



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

## **Fiscal Year 2023-24**

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## EXECUTIVE SUMMARY

The Oregon Department of Administrative Services (DAS) is responsible for coordinating internal auditing in Oregon state government, and reporting on statewide internal audit activities annually. This report also includes information on the history, role, and impact of internal auditing within Oregon state agencies, boards and commissions, highlights individual audit and consulting projects, and describes priorities for the coming year.

Internal auditing is an independent, objective assurance and advisory service designed to add value and improve an organization's operations. Governing bodies and senior management rely on internal audit for assurance and insight on the effectiveness and efficiency of governance, risk management and internal controls. Oregon state agencies which meet certain criteria are required to establish, maintain and fully support an internal audit function within existing resources.<sup>1</sup>

### Establishment of Internal Audit Programs

Internal audit staffing in Oregon state government is near the highest levels ever noted after a historic low in 2018. The criteria for the requirement to establish an internal audit program is set in Oregon Administrative Rule 125-700 and is based on amount and characteristics of an agency's budget, the size of its staff, and the amount of cash processed annually.

The criteria for the requirement were met by 34 agencies, boards, and commissions. All agencies meeting the criteria have either established a program or have been granted an exemption by DAS, and agencies are working with DAS to identify solutions for those agencies without dedicated audit resources.



### Auditing, Consultation and Risk Assessment

Oregon's agencies completed 24 risk assessments, 55 audits and 34 consulting engagements in the recent fiscal year.

Several projects focused on key risk areas, such as IT security, data governance, physical security, contract administration and performance in industry-specific programs. Only three agencies with established audit functions did not complete an audit last year.



### Implementation of Audit Recommendations

Internal auditors are liaisons to external audit teams from the Secretary of State Audits Division and federal agencies and follow-up on all audit findings to promote implementation.

Governor Kotek's agency expectations include a focus on implementation and tracking of audit recommendations, which emphasizes the importance of auditing for effective management of public agencies.



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<sup>1</sup> Oregon Revised Statute 184.360 and Oregon Administrative Rule 125-700

## Professional Auditing Standards and Code of Ethics

Internal auditors apply standards set by professional auditing organizations such as the Institute of Internal Auditors and the Federal Government Accountability Office to ensure adequate independence, objectivity and quality. Standards also require auditors to maintain personal integrity, honesty and professional courage.



In 2025, a significant revision to internal auditing standards takes effect. Public and private organizations applying standards set by the Institute of Internal Auditors, commonly known as the Red Book, must implement and conform to the new standards.

This includes Oregon state agencies. The updates strengthen the responsibilities of internal auditors to maintain independence and objectivity and perform their work in service of the public interest.

## Auditor Independence and Objectivity

All state agencies with established audit programs use a dual-reporting structure: reporting administratively to the agency director or deputy director and functionally to the agency audit committee. This structure promotes the ability of internal audit functions to maintain independence and objectivity.



### Value of Internal Audit

- Independent and objective insight, assurance, consultation and advice
- Promotes transparency, performance and accountability
- Improves governance, risk management and control

## Priorities for 2024-2025

Beyond the implementation of new auditing standards, other priorities for fiscal year 2024-25 include:

- Establishment of new internal audit functions and development of a pilot program for internal auditing as a shared service
- Improvement of audit recommendation implementation rates
- Improvement of compliance with External Quality Assessment requirements

DAS would like to thank the statewide community of internal auditors, audit committee members and agency leaders for their work and ongoing commitment to internal auditing in Oregon state government.

# INTRODUCTION AND BACKGROUND

## Purpose

As outlined in [Oregon Revised Statute 184.360](#) and [Oregon Administrative Rule 125-700](#), the Oregon Department of Administrative Services (DAS) is responsible for coordinating internal auditing in Oregon state government to promote effectiveness, compliance with audit standards, and completion of minimum expectations for audit services. DAS is also responsible for annual reporting of statewide internal audit activities.

Agencies that meet at least two of the following criteria for two or more consecutive biennia are required to establish, maintain and fully support an internal audit function within existing resources:

- Total biennial expenditures which exceed \$200 million
- 400+ full time equivalent employees
- \$20 million+ annual cash processed
- Greater than 50% of total funding from federal and other funds

These agencies are required to select and conform to chosen auditing standards, produce an annual agency-wide risk assessment and audit plan, perform at least one risk-based audit per year and audit an element of the agency's governance and risk management processes at least once every five years. Agency conformance with these elements is outlined in the body of the report.

## Overview of Internal Auditing in the Public Sector

There are several professions which, like auditing, evaluate or review an organization's processes and results to identify improvements. Often, the term "audit" is used to describe such an effort.

For the purposes of this report, our discussion of auditing is limited to formal audit functions which apply professional auditing standards. These standards set expectations which ensure auditors are objective, independent, competent and produce quality work based on sufficient evidence.

Auditors achieve these outcomes by following requirements in standards for the structure of the audit function and its reporting relationships, and the processes for conducting audits and consulting projects.

## Definition of Internal Auditing

"Internal Auditing is an independent, objective assurance and advisory service 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 governance, risk management, and control processes."

