



# Oregon

Kate Brown, Governor

## Department of Administrative Services

Office of the Chief Operating Officer

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December 31, 2015

Senator Richard Devlin, Co-Chair  
Representative Peter Buckley, Co-Chair  
Joint Committee on Legislative Audits  
900 Court Street NE  
Salem, Oregon 97301

**Re: Annual Report on Statewide Internal Audit Activities for the fiscal year ended June 30, 2015**

Dear Senator Devlin and Representative Buckley:

It is an honor to present the Department of Administrative Services' (DAS) annual report on statewide internal auditing activities, as required by Oregon Revised Statute (ORS) 184.360 (6).

The fiscal year 2015 report includes:

- the status of the governance of internal auditing in the state;
- a summary of the composition of statewide internal audit functions; and
- a summary of internal audit activity, including audit reports issued and other value-added work performed by state agency internal audit functions.

If you have questions, or would like to obtain additional information, please contact Zachary Gehringer, DAS Chief Audit Executive, at (503) 378-3076.

Sincerely,

George Naughton  
Acting Chief Operating Officer and DAS Director

Cc: Chief Audit Executives and Leadership of Agencies with an internal audit function  
Ken Rocco, Legislative Fiscal Office  
Theresa McHugh, Committee Administrator



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

**Fiscal Year 2015**

Issued December 31, 2015

Compiled by the Department of Administrative Services Internal Audit Section  
Zachary Gehringer, Chief Audit Executive

## Table of Contents

Introduction .....	3
2015 Updates .....	3
Statewide Internal Audit Governance Overview.....	4
Internal Auditing Requirements.....	4
Agency Internal Audit Function Governance.....	4
Summary of Internal Audit Functions for FY 2015.....	5
Internal Audit Function Staffing .....	7
Professional Certifications and Advanced Degrees.....	7
Professional Organizations.....	7
Summary of Internal Audit Activity for FY 2015 .....	8
Audit Reports Issued.....	8
SPOTS Review   Student Work.....	12
Other Value-Added Activities.....	13
External Reviews .....	17

## Appendices

Appendix 1: Abbreviations .....	18
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## Introduction

Oregon Revised Statute (ORS) 184.360 directs the Department of Administrative Services (DAS) to coordinate internal audit activities within the state to promote effectiveness. DAS has adopted rules setting standards and policies for internal audit functions within state government, which may be found in Oregon Administrative Rule (OAR) 125-700 "Internal Auditing." Additionally, ORS 184.360 requires DAS to submit an annual report to the Joint Legislative Audit Committee that describes internal audit activities that have occurred in state government during the year. The following report serves to meet that requirement by providing information on state agency internal audit functions during fiscal year (FY) 2015.

In order to coordinate internal audit activities within the state, DAS supports the Chief Audit Executive Council (CAEC). The CAEC serves as a collaborative group with the intent of sharing information to help promote coordination of internal audit activities and to advise the Office of the Chief Operating Officer (COO) on internal audit related business needs and challenges between state agencies and DAS.

In October 2013, a formal charter was drafted by the CAEC 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 was formally approved at the CAEC's 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 meetings of the CAEC to help ensure a statewide focus.

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*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."*

*Source: The International Professional Practices Framework (IPPF) 2013 Edition, published by the IIA Research Foundation*

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## 2015 Updates

- During the 2013 regular session, Senate Bill 270 disbanded the Oregon University System (OUS) and established independent governing boards for certain public universities. The internal audit functions at these universities are no longer separately or collectively required to report internal audit activity to DAS, though they are invited to participate in the CAEC.

## Statewide Internal Audit Governance Overview

### Internal Auditing Requirements

OAR 125-700-0125

Twenty-nine agencies reported meeting the criteria in OAR 125-700-0020 requiring an internal audit function or contract equivalent. The criteria include biennial expenditures that exceed \$100 million; number of full time equivalent (FTE) employees exceed 400; or dollar value of cash items processed annually exceed \$10 million. Of the agencies required to have an internal audit function, 21 have an established internal audit function with formal internal audit duties assigned to audit staff. The methods the remaining eight agencies use to fulfill the internal audit requirement are outlined in Table 2 (page 6).

