conduct, and ensure that management has established processes to meet these standards.
- Perform any other activities consistent with this charter, the university's Bylaws and governing law, as the Committee or the Board of Trustees deems necessary or appropriate.
- Review and assess the adequacy of this Committee charter annually, requesting the Board of Trustees approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- Report to the Board of Trustees, at least annually, regarding the Committee's activities in discharge of its duties as described in this Committee charter.



## Legal, Audit, Risk & Compliance Committee Charter

- Evaluate the Committee's and individual members' performance on a regular basis.

### Committee Meetings

The Committee generally shall meet in conjunction with the regularly scheduled meetings of the full Board, and at such other times and places as it deems necessary to carry out its responsibilities. The Committee has the authority to convene additional meetings as circumstances require. As necessary or desirable, the chair of the Committee may request that members of management, the general counsel, the director of risk management, the chief compliance officer, the ~~director of internal audit~~ chief audit executive and representatives of the external auditor be present at a meeting of the Committee. Meeting agendas will be prepared and provided in advance to members, along with the appropriate briefing materials.

As part of its job to foster open communication, the Committee shall meet at least annually with management, the senior vice president and general counsel, and the chief compliance officer in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately.

A majority of the voting members of the Committee shall be present in person, or as otherwise permitted under Ohio law, at any meeting of the Committee in order to constitute a quorum for the transaction of business at such meeting.

### Committee Membership

All members of the Committee, as well as the Committee chair and vice chair, shall be appointed by the chair of the Board. The chair and vice chair of the Committee shall be trustees or charter trustees. Trustees, student trustees, charter trustees and non-trustee Committee members shall all be voting members of the Committee.

In addition to the trustees appointed to the Committee, the Committee shall also consist of at least one student trustee and up to three additional non-trustee members, with majority membership by trustees at all times. Each member of the Committee shall serve for such term or terms as the chair of the Board may determine or until his or her earlier resignation, removal or death.

All Committee members must be independent of management and the external auditor. In order to be deemed independent, the Committee member:

- Does not directly have a business relationship with the University.
- Is not an executive of another corporation/university where any of the corporation's/university's executive officers serve on that corporation's/university's compensation committee.
- Does not have an immediate family member who is an executive officer of the University.

At least one member of the Committee must be designated as the "audit expert," In order to be deemed an "audit expert," at least one member of the Committee must have:

- An understanding of GAAP and financial statements.
- The ability to assess the general application of such principles in connection with the accounting for estimates, accruals, and reserves.



### **Legal, Audit, Risk & Compliance Committee Charter**

- Experience in preparing, auditing, analyzing, or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the issues that can reasonably be expected to be raised by the University's financial statements (or experience actively supervising one or more persons engaged in such activities).
- An understanding of internal controls and procedures for financial reporting.
- An understanding of audit committee functions.

#### **Staff and Other Support**

Primary staff support for the committee shall be provided by the Office of Legal Affairs with support from the Office of University Compliance and Integrity and the Office of Government Affairs. Further, the Committee shall obtain advice and assistance as needed from other advisors as deemed necessary by the Committee.

#### **University Bylaws**

The provisions of this charter are intended to comport with the bylaws of the university. To the extent that these provisions conflict, the university bylaws shall control.



KPMG LLP  
Aon Center  
Suite 5500  
200 E. Randolph Street  
Chicago, IL 60601-6436

February 5, 2025

The Legal, Audit, Risk, and Compliance Committee of the Board of Trustees  
The Ohio State University  
Columbus, Ohio

Ladies and Gentlemen:

We have audited The Ohio State University's (the University's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* (the Supplement) that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2024, and have issued our report thereon under date of February 5, 2025. A single audit encompasses an audit of the financial statements and a compliance audit of federal awards. Under our professional standards, we are providing you with the accompanying information related to the conduct of our compliance audit. We have previously provided you with the information related to the audit of the consolidated financial statements in a presentation dated November 20, 2024.