—The Institute of Internal Auditors

Oregon state government has both internal and external audit functions. While both roles involve application of audit standards and expectations for independence, objectivity and competency, they differ in the primary standards they use and the groups to which they are accountable.

Internal Auditors	External Auditors
Employees of the organization they audit	Employees of an outside organization
Independent from the activities they audit	Independent of the organizations they audit
Trusted partner and advisor for those charged with governance and senior management	Source of accountability for auditees on behalf of the public and elected officials
Usually responsible for auditing a single agency	Responsible for auditing multiple agencies
Provide ongoing monitoring, risk assessment, consultation and advice	Provide intermittent or annual audits, and often have a specific focus on auditing financial statements
Primarily apply standards set by the Institute of Internal Auditors	Primarily apply standards set by the Federal Government Accountability Office
Both have unrestricted access to information relevant to completion of their audit objectives, and both embrace independence, objectivity, quality, competency, use similar methods, and work in support of the public interest.	

The Oregon Constitution and state statutes establish the Secretary of State's Audits Division as the primary external auditor in Oregon state government. Other entities, such as federal agencies, may conduct external audits in certain circumstances.

In Oregon, state agency internal audit functions typically apply standards set by the Institute of Internal Auditors (IIA), and the Secretary of State's Audits Division applies the Government Auditing Standards set by the federal Government Accountability Office.

The roles of the internal and external auditor are complementary. Internal auditors typically work within a single agency and develop specialized expertise and industry knowledge to provide management with timely advice and conclusions to improve governance, internal control, and risk management.

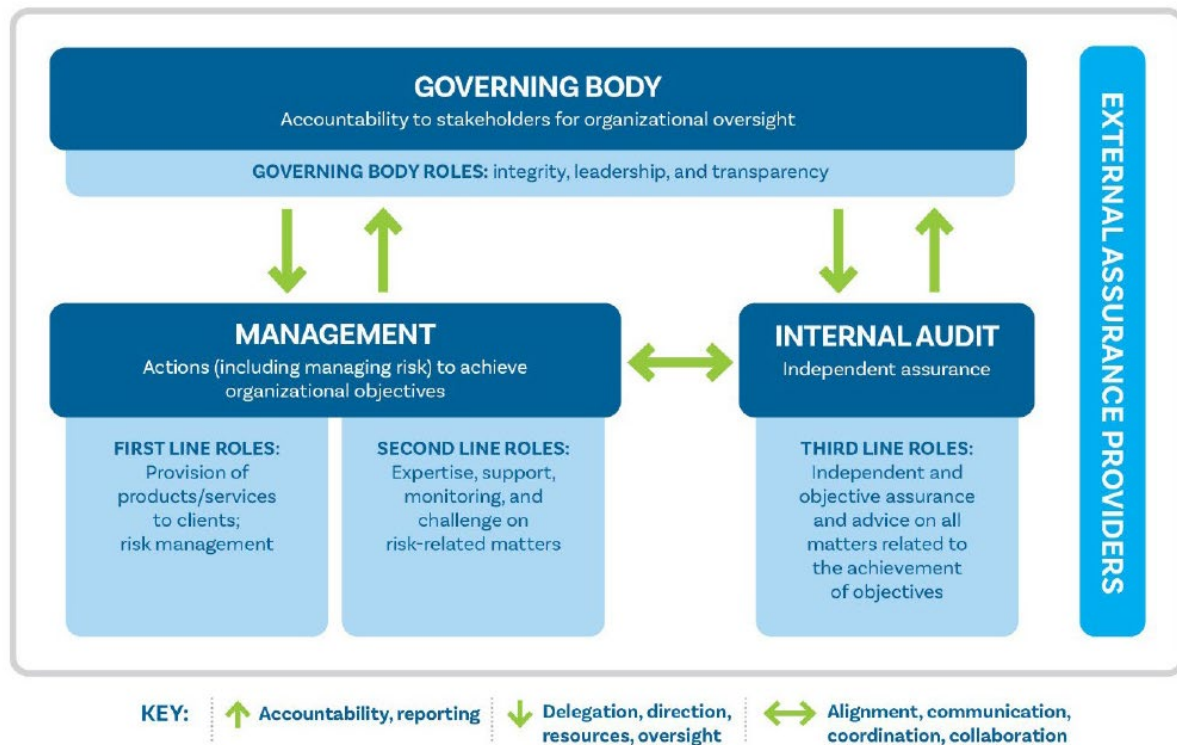
External auditors in the public sector audit a broad scope of agencies, and often have a greater responsibility to evaluate the accuracy of financial statements. External auditors have a greater focus on promoting accountability to the public and elected officials.

At times, external auditors can rely on the work of internal auditors, and the two functions may coordinate to reduce duplication of effort. In strong organizations, internal and external audit both play important roles.

## The Three Lines Model

Professional risk and audit organizations have developed models for the interaction of governing bodies, agency management, compliance functions and internal and external auditors to mitigate risks, such as the “Three Lines” model.

### The IIA's Three Lines Model



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In this model, the first line is made up of operational managers who assess and respond to risks as part of their everyday work. The second line includes teams focused on risk management and compliance in specific areas, such as IT. Second-line programs provide specialized and technical support and oversight to help front line staff and managers follow rules and guidelines.