There are two internal audit functions that are shared by more than one agency, and each agency involved in a shared service model meets the requirement to have an internal auditor. In FY 2015, the following agencies shared internal audit services:

- Department of Human Services and Oregon Health Authority
- Department of Forestry, Department of Fish and Wildlife and Department of Agriculture

In addition to the shared functions listed above, the Departments of Administrative Services, Consumer and Business Services, and Revenue have completed two years of a collaborative pilot program that allows each agency to individually maintain internal audit functions while sharing resources to audit risks that are similar across all three agencies. Strengths identified in this relationship include: feedback from other auditors, access to specialized audit skills, increased ability to fulfill auditing standard requirements, and additional independence.

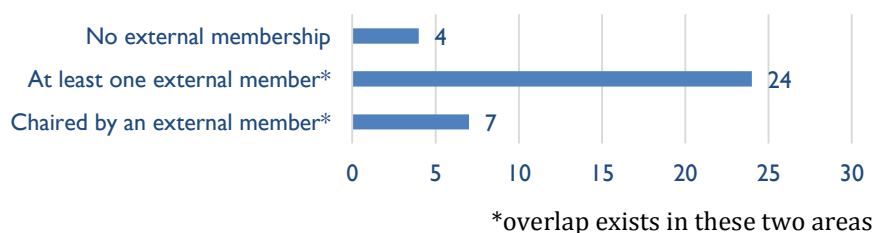
### Agency Internal Audit Function Governance

OAR 125-700-0135

Each agency required to establish and support an internal audit function or contract equivalent is also required to establish and maintain an audit committee. The audit committee provides functional oversight of the internal audit function for the agency and to help ensure the internal audit function’s independence. 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. Figure 1 illustrates the composition of state agency internal audit committees, which demonstrates improvement in external membership from FY 2014.

The internal audit functions that are shared across more than one agency (mentioned in “Internal Auditing Requirements” above) report to shared audit committees, comprised of members from all participating agencies.

Figure 1: Audit Committee Composition



## Summary of Internal Audit Functions for FY 2015

ORS 184.360, OARs 125-700-0140 and 125-700-0145

Table 1 summarizes statewide internal audit staffing levels reported by agencies as of June 30, 2015, along with elements of agency requirements from OAR 125-700. A guide to agency abbreviations may be found in Appendix 1 on page 20 of this report. Several agencies scheduled for external reviews in Table 1 for calendar year 2015 will report their external review results in the *FY 2016 Annual Report on Statewide Internal Audit Activities*.

**Table 1: Summary of Internal Audit Functions for FY 2015**

Agency	Total IA Staff	Number of Staff Vacancies	Risk Assessment Completed†	Risk Based Audit During FY 2015	Governance and Risk Management Process Audit every 5 years‡	Next External Review
DAS	1		FY 2015	Y	Y	2016
DCBS	1		FY 2015	Y	Y	2015
DHS/OHA	8	1	FY 2015	Y	Y	2016
DOC	3		FY 2015	Y	Y	2020
ODF	.5*		FY 2015	Y	Y	2018
DOJ	1	1	FY 2015	N	N	2016
DOR	2		FY 2015	Y	Y	2015
DSL	1	1	FY 2013	Y	Y	2017
ODE	1		FY 2013	N	Y	2016
ODA	0.25*		FY 2015	Y	N	2019
ODOE	1		FY 2015	N	N	2019
ODFW	0.25*		FY 2015	Y	Y	2018
ODOT	6		FY 2015	Y	Y	2017
OPRD	1		FY 2015	Y	Y	2020
OED	1		FY 2015	Y	Y	2017
OJD	2		FY 2015	Y	Y	2016
OSL	3		FY 2015	Y	Y	2015
OSP	1		FY 2015	Y	Y	2018
OST	2		FY 2015	Y	Y	2017
OYA	1		FY 2015	N	Y	2018
PERS	3		FY 2015	Y	Y	2016
<b>Total</b>	<b>40</b>	<b>3</b>				

\* Sharing one position for FY 2015

† Risk assessments may have been completed after June 30, 2015, but before the reporting deadline of September 30, 2015 or the end of the calendar year.

