

Meeting Minutes

Statewide Audit Advisory Committee



Meeting Date: May 24, 2010

Time: 1:00 pm – 3:00 pm

Location: DAS Executive Building, Conference Room A

Attendees: Scott Harra, Kim Johnsen, David Moon, Deborah Fifield, Marlene Hartinger, Gary Blackmer, Satish Upadhyay, Laurie Byerly, Marc Williams
Pam Valencia, David Nowacki, Theresa Masse

Absent: ?

ITEM	PRESENTER	TIME	HANDOUTS, ACTION
Opening Comments			
<ul style="list-style-type: none"> Welcome and discuss membership changes 	Scott Harra	1:00 – 1:05	
<p>SAAC members introduced themselves. It was announced that Mark Williams from the Risk Management Advisory Committee representative will be participating in the committee for a while. Theresa Masse, State Controller's division is a new committee member, replacing John Radford. There are two private sector seats to fill. One will be a Chief Financial Officer of a private organization.</p>			
Outreach			
<ul style="list-style-type: none"> Update on recruitment efforts statewide – 	Pam Stroebel Valencia	1:05 – 1:10	
<p>Pam reported that some agencies with a single internal audit positions are not filling the position. They are planning to contract out for the services. She state there are good pools of candidates.</p> <p>Requirement for each agency to have an internal auditor:</p> <ul style="list-style-type: none"> 10,000,000 processed annually. 100,000,000 expenditures. 400 FTE. <p>Pam explained that they talked in this committee about making this more risk based type criteria. While those three seemed to get most of the state agencies, all three seemed to fit the majority of the larger agencies. The rule says you are required to have an internal audit function. It doesn't specify numbers of people. In the past, this committee worked on an assessment tool to give agencies to look at different criteria, decentralization, employees located around the state vs. all in one building, etc. There is nothing to determine how many internal auditors are needed. Agencies who meet all the criteria report once per year to DAS and DAS reports to the legislature.</p>			
SAAC-CAE Connection			
<ul style="list-style-type: none"> FY 11 Action Plan for Approval 	Pam Stroebel Valencia	1:10 – 1:25	
<p>Action Items: These objectives were developed during discussion at the February 22, 2010 SAAC meeting on the self-assessment exercise performed by members.</p> <p>1) Work to update the charter and clarify the mission and objectives of SAAC in its role to promote and enhance professional, standards based internal audit efforts in state government.</p>			

- 2) Seek ways for SAAC to support the efforts of agency audit committees through increased interaction and providing education/training opportunities.
- 3) Seek opportunities to leverage risk information as received by the Oregon Audits Division and Department of Administrative Services to enhance audit efforts toward agencies highest risks and seek opportunities for educating management on enterprise risk management.

Also see the Project Tracking Sheet.

Question: If an agency wanted to do a risk assessment and pool resources. Is that reflected?

Response (Scott): That is supposed to be number 3.

For background, Pam explained that Theresa's group held a summit in which the first half of the day was aimed at agency directors and executive level managers. There was a presenter from Burton Group that gave an enterprise risk management presentation geared toward information security that could be applied to anything. He talked about the importance of assessing risk at the high levels of your objectives and using it to put your controls into place. Three agencies shared horror stories and also what they have put in place.

She further explained that what she brought away from it is that agencies need more conversation and education, but also a tool they can use without it being mandated. The third bullet is about the fact that the law now requires internal auditors to submit their risk assessment to the audits division (we also have this work going with the Risk Management Advisory Council). Is there a way to take all that about risk information that we are reflecting in the state and utilize it to look at some of the enterprise level risks? Instead of each agency assessing all of this on their own, is there a way to get a State of Oregon assessment?

Comment: I think you just said that law or regulation requires internal audit departments create a risk assessment but not departments? I think they have the cart before the horse.

Response: That is a different document. I think it is important to distinguish between the two. For a long time, management has looked at the internal audit function as only doing risk assessment. We are trying to educate management about what enterprise risk management is and that it's their responsibility. We do a risk assessment to ...

Response (Pam): Either way those two sides should help each other. The auditor's can share the risk assessment. If management is doing it, we should be applying it to other criteria. From that we can create an audit plan. We can work as facilitators in those conversations. We can help supply tools. We can help management think about things. In all, we can act as a consultant. If they are doing it themselves, they will use it. I've even attempted it at my own agency so I can speak from personal experience that even by me giving them their own tool to do it with, it still was mine and they still didn't own it. They need to do what is going to work for them, otherwise, they just put it on the shelf and it just becomes another document.

