



# **Annual Report on Statewide Internal Audit Activities**

## **Covering Fiscal Year 2013**

December 24, 2013

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<http://oregon.gov/DAS/IA/>

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## STATEWIDE INTERNAL AUDIT GOVERNANCE OVERVIEW

Oregon Revised Statute (ORS) 184.360 dictates internal audit activities within state government be coordinated to promote effectiveness. DAS was directed to adopt rules setting standards and policies for internal audit functions within state government, which were established as Oregon Administrative Rule (OAR) 125-700 Internal Auditing. Additionally, ORS 184.360 requires DAS to annually submit a report to the Joint Legislative Audit Committee describing internal audit activities that have occurred in state government during the year; this report serves to meet that requirement by providing information on agency internal audit functions during fiscal year (FY) 2013. In the absence of the Joint Legislative Audit Committee, the report shall be submitted to the Joint Committee on Ways and Means or the Emergency Board.

The Institute of Internal Auditors (IIA), a globally recognized organization, defines internal auditing as an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.<sup>1</sup>

### **2013 Update**

DAS created the Statewide Audit Advisory Committee (SAAC) through OAR 125-100-120 in 2006 to assist in fulfilling its duties to coordinate internal audit activities. In August 2013, SAAC was dissolved, in part due to the loss of the DAS Statewide Internal Audit Coordinator position during the 2013 Legislative Session. In dissolving the SAAC, it was determined some of the coordinating duties would be maintained within DAS and others could be transferred to the Chief Audit Executive Council (Council). At the time of the change, the DAS CAE was a contributing member to the Council, but there was no formal charter establishing the group.

In October 2013, a formal charter was drafted by the Council to document a purpose for the committee, including language to coordinate internal audit activities on the statewide level and look for ways to promote effectiveness. This charter is scheduled to be formally approved at the Councils' January 2014 meeting. As part of the charter, the Deputy COO and the Audits Division Director of the Secretary of State Office are both invited to attend all meetings of the council to help ensure its statewide focus.

DAS will continue to coordinate internal audit activities within the state with the assistance of the Council. As part of the change in structure, DAS will be working to update OAR Chapter 125-700 to reflect the dissolution of SAAC.

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<sup>1</sup> International Professional Practices Framework issued January 2011

## **STATEWIDE AUDIT ADVISORY COMMITTEE**

OAR 125-700-0120

The mission of SAAC is to promote the benefits of professional, standards-based internal auditing services in state government. SAAC serves in an advisory capacity to the Director of DAS. It is comprised of members both internal and external to state government and meets quarterly to discuss statewide audit matters and issues of interest.

On June 30, 2013, SAAC's membership roster included:

Sarah Miller, Chair, Deputy Chief Operating Officer, DAS

Gary Blackmer, Director, Oregon Audits Division

Kingsley Click, Director, Judicial Department, (delegated to David Moon, Business and Fiscal Services Division Director)

Michael Freudenthal, Chief of Internal Review for the U.S. Army Corps of Engineers, Portland District, External Member

Marlene Hartinger, CAE, Oregon Department of Transportation

Kim Johnsen, External Member, Portland General Electric

Theresa Masse, State Chief Information Security Officer, DAS

Ken Rocco, Director, Legislative Fiscal Office (delegated for FY13 to Paul Siebert, Principal Legislative Analyst)

Jason Stanley, CAE, Public Employees Retirement System

Satish Upadhyay, Administrative Services Division Chief, Oregon Department of Forestry

Marc Williams, Administrative Services Division Administrator, Oregon Department of Justice

Renee A. Klein, CAE, DAS (Ex-Officio)

### ***FY 2013 SAAC Activities***

During FY 2013, SAAC worked on the following projects that affected the statewide internal audit community:

- Reviewed and approved the FY2012 Statewide Internal Audit Activity Report.
- Reviewed and approved exception requests for agency's under special circumstances.
- Subcommittee completed an audit committee handbook posted on the web for agency use.
- Subcommittee worked to review the number of mandated audits and reporting requirements affecting internal auditors, many of which originate from a DAS OAR or policy. The results were reported to the DAS Policy Team, which will work to make changes as OARs and/or policies are reviewed.
- Review of enterprise-wide risk themes as reported by agencies.
- In conjunction with agencies and the Chief Audit Executives SAAC discussed the following:
  - Sharing audit resources across agencies.
  - Usage and concerns related to TeamMate audit software.