‡ Per ORS 184.360 (5), an audit of governance and risk management functions must occur at least once every five years. This requirement has been in effect since January 1, 2010; this is the first annual report in which five years has elapsed since the effective date.

The remaining eight agencies are currently fulfilling OAR internal audit requirements through alternate methods denoted in Table 2. The following agencies are not required to fulfill the external review requirement of OAR 125-700-0145; that responsibility falls on the contracted auditing entity, per government auditing standards.

**Table 2: Other Agency Internal Audit Arrangements**

Agency	Method	Risk Assessment Completed†	Risk Based Audit During FY 2015	Governance and Risk Management Process Audit every 5 years‡
BIZ	Internal audit services are contracted out.	FY 2014	Y	Y
DEQ	A contractor and other staff within DEQ were utilized for internal audit services (.25 FTE).	FY 2012	N	Y
OHCS	As agency transitions from a period of exemption from CAE requirement, OHCS plans to contract, partner, or staff internal audit responsibilities beginning in FY 2017.	FY 2012	N	Y
OLCC	Internal audit services are contracted out.	FY 2015	N	Y
OMD	Internal Audit Services are contracted out.	FY 2015	Y	Y
PUC	Utilizing other staff (.25 FTE).	FY 2012	N	Y
OSAC	Internal Audit Services are contracted out.	FY 2014	N	N
ODVA	Internal Audit Services are contracted out.	FY 2015	N	N

† Risk assessments may have been completed after June 30, 2015, but before the reporting deadline of September 30, 2015 or the end of the calendar year.

‡ Per ORS 184.360 (5), an audit of governance and risk management functions must occur at least once every five years. This requirement has been in effect since January 1, 2010; this is the first annual report in which five years has elapsed since the effective date.

## Internal Audit Function Staffing

### Professional Certifications and Advanced Degrees

Of the 24 agencies that reported some staff or staff time dedicated to the internal audit function during FY 2015, 22 (92 percent) reported having at least one staff member who held a professional designation or advanced degree; many staff members hold more than one. Table 3 demonstrates the composition of designated professional certifications held by internal audit staff. In addition to these levels of expertise attained, the following certifications all require some level of continuing education to be maintained by internal audit staff.

In addition to the certifications listed in Table 3, members of the auditing community also hold degrees in Business Administration, Public Administration, Public Policy, Management, and other advanced degrees.

**Table 3: Professional Certifications of Internal Audit Staff**

Certification Type	FY 2013	FY 2014	FY 2015*
Certified Public Accountant (CPA)	39%	35%	27%
Certified Internal Auditor (CIA)	34%	39%	30%
Certified Information Systems Auditor (CISA)	18%	20%	15%
Certified Government Audit Professional (CGAP)	7%	12%	12%
Certified Fraud Examiner (CFE)	16%	18%	15%
Certified in Risk Management Assurance (CRMA)	2%	6%	6%

### Professional Organizations

Of the 24 agencies that reported having some staff or staff time dedicated to the internal audit function during FY 2015, 23 (96 percent) reported that internal audit staff are members of the Institute of Internal Auditors (IIA). Internal audit staff from the Judicial Department, Department of Forestry, Oregon Lottery, Department of Human Services/Oregon Health Authority, and the Oregon Department of Transportation served on the Salem Chapter Board of the IIA during FY 2015.

Other professional organizations that internal auditors in Oregon state government participate in include: Oregon Society of Certified Public Accountants, and American Institute of Certified Public Accountants, Association of Certified Fraud Examiners, Government Finance Officers Association, and Information Systems Audit and Control Association.






## Summary of Internal Audit Activity for FY 2015

OAR 125-700-0140

### Audit Reports Issued

Table 4 describes audit work performed during FY 2015 in accordance with auditing standards that resulted in a report or letter to management.