The third line is the internal audit program, which acts as an independent check to promote effective risk management and control throughout the entire organization. The internal audit program provides broader oversight and evaluation than second-line functions. Together, these three lines work to create a strong approach to risk management and accountability.

## Promoting Internal Audit Independence and Objectivity

There are several elements of Oregon requirements and professional auditing standards which promote the independence and objectivity of internal auditors in state government. These

include use of a dual-reporting structure, governing charters, limitation of operational responsibilities and documentation of conflicts of interest.

Chief audit executives should have a **dual-reporting structure** where they report administratively to executive leadership for logistical concerns, and functionally to the audit committee to evaluate performance. In Oregon, administrative rule requires auditors report administratively to either an agency director, deputy director or equivalent, and functionally to the agency audit committee.

Agencies are required to establish **governing charters** for their internal audit programs. These charters outline roles, responsibilities, authority, scope of services and other important elements of the audit function, audit committee and senior management.

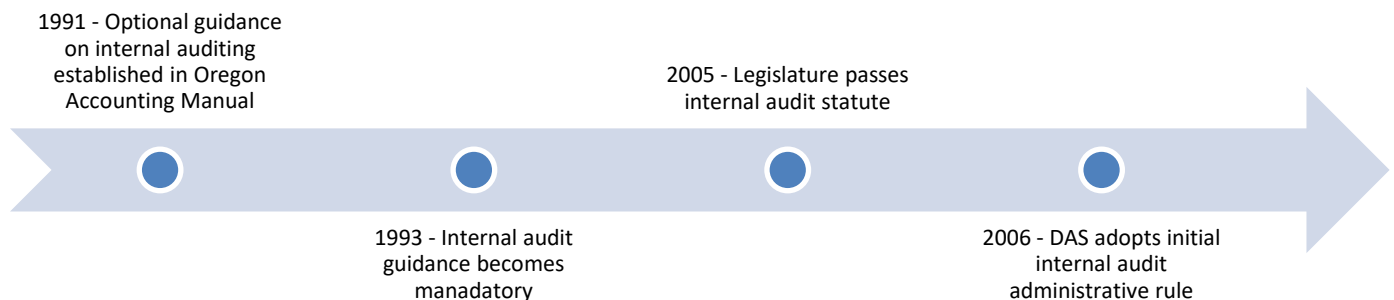
Auditors should have **limited operational responsibility**, and document when they take on management roles, to ensure they do not face a risk to independence and objectivity by auditing their own work.

Auditors must **document and disclose any individual conflicts of interest or threats to independence** such as family members or close friends who are responsible for managing an area within their agency which could be subject to audit.

## History of Internal Auditing in Oregon

DAS initially adopted optional guidance for agencies on internal auditing within the Oregon Accounting Manual in 1991. In 1993, that guidance became required for Oregon state agencies.

Audits from the Secretary of State's Audits division in 1996 and 2003 found many of the agencies meeting the criteria for the requirement to adopt an internal audit function had not done so, and those which had established a function were missing key elements outlined in professional auditing standards.



In 2005, the Oregon Legislature passed a bill which would become ORS 184.360, the primary statute which still governs internal auditing in Oregon state government. The following year, DAS adopted the initial set of administrative rules to provide further specifics on how agencies should apply the statute.

In 2018, the Secretary of State Audits Division released another report evaluating DAS coordination of statewide internal audit activities. Auditors found the issues identified more than twenty years earlier had persisted, and internal auditing was not sufficiently resourced,

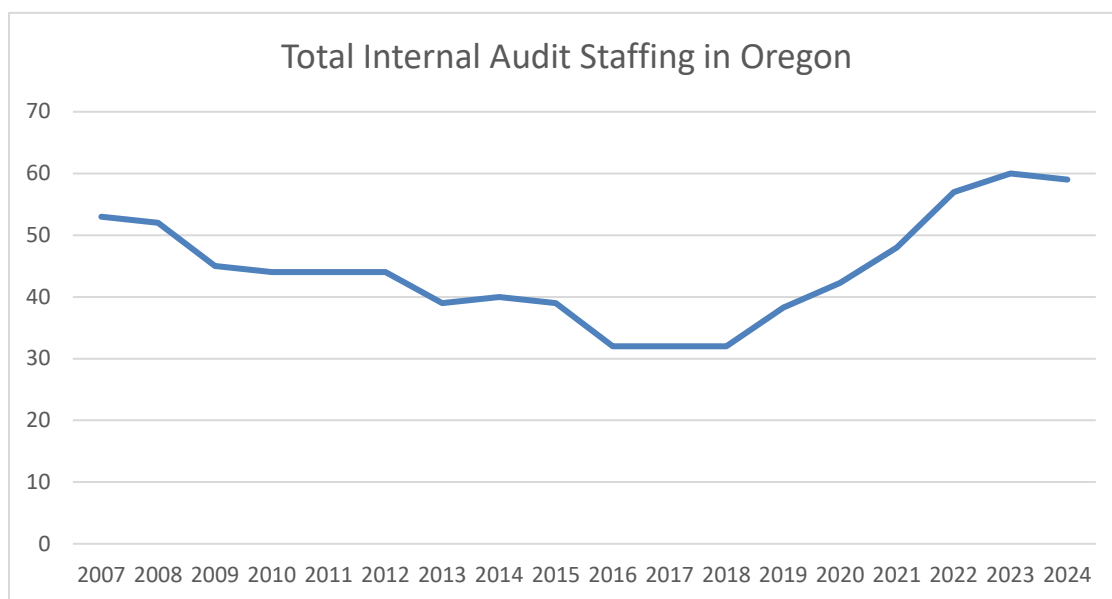


prioritized, structured or coordinated. Additionally, statewide staffing of internal auditors was at an all-time low.