# AGENCY INTERNAL AUDIT FUNCTION GOVERNANCE

OAR 125-700-0020, 125-700-0135, 125-700-0150

## Agency Functions

Thirty-two agencies currently meet the criteria in OAR 125-700-0020 requiring an internal audit function (biennial expenditures exceed \$100,000,000; number of Full Time Equivalent (FTE) employees exceeds 400; or dollar value of cash items processed annually exceeds \$10,000,000).

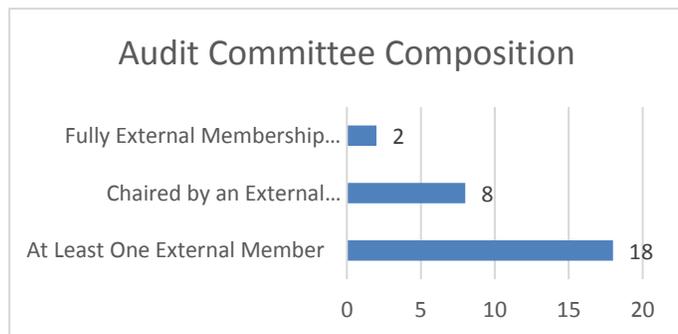
Of the agencies required to have an internal audit function, twenty-four have an established internal audit function with formal internal audit duties assigned to audit staff. There are three functions that share an internal auditor(s) across more than one agency; each agency involved in the shared service model meets the requirement to have an internal auditor. The shared functions cover the following agencies:

- Department of Human Services and Oregon Health Authority
- Oregon Department of Education and Community Colleges and Workforce Development
- Department of Forestry, Department of Fish and Wildlife and Department of Agriculture

## Audit Committees

Each agency required to have an internal audit function is also required by OAR 125-700-0135 to establish and maintain an audit committee to provide oversight of auditing and internal control for the agency and to help ensure the independence of the internal audit function. Agencies are encouraged to include qualified external members of governing boards, commissions, individuals from outside their agency, or senior management officials not directly responsible for the internal audit function to enhance public accountability and transparency.

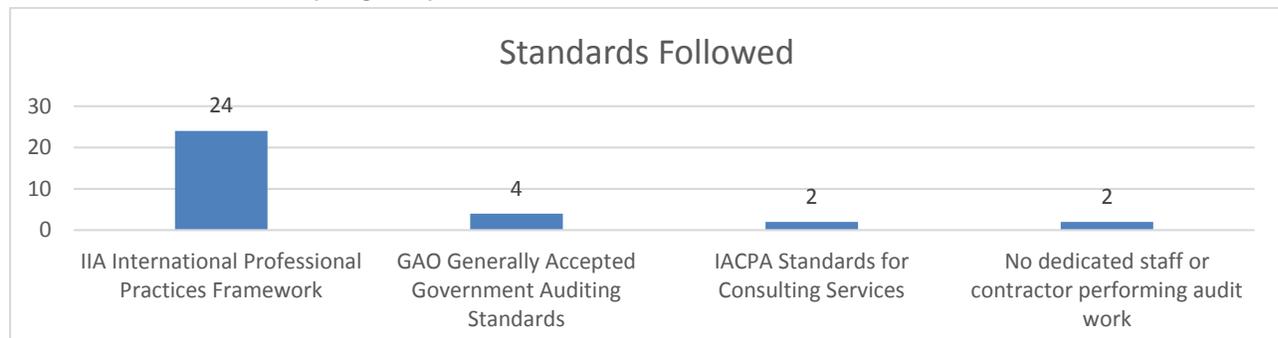
The three internal aud functions that are shared across more than one agency report to a single audit committee with members from all participating agencies.



## Reporting Structure

In order for the CAE to maximize objectivity, the position should report administratively to the agency head or designee and functionally to the audit committee. Of the agencies that reported to have a Chief Audit Executive or equivalent position, including contractors, thirty-one reported that they report to the Director or Deputy Director level position within the Agency, and had full access to the audit committee.

## Standards Followed by Agency Audit Functions and Contractors



## SUMMARY OF INTERNAL AUDIT ACTIVITIES FOR FY 2013

ORS 184.360, OAR 125-700-0125

Information on audit functions contained in the table below is as of June 30, 2013.