#### Legend for Audit Report Risk Rankings:

-  **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 auditing standards, ORS, or OAR to provide risk rankings for audit reports.*

**Table 4: Audit Reports and Management Letters issued in FY 2015**

Agency Name	Audit Report Name	Date Issued	Audit Report Risk
<b>BIZ</b>	Documented Processes Review	9/9/2014	High
	SPOTS Program Review FY2014	11/16/2014	Medium
	Oregon Cultural Trust On-Site Electronic Deposit Procedure Documentation (Consulting Engagement)	4/28/2015	High
	Oregon Cultural Trust Credit Card Payment Procedure Documentation (Consulting Engagement)	4/28/2015	High
<b>DAS</b>	Small Purchase Order Transaction System (SPOTS) Program Audit	5/7/2015	Low
	DAS Records Management Audit	7/6/2015	Medium
<b>DCBS</b>	Insurance Division External Review Process	8/17/2015	Low
	Records Management	5/21/2015	Medium
<b>DEQ</b>	Water Quality Permitting Process	12/9/2014	Medium
	Outcome Based Process Measure Review	5/28/2015	Medium
	SPOTS Card Process Audit	8/5/2014	Low
	Laboratory - Organic and Inorganic Section	12/9/2014	Low
<b>DHS/OHA</b>	MMIS Claims	10/15/2014	Low
	Information Technology Security Program	5/15/2015	Medium
	Federal Reporting and MMIS Interface Mapping	11/3/2014	Low
	Cost Allocation Communications	5/26/2015	Low

Agency Name	Audit Report Name	Date Issued	Audit Report Risk
<b>DHS/OHA (cont'd)</b>	Small Purchase Order Transaction System 2012-13	3/31/2015	Low
	Internal Fraud Communications	8/26/2014	Low
	Staff Safety	4/3/2015	Medium
	Contracting - Delegated Authority	4/28/2015	Low
	Douglas County Return of Mental Health Program	9/16/2014	Low
	Douglas County Return of Developmental Disabilities Program	3/31/2015	Low
	Oregon State Hospital Cost Settlement FYE 6-30-2014	3/31/2015	Low
	Oregon State Hospital Cost Settlement FYE 6-30-2013	6/24/2015	Low
<b>DOC</b>	Contract Administration	7/25/2014	High
	DOC Internal Quality Assurance Review	12/19/2014	Medium
	Safety Programs	12/29/2014	High
	Recruitment and Background Investigations	3/30/2015	High
	Shared Services - DPSST SPOTS Review	4/29/2015	Low
	DOC SPOTS Review	4/30/2015	Low
	Rules and Policy Maintenance	5/18/2015	High
	Deferred Maintenance	6/10/2015	High
<b>DOR</b>	Field Office Payment Handling Audit	12/1/2014	High
	Records Management Audit - DCBS	5/21/2015	Medium
	Records Management Audit - DAS	7/7/2015	Medium
	Records Management Audit - DOR	7/31/2015	Medium
	Mobile Device Security Audit	11/10/2014	High
<b>ODE</b>	Program evaluation of the Legal and Compliance unit of the Office of Child Care, Early Learning Division	10/18/2015	High
	Study of factors influencing Oregon's ranking on the nationwide Adjusted Cohort Graduation Rate (high school graduation rate)	4/22/2015	Medium
<b>ODA</b>	Annual Risk Assessment	6/30/2015	Low
	Oregon Department of Agriculture Fleet Audit	6/30/2015	Medium
<b>ODF</b>	Annual Risk Assessment	8/10/2015	Low
	Contract, grants, and other financial-related transactions	3/13/2015	Medium
	Contracting: Delegated Authority - Delegation No. 740-13	10/29/2014	Low
	SPOTS Card Internal Audit Report	6/30/2015	Low
<b>ODFW</b>	Point of Sale Vendor Management	6/30/2015	Medium
<b>ODOT</b>	Information Asset Physical Security	7/31/2014	Medium
	IT Procurement Follow-up	12/24/2014	Medium