Auditors recommended DAS enhance its statewide coordination efforts, including improving the annual report, providing better guidance and support to agencies, amending administrative rule, evaluating internal auditor work classifications, and developing legislative concepts to clarify the internal audit statute. DAS has made substantial improvements in all these areas.

Internal audit staffing in Oregon state government is near the highest level ever recorded, yet internal auditors still face resource challenges. More than half of agency audit programs contain a single audit position, and auditors must then make special arrangements to remain in compliance with professional auditing standard requirements for independent review of audit evidence.

Additionally, auditors can only audit areas where they are competent to review. It is difficult for a single person to provide expertise in all areas of an agency's operations, which include a variety of professional fields.



### **Oregon's Chief Audit Executive Council (CAEC)**

The Chief Audit Executive Council (CAEC) is an important component of statewide governance and guidance. Founded in 2014, with the development of a charter signed by the state chief operating officer and council chair, the CAEC is a collaborative group with the mission of promoting effective internal auditing within state government through collaboration, networking, and information-sharing.

While not directing individual agency internal audit functions, the CAEC strives to enhance the internal audit professional role and impact on governance, risk management and control activities within state government.

## STATEWIDE INTERNAL AUDIT ACTIVITIES 2023-24

The annual calendar year report on statewide internal audit activities required by ORS 184.360 conflicts with Oregon Administrative Rule 125-700-0140, which requires this report on a fiscal year basis. To address this issue, DAS has developed a legislative concept amending the internal audit statute which the legislature will consider during the 2025 session. This report covers the period of July 1, 2023, through June 30, 2024.

### Agency Compliance with Structural Elements of Oregon Internal Audit Requirements

State internal audit requirements consist of two components, which outline required internal audit structure and required minimum audit services.

**Structural elements** include whether the agency has established a function, internal audit staffing, placement of the function within the agency organization, dual-reporting and whether the function has received a timely External Quality Assurance Review as required by auditing standards.

**Service-based elements** include development and completion of an annual agency-wide risk assessment, annual audit plan, completion of audit engagements and completion of consulting or advisory engagements.

Requirement	Agency Compliance
Establishing an audit program	DAS identified 34 agencies which meet the requirement for an audit program, of which 29 had established a program and five were granted an exemption.
Audit Staffing	25 of 29 established programs were staffed. Two agencies contracted with an audit vendor. The two remaining agencies had vacancies in their sole audit position.
Audit Standards	All 29 agencies with established functions had selected audit standards.
Dual Reporting	All agencies with established audit functions used an appropriate dual-reporting structure
Audit Committee	Two agencies did not have active audit committees. Both agencies are developing committees after recently hiring for their audit positions.
External Audit Committee Member	Two agencies did not have external membership on their audit committees. These agencies are actively recruiting after recent transitions of their external members.
Governing Charter	All audit programs had governing charters in place.

Quality Assurance Review	12 agencies were out of compliance with QAR requirements. Four agencies initiated a QAR shortly after the fiscal year close.
Risk Assessment	Five agencies with established audit functions did not produce a risk assessment at the close of the fiscal year.
Risk-Based Audits	Three agencies did not complete risk-based audits in FY2023-24.
Governance and Risk Management Audits	One agency which has had an audit program in place for at least five years has not conducted an audit focused on governance and risk management.

## Structural Element 1

### *Establishment and Staffing of Internal Audit Functions*

As of June 30, 2024, the Department of Administrative Services has identified 34 agencies which meet the rule requirements for establishing an internal audit function, of which 29 have established a function and five have been granted an exemption to the requirement.

Of the 29 established functions, 25 functions were staffed as of June 30. Two agencies, the Oregon Youth Authority (OYA) and the Oregon Department of Veterans Affairs (ODVA) had long-term vacancies in their only audit positions. To mitigate the impact of the vacancy, OYA worked with the Department of Corrections to have an auditor on rotation for a portion of the year. ODVA recently hired an auditor after the close of the fiscal year. The remaining two agencies, the Oregon Forestry Department and Oregon Parks and Recreation Department, contracted audit services through the Center for Internal Auditing at Portland State University.

Agencies may request an exemption to these requirements, which are considered and approved by the state chief operating officer at DAS. Exemptions should be temporary, however, several state agencies have received long-standing exemptions (see Appendix C).

At times, agencies with long exemptions have sought funding for dedicated internal audit resources through the state budget process, but the requests have not been successful. DAS is working with these agencies to find solutions despite scarce resources.

Some considerations include expanding contracting opportunities for audit services, developing shared services for internal audit and identifying creative solutions within existing state resources.