Agency	Total IA Staff	Number of Staff Vacancies	Annual Risk Assessment	Risk Based Audit During the Year ORS 184.360 (4)	Governance and Risk Management Process Audit*	Next External Review
Administrative Services	2 <sup>1</sup>		Yes	Yes	Yes	2016
Consumer and Business Services	1	1	Yes	Yes	Yes	2015
Department of Corrections	3		Yes	Yes	Yes	2015
Department of Education / Community Colleges and Workforce Development	1		Yes	No	No	2016
Department of Forestry/Department of Fish and Wildlife/Agriculture	1		No <sup>3</sup>	No <sup>3</sup>	No <sup>3</sup>	2018
Department of Justice	1	1	No	No	No	2012 <sup>4</sup>
Department of Revenue	3 <sup>2</sup>		Yes	Yes	Yes	2015
Department of State Lands	1		Yes	No	Yes	2018
Department of Transportation	8 <sup>2</sup>		Yes	Yes	Yes	2014
Dept. of Human Services / Oregon Health Authority	8	2	Yes	Yes	Yes	2016
Employment Department	1		Yes	Yes	Yes	2017
Judicial Department	1		Yes	Yes	Yes	2016
Oregon Department of Energy	1 <sup>1,2</sup>	1	Yes	Yes	No	2015
Oregon Lottery	4		Yes	Yes	Yes	2015
Oregon State Treasury	2		Yes	Yes	Yes	2017
Oregon University System	10	1	Yes	Yes	Yes	2016
Oregon Youth Authority	1	1	No <sup>3</sup>	No <sup>3</sup>	No <sup>3</sup>	2016
Parks and Recreation	1 <sup>2</sup>		Yes	Yes	Yes	2014
Public Employees Retirement System	3		Yes	Yes	Yes	2015
State Police	1		Yes	Yes	Yes	2018
<b>Total</b>	54	7				

<sup>1</sup> Shared one position; each getting .50 FTE.

<sup>2</sup> In addition to regular FTE, had a developmental, limited duration, temporary employee or intern position for at least part of the fiscal year.

<sup>3</sup> Positions were vacant for most of the fiscal year.

<sup>4</sup> Auditor left position during fiscal year.

\*Per ORS 184.360 (5) an audit of governance and risk management functions must only occur once every five years. This requirement has only been in effect since January 1, 2010; five years has not elapsed since the effective date.

The remaining eight agencies are currently attempting to fulfill OAR requirements through alternate methods as denoted in the following table (Note: these agencies do not have to fulfill the external review requirement):

Agency	Method	Annual Risk Assessment	Risk Based Audit During the Year	Governance and Risk Management Process Audit*
Oregon Business Development Department	Internal Audit Services are contracted out.	Yes	Yes	No
Department of Environmental Quality (DEQ)	A contractor and other staff within DEQ were utilized for internal audit services (.25 FTE).	No	Yes	Yes
Oregon Housing and Community Services	Agency currently going through reorganization and is currently subject to audits from several other sources (SOS, Federal, etc). SAAC approval granted to wait to hire until agency reorganizational changes are complete.	n/a	n/a	Yes
Oregon Liquor Control Commission	Audit services are accessed by either contracting or employing qualified individuals on a part-time basis. (.25 FTE)	Yes	Yes	Yes
Oregon Military Department	Internal Audit Services are contracted out.	Yes	Yes	Yes
Public Utility Commission of Oregon	Utilizing other staff (.2 FTE).	No	No	Yes
Oregon Student Access Commission	Internal Audit Services are contracted out.	No	No	No
Oregon Department of Veterans' Affairs	Planning to Outsource (vacant since 2010).	No	No	No

\*Per ORS184.360 (5) an audit of governance and risk management functions must only occur once every five years. This requirement has only been in effect since January 1, 2010; five years has not elapsed since the effective date.

## INTERNAL AUDIT FUNCTION STAFF

### ***Professional Certifications and Advanced Degrees***

Of the twenty-six agencies who reported having some staff or staff time dedicated to the internal audit function during FY 2013, twenty-two (91 percent) reported having at least 1 staff member who held a professional designation or advanced degree (some staff members hold more than 1). The following percentages of employees hold these designated professional certifications:

	FY 2012	FY 2013
Certified Public Accountant (CPA)	43 percent	39 percent
Certified Internal Auditor (CIA)	40 percent	34 percent
Certified Information Systems Auditor (CISA)	25 percent	18 percent
Certified Government Audit Professional (CGAP)	14 percent	7 percent
Certified Fraud Examiners (CFE)	14 percent	16 percent
Certified in Risk Management Assurance (CRMA)	New	2 percent
Certificate in Public Management (CPM)	3 percent	3 percent

Additionally one internal auditor in state government is a Certified Investment Derivative Auditor.