Agency Name	Audit Report Name	Date Issued	Audit Report Risk
<b>ODOT (cont'd)</b>	FY 2013 SPOTS Review	10/6/2014	Low
	FY 2014 SPOTS Review	4/21/2015	Low
<b>OED</b>	Time Code Usage	6/23/2015	Medium
	SPOTS	9/23/2014	Low
	Designated Procurement Officer Duties/Functions	7/21/2014	Low
	Gratuity - Tips	10/17/2014	Medium
	Retention Records Schedule	12/30/2014	Low
<b>OJD</b>	Change of Trial Court Administrator - Linn	9/26/2014	Medium
	Small Purchase Order Transaction System	10/3/2014	Low
	Cash Handling and Accounting - 6th Judicial District	11/14/2014	Medium
	Configuration Management	1/6/2015	Medium
	Cash Handling and Accounting - 21st Judicial District	2/6/2015	Medium
	Central Accounting Services	3/18/2015	Medium
	Change of Trial Court Administrator - Multnomah	3/22/2015	Medium
<b>OMD</b>	FY 2015 Comprehensive Risk Assessment and Audit Plan	7/15/2014	Medium
	Epitome Configuration Consulting Services	10/31/2014	Medium
	Armory Rental Program Follow Up	11/7/2014	High
	OEM 9-1-1 GIS and MSAG Reimbursement Process	12/12/2014	High
	2015 Billeting Follow Up Report	3/6/2015	Medium
<b>OPRD</b>	Payroll Audit	10/28/2014	High
	OPRD Concessions Program Audit	6/30/2015	High
	2015 SPOTS Review	6/30/2015	Low
	Invoicing Audit	10/28/2014	Low
	Change of Director Audit	10/28/2015	Low
<b>OSL</b>	IT Non-Capital Assets Tagging & Inventory Process	9/29/2014	Low
	Visa Card Program	11/21/2014	Low
	Retailer Application and Contract Processes Part 2	6/26/2015	Medium
	Policy Development and Management Practices	8/22/2014	Medium
	IA Participation in 2014 July 4th Raffle Drawing	7/3/2014	Low
	Retailer Application and Contract Processes Part 1	11/21/2014	Medium
	IA Participation in the 2014 Halloween Raffle Drawing	11/13/2014	Low
<b>OSP</b>	OUCR Audit	7/24/2014	Medium
	SPOTS Audit	11/26/2014	Low
	Property/Evidence Program Audit	4/30/2015	High

Agency Name	Audit Report Name	Date Issued	Audit Report Risk
<b>OST</b>	Wire Transfer Audit	4/13/2015	Medium
	Data Lifecycle Consulting	6/9/2015	High
<b>OYA</b>	Small Purchase Order Transaction System (SPOTS) 2015	6/10/2015	Low
	Information Services organization assessment	5/26/2015	Medium
<b>PERS</b>	Limited Review of Payments to Deceased People	7/1/2014	Medium
	SPOTS Card Audit	7/8/2014	Low
	Benefit Calculations	9/30/2014	Low
	IT Change Management	1/12/2015	High
	Death Identification Audit	5/1/2015	Medium

## SPOTS Review | Student Work

Since 2010, Oregon's internal audit community has maintained a partnership with the Atkinson Graduate School of Management at Willamette University, which allows students taking a *Fraud and Controls* course to perform a Small Purchase Order Transaction System (SPOTS) review at participating state agencies. The project provides students professional experience and introduces them to career opportunities in internal auditing. The partnership also helps facilitate compliance review work at a low cost to state agencies, offers opportunities for networking for the students, and supervisory experience for many internal auditors.

In FY 2015, the following agencies participated and received a completed SPOTS review project from a Willamette student:

- Department of Administrative Services
- Department of Public Safety Standards and Training (DPSST)
- Department of Corrections
- Department of Education
- Department of Forestry
- Department of Housing and Community Services
- Parks and Recreation Department
- Public Utility Commission
- Youth Authority

Several agencies utilized student resources for other auditing projects. In addition to the work completed as part of the course, the following agencies hosted Willamette University student internships over the summer to complete other audit projects:

- Department of Agriculture
- State Police

Additionally, auditors at the Oregon Department of Corrections, Department of Forestry, Parks and Recreation Department, and Department of Revenue 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 Table 4 beginning on page 8 of this report.

## Other Value-Added Activities

Table 5 represents activities provided by auditors within or external to their agency leadership, including professional activities, audit related value-added activities not directly related to audits or consulting engagements. For example, these activities might include participation on a committee, participation in statewide activities, or acting as a liaison with external auditors.