### **Statewide Compliance: Establishment of Internal Audit Functions and Selection of Standards**

All state agencies required to establish an internal audit function had done so, contracted with an audit provider, or requested an exemption from DAS. Two agencies had vacancies in their sole audit positions at the conclusion of the fiscal year.

All internal audit functions identified appropriate audit standards.

## Structural Element 2

### *Organizational Placement, Dual-Reporting, Audit Committees and Governing Charters*

Professional auditing standards and Oregon rules require agencies employ a dual-reporting structure for chief audit executives, administratively reporting to either the agency director, deputy director (or equivalent) and functionally reporting to the agency audit committee, which must include at least one member external to the agency.

All but two audit functions have established audit committees. The Department of Environmental Quality established a committee shortly after the end of the fiscal year. The Department of Veterans' Affairs is currently redeveloping their audit committee after recently filling a vacancy in their sole audit position.

All but two agencies met the requirement to include an external member on their audit committee. The remaining agencies: Oregon Housing and Community Services and Business Oregon; were recruiting for external members after recent transitions at the close of the fiscal year.

All agencies with established audit functions reported required audit charters had been established.

### **Statewide Compliance: Audit Committee Composition**

All internal audit programs used an appropriate dual-reporting structure.

Two state agencies were not in compliance with the requirement to establish an audit committee, DEQ and ODVA. DEQ established a committee shortly after the close of the fiscal year. ODVA is re-establishing a committee after recently hiring a Chief Audit Executive.

Two agencies with established audit committees were not in compliance with the requirement to include an external member on their audit committee, OHCS and Business Oregon. These agencies were actively recruiting external members following recent transitions.

All agencies reported they had established governing charters.

## Structural Element 3 – Quality Assurance Reviews

Internal audit functions at state agencies are evaluated for conformance with auditing standards. The external review evaluates the function's effectiveness in carrying out its mission and enhance its independence, objectivity, proficiency, and due professional care.

External quality assurance reviews are required every three or five years, depending on chosen auditing standards. To improve statewide compliance, the DAS Chief Audit Executive and leadership of the Chief Audit Executive Council have convened a standing subcommittee dedicated to managing the state reciprocal quality assurance review program.

Bringing all state agencies into compliance with this requirement will not be completed until roughly 2029.

### **Statewide Compliance: Quality Assurance Reviews**

12 agencies were out of compliance with completion of an external review in the past five years.

Four agencies initiated an external review shortly after the end of the fiscal year. The reviews for Business Oregon and the Higher Education Coordinating Commission are underway. The Oregon Liquor and Cannabis Commission and the Oregon Department of Fish and Wildlife passed the review with the highest possible rating, "Generally Complies."

For the remaining agencies, the Chief Audit Executive Council is developing a process and schedule to bring all agencies into compliance.

### **Service Element 1 – Annual Risk Assessments**

The agency risk assessment provides agency management with a high-level summary of known risks, typically scored by impact and likelihood. The risk assessment is also the foundation for subsequent planning, selection, and performance of audits.

All but five agencies complied with this element. Of the five that did not comply, two experienced long-term vacancies in their sole internal audit positions, one completed its risk assessment shortly after the end of the fiscal year, and the remaining agency is currently conducting its risk assessment after hiring for its Chief Audit Executive position during the previous fiscal year.

### **Statewide Compliance: Risk Assessments**

Five agencies did not conduct a risk assessment in 2023-24: ODVA, OYA, OHCS, ODOE, and DEQ.

Two of these agencies, the Oregon Department of Veterans' Affairs (ODVA) and the Oregon Youth Authority (OYA), had vacant audit positions for the year. Oregon Housing and Community Services (OHCS) completed its risk assessment shortly after the fiscal year in August 2024. The Department of Environmental Quality (DEQ) risk assessment is currently underway after recently hiring a Chief Audit Executive.

### **Service Element 2 – Audit and Consulting Engagements**

Building on the risk assessment, auditors' primary service to agency management is to conduct risk-based audits and consulting projects. Audit approaches typically fall into performance, IT, or financial categories.

Consulting activities are proactive and provide real-time feedback to agencies regarding the design, development, and implementation of strategies, policies and processes. Consulting activities foster the enhancement of management's strategic planning and risk management efforts. Participating as a non-voting member of executive teams and workgroups, observing daily operations and engaging with staff at all levels of the agency, and serving as advisor and facilitator to management are all aspects of consulting services.

Internal auditors may also conduct special investigations, including those referred to agencies from the Secretary of State's Fraud, Waste, and Abuse hotline for investigation.

In total, agency internal audit functions completed 55 audit reports and 34 consulting or advisory engagements. Only three agencies, the Department of Administrative Services, the Oregon State Police, and the Oregon Veterans Affairs Department, did not complete a risk-based audit. However, contextual factors should be considered.

The Department of Administrative Services faced a complete turnover of its audit staff during the year, and the internal audit function of the Oregon State Police completed an audit shortly after the end of the fiscal year.

Agencies are also required to complete audits focused on governance and risk management topics at least once every five years. Among the agencies which have established audit programs for at least five years, only one agency has not conducted an audit of this type, the Oregon State Police.

#### **Statewide Compliance: Risk-Based and GRM Audits**

All but three agencies with established internal audit programs completed a risk-based audit in fiscal year 2023-24: DAS, OSP, and ODVA.