Also within the audit community, the following percentages of employees hold advanced degrees:

	FY 2012	FY 2013
Masters of Business Administration (MBA)	25 percent	25 percent
Masters of Public Administration (MPA)	10 percent	11 percent

### ***Professional Organizations***

Nearly all agencies reported that internal audit staff are members of the Institute of Internal Auditors (IIA). Auditors (or staff who perform audit services) from the Departments of Administrative Services, Corrections, Forestry, Lottery, Transportation and Oregon University System served on the Salem Chapter Board of the IIA during FY 2013.

Other memberships in professional organizations held by at least one internal auditor in Oregon state government include (most associated with professional certifications held or related to a specific agency's mission): Oregon Society of and American Institute of Certified Public Accountants, Oregon Public Performance Management Association, Association of Certified Fraud Examiners, Government Finance Officers Association, Information Systems Audit and Control Association, Information Systems Security Association, Association of Government Accountants, and Association of College and University Auditors.

## EXTERNAL REVIEWS

125-700-0145

State internal audit functions are required to have an external peer review in accordance with the professional standards they follow. The IIA's *International Professional Practices Framework* requires an external quality assurance review every five years and the requirement under the United States Government Accountability Office's *Generally Accepted Government Auditing Standards* is for an external review to be performed every three years.

For those agencies that follow the IIA's issued standards, the Quality Assurance framework provides a system for rating conformity to those standards which consists of three categories: generally conforms, partially conforms, and does not conform.

- **Generally conforms** means that an internal audit activity has a charter, policies, and processes that are judged to be in accordance with the *Standards* in all material respects, but some opportunities for improvement may exist.
- **Partially conforms** means that practices were noted that are judged to deviate from the *Standards*, but they did not preclude the internal audit activity from performing its responsibilities in an acceptable manner.
- **Does not conform** means that deficiencies in practices were judged to be so significant as to seriously impair or preclude the internal audit activity from performing adequately in all or in significant areas of its responsibilities.

The agencies below submitted an External Review report in FY 2013; all received a ranking of Generally Conforms:

- Oregon Military Department
- Oregon State Treasury
- Department of State Lands
- State Police

A reciprocal agreement between agencies was created so that internal auditors could review other functions' work to meet the external quality assurance requirements. This agreement allows internal audit functions to meet the intent of the standards without having to pay a contractor for this work to be performed. Agencies that participated on review teams are as follows:

- Oregon Parks and Recreation Department
- Department of Corrections

The IIA's *International Professional Practices Framework* requires the CAE to develop and maintain a quality assurance and improvement program which must also include internal assessments of all aspects of the internal audit activity. The following agencies completed internal reviews during FY 2013: Corrections, Department of Human Services/Oregon Health Authority.

## SUMMARY OF WORK PERFORMED IN FY 2013

125-700-0130

### ***SPOTS Review***

In FY 2010, the state's internal audit community formed a partnership with the Atkinson Graduate School of Management at Willamette University to allow students taking a Fraud and Controls course to perform Small Purchase Order Transaction System (SPOTS) review work at agencies. The project provides students professional experience and introduces them to career opportunities in internal audit. It also provides required compliance review work at a low cost to state agencies and some audit capacity for agencies without an internal audit function; as well as the opportunity for networking and for internal auditors to gain supervisory experience.

In FY 2013, the following agencies participated and received a completed SPOTS review project from a student in the class:

- Department of Administrative Services
- Department of Agriculture
- Oregon Business Development Department
- Department of Consumer and Business Services
- Oregon Department of Education
- Department of Fish and Wildlife
- Oregon Military Department
- Oregon Parks and Recreation Department
- Department of Revenue
- Department of State Lands
- Oregon State Treasury
- Oregon Public Utility Commission
- Oregon Youth Authority

Additionally, auditors at the Oregon Departments of Revenue, State Lands, Corrections and Parks and Recreation provided oversight and supervision to students performing the review at an agency without an internal auditor.

Other agencies also performed a SPOTS review or audit but did not participate in the partnership with Willamette University; those audits are listed in the Audit Reports Issued table beginning on page 12 of this report.

## ***Audit Reports Issued***

This listing includes work performed in accordance with standards that resulted in a report or letter to management.