**Table 5: Other Value-Added Activities in FY 2015**

Agency	Other Value Added Activity
<b>BIZ</b>	Chief Audit Executive participated on the Statewide Convenience Price Agreement committee.
<b>DAS</b>	Internal Audit Request for Proposal (RFP)
	Liaison for external audit activities including the Secretary of State Audits Division.
	Provided research and consulting services as needed for management.
	Participated in external quality assessment.
<b>DEQ</b>	Annual Internal Audit for Oregon Environmental Laboratory Accreditation Program - Per National Environmental Laboratory Accreditation Program (NELAP) Requirements. 3/31/2015
	Evaluation Team member for evaluating the Texas Commission on Environmental Quality (TCEQ) Laboratory Accreditation Program. May/June 2015
<b>DHS/OHA</b>	Coordinated agency risk assessment activities
	Helped facilitate 12 separate Secretary of State, Audits Division external reviews (including the Statewide Financial and Compliance reviews of nine major programs)
	Assisted in coordination of SOS Hotline inquiries
	Helped facilitate 18 federal reviews
	Provided support on a contracted IT review
	Provided metric information for Quarterly Business Reviews
	Coordinated follow-up efforts on prior audit findings
	Presented as part of agency management training efforts
	Participated in Shared Services Information Services Committee
	Participated in Joint OHA and DHS Program Integrity Committee
	Participated in Medicaid Program Integrity Committee
<b>DOC</b>	Reviewed DOJ Billings
	Key Performance Measures/Mass Ingenuity (CORE Efforts)
	Assisted in suspected fraud and misuse investigations
	Conducted cost of care reviews
	Provided guidance on application of the Oregon Ethics Law on a number of occasions
	Acted as liaison with external auditors
	Participated in the Public Safety Shared Services Model
	Participated in an external quality assurance review for a state agency
	Membership on the Chief Audit Executive Council
	Membership on the agency Executive Management Team

Agency	Other Value Added Activity
<b>DOR</b>	Core Systems Replacement Team
	Secretary of State Audit Liaison
	IIA Volunteering - Board Member and Campus Outreach
	CPA Development Program
	Nonvoting Member of Information Security Policies Committee
	Nonvoting Member of Business Continuity Committee
	Nonvoting Member Security Team Committee
	Nonvoting Member of CPA Liaison Committee
	Chair of Chief Audit Executive Council
<b>ODE</b>	Consultation to management: responding to a US Dept. of Education audit of subrecipient monitoring. March, 2015
	Consultation to management: Head Start program oversight: financial/compliance analysis and training to recognize red flags on external audit reports (financial and single audits). March, 2015
	Presentation at the annual conference, Association of Local Government Auditors, San Diego, CA, May 5, 2015. Topic: Black Swan Diving: estimating risk from high-exposure, low-frequency events
	Presentation to Oregon Secretary of State Auditors, Brown-bag lunch, July 22, 2015
	Consultation to management: compliance by a, NGO receiving federal pass-through funds for nutritional services. August, 2015
	Analytical work to support three-year audit plan development. February, July, 2015
<b>ODA</b>	Conduct Payment Card Industry (PCI) Self-Assessment Questionnaire (SAQ) to self-evaluate and attest agency compliance to the PCI Data Security Standard.
	Participate in statewide committee updating Oregon Accounting Manual (OAM) SPOTS Policy.
	Implement updates to online license renewal system to further improve efficiencies in processing license renewal fee payments.
	Implement a new fleet management application for improved vehicle utilization.
<b>ODOE</b>	During the year Internal Audit facilitates with external audits and assessments, provides data analysis, and works with management on process documentation and improvement.
<b>ODF</b>	ODF CAE served as the Past President and CAP coordinator for the Salem Chapter of the Institute of Internal Auditors for FY15.
	ODF CAE led Internal Audit Quality Assurance Review project for Oregon Parks and Recreation Department.
	ODF CAE participated in State CAE Council Meetings.
	ODF CAE provided internal audit assistance to Oregon Department of Fish and Wildlife and Oregon Department of Agriculture.
<b>ODFW</b>	Completed Payment Card Industry (PCI) Self-Assessment
	Completed Automatic Clearing House Risk Assessment
	Completed Information Security Business Risk Assessment
	Conducted Housing Agreement/Payment Review
	Conducted Director's Financial Review
	Served on Department of Administrative Services Audit Committee