One agency, OSP, has not completed an audit focused on governance and risk management topics, among those with programs established for at least five years. OSP hired for its auditor position in 2023 after an extended vacancy.

In total, statewide internal audit programs completed 55 audits and 34 consulting engagements.

#### **Additional Services 1 – External Audit Liaison**

Internal auditors may facilitate agency reviews conducted by external local, state, or federal entities, such as the Secretary of State Audits Division, U.S. Department of Agriculture, Federal Bureau of Investigation, Federal Emergency Management Agency, Internal Revenue Service, U.S. Department of Justice, Occupational Safety and Health Administration, and Social Security Administration.

Internal audit functions serve as liaison between these entities and their agencies, ensuring clear, cooperative communication and an accountable agency response to external observations.

## **Additional Services 2 – Audit Follow-up and Recommendation Implementation**

Internal auditors follow-up on both findings and recommendations from their own audit reports and those from external auditors. Recently, this work has taken on additional importance with the development of the Governor's Statewide Initiatives and Enterprise Accountability Program.

Agencies are now required to report to DAS on progress in implementing internal and external audit recommendations. More information on agency performance can be found in the updates provided on the [DAS Statewide Initiatives and Enterprise Accountability website](#).

## EXAMPLES OF INTERNAL AUDIT IMPACT

Agency compliance with internal audit statutes and rules only describes a small piece of the impact internal auditors have on their agencies.

Below, you will find several examples of how internal auditors worked in the public interest to strengthen their agencies in fiscal year 2023-24.

At the **Department of Consumer and Business Services (DCBS)**, the auditor performs ongoing advisory services related to cybersecurity, data governance and IT governance processes. According to annual surveys published by the Institute of Internal Auditors, internal auditors across industries, sectors and continents ranked these topics among their organization's highest risks. DCBS senior management described the auditor's involvement as key to improving the agency's performance in these critical areas.

In early 2023, the **Oregon Liquor and Cannabis Commission (OLCC)** concluded an investigation which determined members of agency senior management had diverted rare and valuable spirits separate from a public lottery system. The agency developed a policy to prevent diversion which required an annual audit conducted by the agency's newly established internal audit program. The OLCC internal auditor completed the first of these engagements in May 2024.

The auditor identified several opportunities for improvement to the new process, such as ensuring all products have distribution plans and those plans are regularly reconciled with shipments.

In 2021, the Oregon Legislature made significant investments in the state's behavioral health workforce. The internal audit function for the **Oregon Health Authority (OHA)**, the primary agency responsible for implementing these investments, audited the agency's practices for measuring and evaluating impact.

Auditors made seven recommendations to improve agency planning and outreach with rural and underserved communities, data collection and contract development. Management agreed to implement all recommendations.

The audit also identified several agency achievements and strong practices, such as allocation of a high percentage of program funds, completion of a significant number of clinical supervision grants, scholarship grants, loan repayment awards, housing stipend awards, social work licensing awards and peer support awards.

The OHA internal audit function also provides audit services to the Oregon **Department of Human Services (ODHS)**. In June, the ODHS/OHA released an audit of contract management controls for temporary placements of children in foster care.

Auditors identified inconsistencies in key contract requirements in background checks, investigations, training and use of restraints due to insufficient central oversight of contracts. Auditors also determined the agency could strengthen its financial management of these programs.



Auditors made nine recommendations to improve contract administration practices, and agency management agreed to implement all the recommendations.

These examples provide a glimpse into the impact of internal audit functions throughout state government. In addition to formal audits and consulting engagements, auditors provide value through being an independent, objective voice and trusted advisor for agency leadership.

## PLANS FOR 2024-25

Recent improvements in statewide internal auditing and coordination of internal audit services will continue to mature in the coming year. Special focus areas for 2024-25 include:

### Improving Compliance with External Quality Assessments

The primary area of improvement among state internal audit function compliance with auditing standards is more timely and efficient completion of External Quality Assessments. The DAS statewide internal audit coordinator and the leadership of the Chief Audit Executive Council have convened a subcommittee to develop and improve the assessment program.

### Improving Recommendation Follow-Up and Implementation

Audit recommendation implementation was included as one of the 11 accountability measures set by Governor Kotek at the start of her term in 2023. Implementation of outstanding audit recommendations is key for effective organizational management and leadership, alongside other key processes such as strategic planning, emergency preparedness, employee performance feedback, employee engagement and satisfaction, customer service and diversity, equity and inclusion.

### Implementation of Global Internal Audit Standards

The Institute of Internal Auditors is the standards-setting body for nearly all internal audit functions in the state. The new Global Internal Auditing Standards will become effective Jan. 9, 2025, and audit functions must be prepared to demonstrate compliance to the new standards through internal and external assessments. Nearly all state internal audit functions apply the standards set by the IIA.



### New Audit Programs and Shared Services

In recent years, new internal audit programs have been developed at the Public Defense Commission, Department of Environmental Quality, Department of Emergency Management. Several other functions have also been re-established after long vacancies or pauses in operation, including at the Oregon State Police, Oregon Department of Energy, Oregon Department of Environmental Quality, Oregon Department of Veterans Affairs, and Oregon Military Department. The newly formed Department of Early Learning and Care is establishing a new internal audit function in 2024-25. For agencies with long-standing exemptions to statewide internal audit requirements, DAS is developing a pilot program for internal auditing as a shared service.