### Legend for Audit Report Risk Rankings Column:

*Low:* Overall materiality and/or impact of reported audit findings to operations are low. Management appears to be exercising reasonable oversight of the function or program.

*Medium:* Overall materiality and/or impact of reported audit findings to operations are moderate. Management has opportunities to improve its oversight.

*High:* Overall materiality and/or impact of reported audit findings to operations are high. Management should take action.

*Note: Auditors are not required by standards or OAR to provide risk rankings for audit reports.*

<b>Agency Name</b>	<b>Audit Report Name</b>	<b>Date Issued</b>	<b>Audit Report Risk</b>
Administrative Services	Follow Up Audit	12/13/2012	Low
	Contract Administration - HRSD	12/17/2012	High
	Contract Administration - Consulting	12/17/2012	High
	Accounts Payable Process Review	1/29/2013	Low
	Cash Handling Follow Up Review	1/29/2013	Low
	Enterprise Asset Management Policy Review	3/14/2013	Low
	Key Performance Measures Data Integrity	5/14/2013	Low
Department of Consumer and Business Services	Annual Risk Assessment (performed by DOR audit staff)	9/30/2012	Low
	DCBS Cost Allocation (performed by DOR audit staff)	5/28/2013	Medium
Department of Corrections	SIU - OSCI Investigation Consultation	11/28/2012	Not Ranked
	Workers Compensation Audit	5/2/2013	Not Ranked
	OMR Contracting Practices Consultation	6/4/2013	Not Ranked
	Inmate Welfare Fund Audit	6/10/2013	Not Ranked
	OCE Change of Administrator Review	6/13/2013	Not Ranked
	Annual (DOC) SPOTS Audit	6/27/2013	Not Ranked
Department of Environmental Quality	Solid Waste Tipping Fee	11/6/2012	Medium
	Small Purchase Order Transaction System Credit Cards	11/30/2012	Low
	DEQ Laboratory	4/10/2013	Medium
Department of Fish and Wildlife	PCI & ACH Compliance Review (performed by DOR audit staff)	6/27/2013	Low
	Risk Assessment (performed by DOR audit staff)	10/18/2013	Low
Department of Revenue	Tobacco Stamp Inventory Count Procedure Audit	2/28/2013	Medium
	Tobacco Qrtly Inventory Rec Report	4/29/2013	Medium
	Payroll Audit	6/27/2013	Medium

Agency Name	Audit Report Name	Date Issued	Audit Report Risk
	Risk Assessment & Audit Plan	7/22/2013	Low
Department of State Lands	2013 Quality Assurance Review	6/28/2013	Medium
Department of Transportation	Statewide Financial Audit Follow-up	9/19/2012	Low
	Grants Pass Transit Shelters	12/12/2012	Low
	Construction Quality Assurance Follow-up	1/8/2013	Low
	DAS Delegated Authority	4/5/2013	Low
	Bridge A&E Contract Administration	4/12/2013	Medium
	Sellwood Bridge Survey	5/1/2013	Low
	Major Projects Branch A&E Contract Administration	6/3/2013	Low
Dept. of Human Services / Oregon Health Authority	Branch Audit Report - Beaverton APD Branch	8/6/2012	Medium
	Licensing of Residential Treatment Facilities for Children	10/10/2012	Medium
	Branch Audit Report - SOCP Brooks Home	10/23/2012	Medium
	Branch Audit Report - Klamath Falls APD Branch	12/3/2012	High
	Small Purchase Order Transaction System	3/6/2013	Low
	Critical Incident Response Team Safety Plan Follow-up	3/11/2013	High
	Protocol for Return of County Programs	4/2/2013	Not Ranked
	Oregon State Hospital Medicaid Cost Settlement Report FY 2012 (Financial Review)	4/2/2013	Low
Department of Justice	SPOTS Card Program Review CY2012	7/31/2013	Not Ranked
Employment Department	BlackBerry Phone Use	9/12/2012	Low
	SPOTS	10/19/2012	Medium
	KPM Review	10/30/2012	Low
	Pass-Through Fund Review	5/15/2013	Low
	HR Payroll Process	5/31/2013	Medium
	IT Operations Management Control Review	6/7/2013	High
Judicial Department	2012-1 Internal Controls Review	8/29/2012	High
	2012-2 Change of TCA 11th Judicial District	10/3/2012	Medium
	2012-3 Accounting & Cash Handling 13th & 26th Judicial Districts	12/18/2012	Medium
	2013-3 Change of TCA 7th Judicial District	4/2/2013	Medium
	2013-2 Change of TCA 24th Judicial District	4/15/2013	Medium
	2013-4 SPOTS	4/18/2013	Low
	2013-1 Change of TCA 25th Judicial District	5/7/2013	Medium
Oregon Business Development Department	Key Programs and Functions Review Phase 1	6/27/2013	High
	Portfol Data Governance Internal Audit	6/29/2013	High