Agency	Other Value Added Activity
<b>ODFW (cont'd)</b>	Participated in Statewide Audit Committee
	Coordinated agency-wide follow-up efforts on prior audits
	Coordinated External Audits with Secretary of State and Bureau of Reclamation
	Provided research and consulting to managers upon request related to areas of risk and financial concerns
	Developed new framework for asset tracking
	Review and transition from existing mainframe fish dealer accounting system to new server-based system
	Review and transition to vendor-based ACH process from mainframe system.
	Review and transition to new statewide cash register system.
<b>ODOT</b>	CAE served as Board Officer on American Association of State and Highway Transportation Officials (AASHTO) Administrative Subcommittee on Internal/External Audits
	Hosted national AASHTO conference on Internal/External Auditing
	Conducted regular follow-up on completed audits
	Staff served on Board of Salem Chapter of the Institute of Internal Auditors
	Served as participating member in AASHTO audit peer review program
	Conducted review of SPOTS Card Program for Department of Aviation
	Provided consulting services to the Board of Nursing
	Provided consulting services on ODOT's fuels tax audit program
	Assisted Transit Division in contracting for agreed-upon procedures
	Provided training to ODOT staff on invoice review
	Provided Department of Administrative Services with information on administering statewide price agreement with Qualified Rehabilitation Facilities
<b>OED</b>	Business Continuity Meetings
	Trade Act Annual Independent Data Validation
	Address Cross-Match Quarterly review
	Lockbox comparison Review
	Confidentiality Handbook Review
	UI Integrity Meetings
	UI/DHS VR Contract Review
	ACH Risk Assessment
	CAE Council Vice-Chair
	IIA Salem Chapter
<b>OJD</b>	Provided advice on internal control and segregation of duties activities in several circuit courts and divisions
	Liaison for external audit activities
	Served as the President of the Salem Chapter of the Institute of Internal Auditors
	Completed follow-up audit reports
	Provided feedback on various draft policies



Agency	Other Value Added Activity
<b>OMD</b>	Created an Internal Audit Manual and updated audit charters.
<b>OPRD</b>	Chief Audit Executive was the Vice President of the Salem Chapter of the Institute of Internal Auditors
	Chief Audit Executive sits on the Chief Audit Executive Council
<b>OSL</b>	One member of IA served as the Membership Chair of the Salem Chapter of the Institute of Internal Auditors and has served on the Salem IIA Board since 2012.
	One member of IA served as the Secretary of the Salem Chapter of the Institute of Internal Auditors.
	IA provided consulting advice to other state agency internal audit departments regarding contract administration best practices employed by the Lottery.
	Internal Audit Manager served as the liaison for an external performance audit conducted by the Oregon Secretary of State Audits Division.
	IA developed a quarterly audit follow-up process to provide timelier status reports to the Lottery's Audit Committee regarding management's progress in resolving open audit recommendations.
	IA provided informal advice to Lottery management regarding situations requiring interpretation of the Lottery's Ethics Policy.
<b>OSP</b>	Public Safety Audit Collaborative
	PacPride/Voyager Fuel Card Consulting
	Weapons Tracking system - follow up
<b>OST</b>	Project Management on Investment Solutions Project
<b>OYA</b>	Participated as an active member of Public Safety Audit Collaborative
	Participated as an active member of Institute of Internal Auditors Salem Chapter
	Participated in State of Oregon Audit RFP evaluation process
	Participated as an active member of State of Oregon Chief Audit Executive Council
	Participated in Oregon Diversity Conference
	Continued development of audit collaborative within the Council of Juvenile Correctional Administrators (CJCA) audit community to enhance value of internal audit function at both state and national levels
<b>PERS</b>	Participation in problem solving teams.
	Participation in Breakthroughs.
	CAE serves on METRO audit committee.
	CAE has information security role and leads the Information Security Board meetings.
	Taught session on IT auditing to Auditing Class at Willamette University.
	Participation on interview panels.
	Assisted with organizing the semi-annual Association of Public Pension Fund Auditors conference.
	Assisted with organizing the semi-annual Association of Public Pension Fund Auditors conference.