### **Our Responsibility under Professional Standards**

We are responsible for forming and expressing an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. The University's major federal programs are identified in the schedule of findings and questioned costs. We have a responsibility to perform our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). In carrying out this responsibility, we planned and performed the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. Because of the nature of audit evidence and the characteristics of fraud, we are to obtain reasonable, not absolute, assurance that instances of material noncompliance are detected. We have no responsibility to plan and perform the audit to obtain reasonable assurance that noncompliance, whether caused by error or fraud, that is not direct and material to a major federal program are detected. Our audit does not relieve management or the audit of their responsibilities.

In addition, in planning and performing our audit of compliance, we considered internal control over compliance with the types of compliance requirements that could have a direct and material effect on each major federal program as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

We also have a responsibility to communicate significant matters related to the audit of compliance that are, in our professional judgment, relevant to the responsibilities of the Legal, Audit, Risk, and Compliance Committee of the Board of Trustees (the Committee) in overseeing the financial reporting process. We are not required to design procedures for the purpose of identifying other matters to communicate to you.



The Legal, Audit, Risk, and Compliance Committee of the Board of Trustees  
The Ohio State University  
Page 2 of 2

**Disagreements with Management**

There were no disagreements with management on compliance matters that would have caused a modification of our auditors' reports on compliance for each major federal program or on internal control over compliance.

**Written Communications**

Attached to this letter please find copies of the following written communications between management and us:

1. Management representation letter

**Confirmation of Audit Independence**

We hereby confirm that as of February 5, 2025, we are independent accountants with respect to the University under relevant professional and regulatory standards.

\* \* \* \* \*

This letter to the Committee is intended solely for the information and use of the Committee and management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

**KPMG LLP**



**Office of Business and Finance**

Mr. Michael Papadakis  
Senior Vice President  
Chief Financial Officer  
1590 North High Street, Suite 400  
Columbus, OH 43210

February 5, 2025

KPMG LLP  
200 East Randolph Street Suite 5500  
Chicago, Illinois 60601

Phone: (614) 292-8520  
Fax: (614) 292-2820  
E-mail: Papadakis.6@osu.edu

Ladies and Gentlemen:

We are providing this letter in connection with your audit of the financial statements of the business-type activities, the aggregate discretely presented component units, and the related notes to the financial statements of The Ohio State University (the University) as of and for the year ended June 30, 2024, for the purpose of expressing opinions as to whether these financial statements present fairly, in all material respects, the respective financial position, changes in financial position, and, where applicable, cash flows thereof in conformity with U.S. generally accepted accounting principles (U.S. GAAP). We are also providing this letter to confirm our understanding that the purpose of your testing of transactions and records from the University's federal programs in accordance with Title 2 U.S. Code of Federal Regulations Part 200 (2 CFR 200), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), was to obtain reasonable assurance the University complied, in all material aspects, with the requirements of federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024. You were previously provided with a letter of representations under the date of November 20, 2024.

We confirm, to the best of our knowledge and belief:

1. No events have occurred subsequent to November 20, 2024 and through the date of this letter that would require adjustment to or disclosure in the financial statements;
2. No information has come to our attention about conditions that existed as of June 30, 2024 that would have a material effect on the effectiveness of internal control over financial reporting as of June 30, 2024, or management's assertions thereon.
3. We are responsible for taking corrective action on audit findings of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

Additionally, we confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purposes of appropriately informing ourselves, as of February 5, 2025, the following representations made to you during your single audit:

4. The University has complied with requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of its major federal programs, except as identified in the schedule of findings and questioned costs.
5. The University meets the definition of an eligible institution under 34 CFR 600.7(a)(1).
6. We have accurately completed the appropriate sections of the data collection form.
7. The reporting packages does not contain protected personally identifiable information.



THE OHIO STATE UNIVERSITY

Very truly yours,  
The Ohio State University

Walter "Ted" Carter Jr.

President

Mike Papadakis

2/5/2025

Michael Papadakis

Senior Vice President and Chief Financial Officer

DocuSigned by:

Kristine Devine

2/5/2025

Kristine Devine

Vice President of Operations and Deputy Chief Financial Officer

DocuSigned by:

Lisa Plaga

2/5/2025

Lisa Plaga

Controller and Senior Director of Shared Services