<b>Agency Name</b>	<b>Audit Report Name</b>	<b>Date Issued</b>	<b>Audit Report Risk</b>
Oregon Department of Energy	Small Purchase Order Transaction System Program Audit	9/30/2012	Not Ranked
	Data Integrity for Energy Savings Reporting	6/30/2013	Not Ranked
Oregon Liquor Control Commission	Small Order Purchase Transaction System Audit for 2011	6/6/2013	Low
	Administrative Policy & Process Division Review	9/10/2013	High
Oregon Lottery	Information Security Program	8/9/2012	High
	Visa Card Program Review	9/13/2012	Low
	Video Game Software Releases	10/26/2012	Medium
	IA Participation in 2012 Thanksgiving Day Raffle Draw	12/21/2012	Low
	Vacation Leave Exhaustion Upon Separation	1/9/2013	Medium Low
	Lottery's Business Continuity & Disaster Recovery	1/25/2013	High
	Follow Up on Previously Issued Audit Findings	2/8/2013	Low
	Data Integrity of Performance Measures Review/Consultation	6/28/2013	High
	Contract Administration	6/28/2013	High
Oregon Military Department	Risk Assessment FY 2013	9/10/2012	Medium
	Food Service Program	3/14/2013	Medium
	Camp Rilea & Camp Biak Billeting Program	3/15/2013	Medium
	Armory Rental Program	6/26/2013	High
Oregon State Treasury	Sensitive Information Review	7/18/2012	Medium
	Real Estate Audit	9/19/2012	Low
	Operational Review of OPERF	1/22/2013	High
	Network Penetration Test	2/20/2013	High
Oregon University System	OSU HR Admin Processing	7/2/2012	Not Ranked
	OUS Treasury/Internal Bank	7/3/2012	Not Ranked
	UO President Transition	7/3/2012	Not Ranked
	UO VP F&A Transition	7/3/2012	Not Ranked
	SOU Follow-up	8/27/2012	Not Ranked
	PSU Follow-up	8/27/2012	Not Ranked
	WOU Follow-up	8/27/2012	Not Ranked
	OSU Follow-up	8/31/2012	Not Ranked
	UO Follow-up	8/31/2012	Not Ranked
	EOU Follow-up	8/31/2012	Not Ranked
	OIT Follow-up	8/31/2012	Not Ranked
	CO Follow-up	8/31/2012	Not Ranked
	UO VP Research Transition	10/4/2012	Not Ranked
	WOU Dept. Fiscal Review	12/20/2012	Not Ranked

<b>Agency Name</b>	<b>Audit Report Name</b>	<b>Date Issued</b>	<b>Audit Report Risk</b>
	UO Capital Construction Contracting	1/4/2013	Not Ranked
	EOU Dept. Fiscal Review	1/4/2013	Not Ranked
	UO NCAA Football Attendance Certification	2/6/2013	Not Ranked
	OSU NCAA Football Attendance Certification	2/12/2013	Not Ranked
	SOU Dept. Fiscal Review	4/10/2013	Not Ranked
	OIT Dept. Fiscal Review	4/10/2013	Not Ranked
	SOU Dept. of Communications Faculty	5/13/2013	Not Ranked
	UO Athletics Compliance Program Design	5/15/2013	Not Ranked
	OSU Athletics Compliance Program Design	5/15/2013	Not Ranked
	CO Follow-up	6/28/2013	Not Ranked
	PSU Follow-up	6/28/2013	Not Ranked
	EOU Follow-up	6/28/2013	Not Ranked
Parks and Recreation	Oregon State Fair Management Review 2012	1/29/2013	Medium
	Audit Report on Construction Contracting and Project Management	5/7/2013	High
Public Employees Retirement System	Individual Account Program Processes	9/21/2012	Medium
	Information Technology Governance	10/10/2012	High
	Individual Account Program Transactions	10/25/2012	Medium
	Benefit Calculations	10/25/2012	Medium
	Data Verification and Employer Audit	6/28/2013	High
Public Utility Commission of Oregon	OUSF Comparison	5/31/2013	Low
State Police	Weapons Reconciliation Consulting Report	1/29/2013	Low

### **Other Value-Added Activities**

This listing includes activities provided by auditors within and external to their agency. Including professional activities, audit related value-added activities not tied not directly related to an audit or formal consulting engagement. For example this may include involvement on committees, participation in statewide activities, and liaison work with external auditors.