## External Reviews

### OAR 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* (IPPF) requires an external quality assurance review every five years; the United States Government Accountability Office's *Government Auditing Standards* requires an external peer review to be performed every three years.

For the agencies that follow the IIA's issued standards, the IPPF 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.



*International Professional Practices Framework (IPPF) 2013 Edition, published by the IIA Research Foundation.*

For agencies that follow the United States Government Accountability Office's *Government Auditing Standards*, the peer review report must express a professional judgment of **pass**, **pass with deficiencies**, or **fail**.

During FY 2015, three agencies were required to have an external review: the Department of Corrections, Oregon Parks and Recreation Department, and the Department of Transportation. Each of the three agencies received the highest rating for their respective auditing standards.

*Note: Several other agencies scheduled for external reviews in Table 1 (page 5) for calendar year 2015 will report their external review results in the FY 2016 Annual Report on Statewide Internal Audit Activities.*



*Government Auditing Standards, 2011 Revision, published by the U.S. Government Accountability Office (GAO).*

## Appendix I: Abbreviations

Abbreviation	Term or State Agency Name	Page(s) Mentioned
<b>BIZ</b>	Business Oregon	6, 8, 13
<b>CAE</b>	Chief Audit Executive	14, 15, 16
<b>CAEC</b>	Chief Audit Executive Council	3
<b>DAS</b>	Department of Administrative Services	3, 5, 8, 9, 12, 13, 15
<b>DCBS</b>	Department of Consumer and Business Services	4, 5, 8, 9
<b>DEQ</b>	Department of Environmental Quality	6, 8, 13
<b>DHS</b>	Department of Human Services	4, 5, 7, 9, 13, 15
<b>DOC</b>	Department of Corrections	5, 9, 12, 13, 18
<b>DOJ</b>	Department of Justice	5, 13
<b>DOR</b>	Department of Revenue	4, 5, 9, 12, 14
<b>DSL</b>	Department of State Lands	5
<b>FY</b>	Fiscal Year	N/A
<b>IIA</b>	Institute of Internal Auditors	3, 7, 14, 15, 16, 18
<b>IPPF</b>	International Professional Practices Framework (or "red book")	3, 18
<b>OAR</b>	Oregon Administrative Rule	N/A
<b>ODA</b>	Oregon Department of Agriculture	5, 10, 12, 14, 15
<b>ODE</b>	Oregon Department of Education	5, 12, 14
<b>ODF</b>	Department of Forestry	5, 10, 14, 15
<b>ODFW</b>	Department of Fish and Wildlife	4, 5, 9, 14-15
<b>ODOE</b>	Oregon Department of Energy	5, 14
<b>ODOT</b>	Department of Transportation	5, 7, 9-10, 15, 17
<b>ODVA</b>	Oregon Department of Veterans' Affairs	6
<b>OED</b>	Oregon Employment Department	5, 10, 15
<b>OHA</b>	Oregon Health Authority	4, 5, 7, 9, 13, 15
<b>OHCS</b>	Oregon Housing and Community Services	6, 12
<b>OJD</b>	Oregon Judicial Department	5, 7, 10, 15
<b>OLCC</b>	Oregon Liquor Control Commission	6
<b>OMD</b>	Oregon Military Department	6, 10, 16
<b>OPRD</b>	Oregon Department of Parks and Recreation	5, 10, 12, 14, 16, 17
<b>ORS</b>	Oregon Revised Statute	N/A
<b>OSAC</b>	Oregon Student Access Commission	6
<b>OSL</b>	Oregon Lottery	5, 7, 10, 16
<b>OSP</b>	Oregon State Police	5, 11, 12, 16
<b>OST</b>	Oregon State Treasury	5, 11, 16

<b>Abbreviation</b>	<b>Term or State Agency Name</b>	<b>Page(s) Mentioned</b>
<b>OUS</b>	Oregon University System	3
<b>OYA</b>	Oregon Youth Authority	5, 11, 12, 16
<b>PERS</b>	Public Employees Retirement System	5, 11, 16
<b>PUC</b>	Public Utility Commission of Oregon	6, 12
<b>SPOTS</b>	Small Purchase Order Transaction System	8-12, 14, 15