DAS and the Chief Audit Executive Council provide mentorship, advice and resources to auditors and leadership of agencies with new internal audit functions.

## Appendix A – Agency Abbreviations

Abbreviation	
BIZ	Business Oregon
DAS	Department of Administrative Services
DCBS	Department of Consumer and Business Services
DEQ	Department of Environmental Quality
DOC	Department of Corrections
DOJ	Department of Justice
DOR	Department of Revenue
DSL	Department of State Lands
HECC	Higher Education Coordinating Commission
Lottery	Oregon State Lottery
OCB	Oregon Commission for the Blind
ODA	Oregon Department of Agriculture
ODE	Oregon Department of Education
OEM	Oregon Department of Emergency Management
ODF	Oregon Department of Forestry
ODFW	Oregon Department of Fish and Wildlife
ODHS/OHA	Oregon Department of Human Services / Oregon Health Authority
ODOE	Oregon Department of Energy
ODOT	Oregon Department of Transportation
ODVA	Oregon Department of Veterans Affairs
OED	Oregon Employment Department
OHCS	Oregon Housing and Community Services
OJD	Oregon Judicial Department
OLCC	Oregon Liquor and Cannabis Commission
OMD	Oregon Military Department
OPDC	Office of Public Defense Services
OPRD	Oregon Parks and Recreation Department
OSP	Oregon State Police
OST	Oregon State Treasury
OWEB	Oregon Watershed Enhancement Board
OWRD	Oregon Water Resources Department
OYA	Oregon Youth Authority
PERS	Public Employee Retirement System
PUC	Public Utility Commission
SOS	Secretary of State

## Appendix B – Internal Audit Staffing and Requirements

Agency	Staffing	FTE	Risk Assessment	Risk Audit	GRM Audit	QAR Results
BIZ	Staffed	1	Yes	Yes	Yes	Underway
DAS	Staffed	2	Yes	No	Yes	2011/ GC
DCBS	Staffed	1	Yes	Yes	Yes	2023/ GC
DEQ	Staffed	1	No	Yes	Yes	None
DOC	Staffed	3	Yes	Yes	Yes	2021 / GC
DOJ	Staffed	1	Yes	Yes	Yes	New Function
DOR	Staffed	2	Yes	Yes	Yes	2021 / GC
HECC	Staffed	1	Yes	Yes	Yes	Underway
Lottery	Staffed	3	Yes	Yes	Yes	2020 / GC
OCB	Staffed	1	Yes	Yes	Yes	None
ODE	Staffed	1	Yes	Yes	Yes	2020 / GC
OEM	Staffed	1	Yes	Yes	New Function	New Function
ODF	Contract	1	Yes	Yes	Yes	2022 / GC
ODFW	Staffed	1	Yes	Yes	Yes	2024 / GC
ODHS/OHA	Staffed	11	Yes	Yes	Yes	2021 / GC
ODOE	Staffed	1	No	Yes	Yes	None
ODOT	Staffed	8	Yes	Yes	Yes	2021 / Passed
ODVA	Vacant	1	No	No	Yes	None
OED	Staffed	1	Yes	Yes	Yes	2023 / GC
OHCS	Staffed	1	No	Yes	Yes	New Function
OJD	Staffed	2	Yes	Yes	Yes	2021 / GC
OLCC	Staffed	1	Yes	Yes	Yes	Underway
OMD	Staffed	1	Yes	Yes	Yes	None
OPDC	Staffed	1	Yes	Yes	Yes	New Function
OPRD	Contracted	1	Yes	Yes	Yes	2019 / GC
OSP	Staffed	1	Yes	No	No	2018 / GC
OST	Staffed	3	Yes	Yes	Yes	None
OYA	Vacant	1	No	Yes	Yes	2019 / GC
PERS	Staffed	4	Yes	Yes	Yes	2021 / GC

GRM = Governance and Risk Management

QAR = Quality Assurance Review

GC = Generally Conforms (The highest level of compliance with Standards).

## Appendix C – Agencies with Exemptions to Internal Audit Requirements

Agency	Exemption	Years	Risk Assessment	Risk Based Audit	GRM Audit	QAR Results
DSL	Approved	11	No	No	No	None
ODA	Approved	8	No	No	No	None
OWEB	Approved	6	No	No	No	None
OWRD	Approved	7	No	No	No	None
PUC	Approved	15	No	No	2018	None