<b>Agency</b>	<b>Other Value Added Activity</b>
Administrative Services	Provided research and consulting services to managers upon request.
	Staff served as members of the local board of the Institute of Internal Auditors.
Department of Corrections	Public Safety Shared Resources Team
	Fiscal Services/ Revenue Generation Review Team - Follow up from previous audit
	Mass Ingenuity / C.O.R.E Team (Organizational Transformation)
	Diversity Survey Feedback - Assisted with report documentation
	Cost of Care Investigations
	Key Performance Measure Coordinator
	Assisted in fraud investigations
	Provided guidance on application of the Oregon Ethics Law
Department of Environmental Quality	Water Quality Division requested a review of DEQ's current permit systems to help DEQ leadership determine how DEQ will process permits in the future.
	The Air Quality Division requested a review of their ACDP Simple Fee billing process to identify systematic practices that may be underlying sources of potential billing errors.
Department of Fish and Wildlife	PCI Compliance Review using Navis
Department of Justice	Provided presentation on Risk Assessment, Risk Analysis, and Risk Management to Division Management.
	Provided responses to questions about the agency's internal audit function, including the audit committee.
	Provided responses to questions about the agency's expiring Special Records Retention Schedule, and potential issues for revising the schedule, and Secretary of State's (SOS) Archives Division procedures.
	Discussed interpretation and significance of a federal audit report to agency risk.
	Provided responses to questions about internal controls related to new procedures for accounting for fundraising and cash handling.
	Responded to questions on appropriate incident response and the criteria for reporting property losses to DAS Risk Management and the SOS Audits Division.
	Provided responses to questions on interpretation of House Bill (HB) 3291 for financial audits and for protocol for reporting to the Legislative Assembly within six months of SOS audit report issuance.
	Responded to request to complete Hackett Group survey questions related to the agency's internal audit function. The goal of the study was to determine areas for potential cost savings statewide.
	Prioritized department activities based on risk.
Department of Revenue	Miscellaneous Cash Policy overview
	DOR blog submissions
	DOR Ethics Committee

<b>Agency</b>	<b>Other Value Added Activity</b>
	Core System Replacement Team
	Secretary of State Audit Liaison
	Three OYA consultations
	Staff member of the Federal Tax Information Joint Agency Committee
Department of State Lands	Extensive consulting services throughout the Department's preparation of 2012 financial statements, including preparation of notes to the statements.
	Consulting services on accounting for capital asset purchases
	Preparation of the 2013 DAS Risk Management annual survey and property report.
	Training for staff on appropriate documentation for data reported annually regarding Key Performance Measures
Department of Transportation	On-going follow up on completed audit reports and reviews
	Coordination with Secretary of State Audits Division
	Enterprise risk management facilitation
	Participate in peer review process for other state DOTs
	Coordination on peer review program for American Association of State and Highway Transportation Officials' (AASHTO) Administrative Subcommittee on Internal/External Audits
	AASHTO Audit Conference Planning
	Compile and publish monthly newsletters for the Salem Chapter of the Institute of Internal Auditors (IIA)
	Participated on DMV Fee Study Advisory Committee
	Participated on Statewide Audit Advisory Committee
Dept. of Human Services / Oregon Health Authority	Coordinated agencies' risk assessment activities;
	Helped facilitate nine separate Secretary of State, Audits Division external reviews (including the Statewide Financial and Compliance reviews of eight major programs);
	Helped facilitate 19 federal reviews;
	Provided support to other program areas on five contracted audits;
	Helped facilitate three federal studies;
	Coordinated follow-up efforts on prior audit findings;
	Presented as part of agencies' management training efforts; and
	Participated in Shared Services Information Services Committee
Oregon Department of Agriculture	Conduct Payment Card Industry (PCI) Self-Assessment Questionnaire (SAQ) to self-evaluate and attest agency compliance to the PCI Data Security Standard.
	Work with US Bank and Treasury to map Accounts Receivable processes for ODA license renewals to identify potential process improvements.
	Provide information to assist with multi-agency cost allocation review.
Oregon Department of Energy	Conducted a follow-up review of previous audit reports to determine progress made to date on implementation of recommendations.
	Conducted a review of an Energy Resource Supplier Annual Report to affirm that information reported was complete and accurate.
Oregon Liquor Control Commission	Liquor Pricing Study: Impact of Washington's Initiative 1183