## Appendix D – Audit Reports Issued in FY 2023-24

Agency	Audit Report Name
BIZ	Travel Audit
DCBS	Diversity, Equity, and Inclusion
DEQ	VIP Cash Handling Review Telephone Tax Review
DOC	Auditor Rotation Projects: OYA - Grievance Audit, OMD Accounts Receivable Death Review Follow Up
DOJ	Oregon Department of Justice Employee Onboarding and Orientation Procedures Audit Oregon Department of Justice Physical Security Audit
DOR	IT SQR Process Audit Collections Governance Audit Report Revenue Distribution Compliance Audit- Amusement Device Tax Payment + Cash Handling Audit Report
HECC	Data Governance Audit
OCB	RFA Vendor Contracts
ODE	Contract Administration and Oversight
OEM	Grant Program Audit for EMPG
ODF	Telecommunications Tax Review
ODFW	Hazardous Spill Response Education Program Spending
ODHS/OHA	ODHS SNAP EBT Repeat Findings OHA Behavioral Health Workforce Investments ODHS Adult Abuse Investigations ODHS Remote Work Equity ODHS Delegated Contract Authority OHA Independent Qualified Agent Contract Management
ODOE	ORHHP Audit
ODOT	24-01 ODOT Priorities to Determine Bike/Ped Facilities
OED	2023-2024 SPOTS Audit
OHCS	OHCS Fund Recovery
OJD	2023-3 Umatilla/Morrow Internal Controls 2023-3a Umatilla/Morrow Technology Assessment 2023-4 Baker Change of TCA 2023-4a Baker Technology Assessment Procedures for Transferring Security Release Funds from Jails to Courts Cash Handling Controls
OLCC	Inventory Management Vendor Allocated Distilled Spirits
OMD	IA#02162023.0001M, Camp Rilea Accounts Receivable
OPDC	Compliance, Audit and Performance (CAP) SPOTS Card

OPRD	Fleet Management
Lottery	Annual Follow-Up Review of Open Audit Recommendations Casino Prohibition Rule (CPR) Program Assessment Memo
OST	Oregon Savings Network Audit Public Equity (Capital Markets) Debt Management (Bonds) Audit
OYA	Youth Grievance Process
PERS	2024-01 Contributions and Employer Service Center Processes 2024-02 Benefit Calculations 2024-03 Employer Data 2024-04 Agency Training 2024-05 jClarety Application Controls 2024-06 Individual Account Program 2024-07 Findings Follow Up 2024-10 Tax Remedy 2024-11 Disability Periodic Reviews

## Appendix E – Consulting Engagements in FY24

Agency	Consulting Topic
DCBS	Cybersecurity Data Governance IT Governance
DEQ	Updating IA/AC Charters and IA SOP IA Risk Management Assessment Refund Process Discussion
DOC	CCCF Grievance Consult Officer of the Day Policy Consult
DOJ	DOJ Continuity of Operations Planning: Advisory Consulting
DOR	FTA ERM CoP Charter Security Access Review Process Shared Drive/Records Retention Process
OCB	Business Practices Monitoring Review Agency Head Review Federal Compliance Audit Liaison
OEM	New Employee Onboarding After Action Reviews
ODHS/OHA	ODHS Child Welfare Vendor Consult ODHS Community Developmental Disabilities Program Investigation Consult ODHS Child Welfare Temporary Placement Vendor Consult ODHS District 4 HR Consult
ODOE	Radioactive Waste Transport
ODOT	ML 23-03 Statewide Transportation Improvement Funds monitoring
OLCC	Change of Director Review
OMD	Standard Form 270 Common Access Cards Vendor Pay Dining Facility Services Cooperative Agreement Centralized Personnel Plan
Lottery	Internal Audit 2nd Quarter 2023 Scan of Drawing Results Memo Internal Audit 3rd Quarter 2023 Scan of Drawing Results Memo



	Internal Audit 4th Quarter 2023 Scan of Drawing Results Memo Internal Audit Participation in the 2024 Raffle Drawing Memo Internal Audit 1st Quarter 2024 Scan of Drawing Results Memo
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## Appendix F – Audit Committee Elements

Agency	Total Members	External Members	Chair	Approved Charter	IAC Meeting Timeframe
BIZ	8	0	Internal	2020	Quarterly
DAS	8	3	External	2020	Quarterly
DCBS	9	1	Internal	2022	Quarterly
DEQ	1	0	N/A	2024	Quarterly
DOC	5	3	External	2020	Quarterly
DOJ	6	1	Internal	2023	Quarterly
DOR	7	5	External	2024	Quarterly
HECC	6	4	External	2020	Quarterly
OCB	3	1	Internal	2021	As needed
ODE	7	4	External	2021	Every 2 months
OEM	7	4	External	2023	Quarterly
ODF	6	2	Internal	2023	Quarterly
ODFW	8	2	Internal	2023	Quarterly
ODHS/OHA	23	3	External	2023	Every other month (six times/year)
ODOE	5	2	External	2023	3 times a year.
ODOT	5	5	External	2021	At least six times a year.
ODVA	1	0	N/A	2020	Every other month
OED	12	2	Multiple	2023	Quarterly
OHCS	7	0	Internal	2021	Quarterly
OJD	10	1	Multiple	2019	Quarterly
OLCC	8	4	External	2022	Quarterly
OMD	10	1	Internal	2024	3x per year
OPDC	9	6	External	2022	Quarterly
OPRD	5	3	Internal	2022	2 to 3 times a year
Lottery	7	2	Multiple	2024	Quarterly
OSP	6	1	External	2023	Quarterly
OST	5	2	Internal	2022	3 times a year
OYA	4	1	External	2019	At least four times annually.
PERS	3	3	External	2022	3 X per year

## **Appendix G** – Links to State Requirements

[Oregon Revised Statute 184.360](#)

[Oregon Administrative Rules Division 700](#)