Agency	Other Value Added Activity
	Impact of Initiative 1183 on Oregon Liquor Sales
	Impact of Oregon Distilleries on Annual Sales Revenue
	Annual Trends in Enforcement and Licensing by Region
	Liquor Store Relocation Using GIS
	Process improvement for liquor delivery scheduling
Oregon Lottery	Reviewed financial statements for FY 2012 of two local chapters of professional organizations – The Institute of Internal Auditors and the Information Systems Audit and Control Association.
	CAE provided a presentation at the Quarterly Lottery Management Team to introduce herself to the organization and establish a working relationship for Internal Audit with the organization’s leadership. She also met directly with the Executive Leadership Team (ELT) on forming a platform for a future relationship and interactions between ELT and Internal Audit
	IA staff met regularly with members of the Traditional Products team to review and discuss proposed changes to processes in order to help ensure adequate controls are maintained during process improvements. Also, researched and provided feedback to management on various other process improvement opportunities and draft documents including Free Play Procedures and ‘Lottery-to-Go’ - advice on cash handling processes for a new business model at Woodburn Company Stores.
	Researched and provided input to management of various Department’s on a multitude of topics including SOC 16 guidance on 3rd party reviews, records retention and storage, MUSL 2012 agreed upon Procedures Report, updates to internal control documents referencing internal audit’s role in the organization, and alternative procurements.
	CAE serves on the IIAs Global Academic Relations Committee, Audit Committee for the Oregon State Board of Education, and a Statewide Audit Advisory Committee subcommittee reviewing current requirements for State Internal Audit functions.
	The CAE served on a various interview panels to hire agency personnel.
	Facilitated a panel discussion of several state agency Chief Audit Executives for the Salem chapter of the Institute of Internal Auditors lunch in March. The discussion covered best practices around working with an organization on Enterprise Risk Management.
	A staff auditor attended a 7-Step problem solving training event then participated on a team to solve a problem related to redundancies between systems.
	Served as a liaison to Management on an External Audit of the new Accounting and Procurement System.
Oregon University System	Served as external audit liaison with federal and state agencies to provide synergy.
	Administered and expanded the Financial Concerns Hotline to encompass a broader range of reporting as the Fraud, Waste, and Abuse Hotline. Initiated and created a Code of Ethics for adoption by the Oregon State Board of Higher Education.
	Consulted with system and campus personnel on various policy issues and system design.
	Consulted and followed up on campus data security breaches.
	Presented internal control sessions to campuses.

Agency	Other Value Added Activity
	Provided orientations to new finance committee members and key personnel.
	Participated in professional association leadership: Association of College and University Auditors – Board Member at Large and Deputy Editor of the College & University Auditor Journal.
	Institute of Internal Auditors Salem Chapter – IT committee chair, Treasurer, education committee member, luncheon speaker for ERM panel.
	Participated on NCAA focus group to improve financial reporting transparency for Athletics Programs.
	Presented at the Association of Governing Board National Conference on Value of Internal Audit at a University.
Parks and Recreation	CAE participated in the IA Requirements Subcommittee hosted by DAS
	CAE completed a validation of the Oregon State Land's Quality Assurance Review Self-Assessment.
Public Employees Retirement System	CAE serves as the CAE Council Coordinator and SAAC Representative.
	CAE serves on the METRO financial audit committee.
	CAE serves as Information Security Officer and attends Information Security Board Meetings.
	Staff serve on Problem Solving and Breakthrough Team Committees.
	Various consulting engagements and projects throughout the year
Public Utility Commission of Oregon	Continuation of monthly Brown-Bag presentations relating to agency and State-related topics. These presentations have a relationship to risk reduction by providing a broader knowledge base for our staff about legal, safety, legislative, budgetary, financial, and industry issues. By creating a broader understanding of pertinent issues, the agency is promoting risk reduction, as well as obtaining feedback about potential risks - as staff understand the issues and how they impact the agency and the State as a whole.
State Police	Public Safety Internal Audit Work Group
	Enterprise Risk Assessment Committee
	Northern Command Center Consulting (Non IIA Standard Reporting)