It is important to distinguish between when you use the term Risk Assessment. Right now, auditors are the only ones but that's because we are required by standards to do them to create our audit plans. The original authors of the bill that made that law had a concern about agency management because we don't have external audit committees in the state so they were concerned about management's ability to stop an auditor from reporting on things. They tried to get an external reporting for internal auditors so it became the audits division.

That's how that all came about.

Comment (Scott): It is taking time for the program managers to buy into it. Like any tool, you can see the transition from "this is an assignment" to "I'm starting to see how I can use this" to "I am using this to plan". Part of the problem is we do risk assessments once per biennium so it is not a normal thing. We really should do risk assessment constantly because risks change or our exposure changes. If it becomes something they do regularly, it becomes natural rather than an assignment.

Comment (Pam): When I worked with the authors of the law. We squeezed in some actual IIA standards language that requires auditors to look at risk management and governance topics. It is still not perfect. Our standards require us to audit those things. It doesn't give a time frame but we did put a requirement in the law for auditing risk management and governance topics at least once every five years. There has to be a risk management for us to audit. So, it is in the law but it was a small win. It at least got the language out there and got people to start noticing it and start recognizing it.

Comment: Some agencies had talked about pooling them. Do you see that as something that this group would discuss or do you see this as something that is on the table?

Response (Scott): I think that the plan *is* pooling the risk assessment tool.

Comment: In talking about people...what about agencies not required to have an internal auditor or are choosing not to fill it right now.

Response (Pam): The question was specific to shared client services and that's how I answered it. I didn't go into specifics. It has been discussed. I would like to see it happen. It's about timing and appetite. Somebody still has to be willing to pay for it. In the back of my mind, as we are looking for more entrepreneurial services out of DAS, that might be the time to bring it back up. Could internal audit survive in state government as an entrepreneurial option for those agencies who can't afford their own auditors? Most of the smaller agencies don't need one. They need someone to come in about every three years or for a specific topic.

Comment (Scott): It would be better if they called in advance of a problem.

Comment (Theresa): So, that's still a possibility. They want to do something and that's a good thing.

Response (Pam): The first thing is that we can't meet the immediate need. The second thing is we are trying to pool resources to come up with a template that is multi-purpose. If you feel like the language on number three needs to be stronger, let me know.

Question (Scott): There was a question about the mission objectives. What are the objectives?

Response: Pam stated that this is all that we have for a charter. Pam stated this is an action plan rather than changing a charter every year. If we think we need to add something in there... It says responsibilities, not objectives.

Question: Mission? Any context behind that sentence? It is straight out of the **rule?**

Comment: A big part of the moving forward or the success of promoting the internal audit and risk management is an understanding and buy in from all the players. This mission needs improvement.

Question (Scott): Do you have suggestions for improvements?

Response (Pam): The law states "DAS shall adopt rules setting standards and policies for internal

audit functions". I think the internal audit committee would like it to be a little better.

Comment (Scott): The three feed into a plan – is that correct? If the agenda is the plan, basically your plan this time around is to do the three?

Response (Pam): Yes. I want to be clear to everyone that I am dropping everything else. I won't lose my risk. But, these are really the only three outside of the normal every day things that we do. We will still do an annual report. But, outside of these three, I am not working on anything else. These emerged from earlier meetings and are the key issues that folks feel have the best value.

Question: Are each of the agencies required to submit a risk assessment. Do they have an agency audit committee even if they don't have an internal auditor?

Response (Pam):

31 agencies are currently required to have an internal audit function.

22 of those have an internal auditor.

19 (approximately) agencies with established audit committees.

14 that have an external auditor on the committee.

Not all agencies that have an internal auditor have an audit committee. We are getting much, much closer. I would like to go back five years ago to where we are today.

Question: For number 3, are you going to give us "seek opportunities to leverage information". Is from Secretary of State Internal Audits Division?

Response (Pam): Technically, I have it all too. It is also looking at how we can work with the audits division for such things as building a database. Common theme emerges is that all agencies are putting resources into coming up with a common solution.

Question (Pam): Are we good with leaving the word objectives in there?

Response (Scott): Leave it in. Or change it to responsibilities and objectives.

Question: Under plan, you had your internal contractor's or he was on hold.

Response (Pam): It was dropped off. We won't re-open that right now. We have a master contract. We won't be updating it. For a master contract on information security, doing risk assessments is part of that. There will be a number of audit firms that will be responding to that and will be on that master contract.

Coverage

No Discussion Items this meeting.

Training

No Discussion Items this meeting.

Reporting

• Self-assessment Discussion Continued – Charter	Pam Stroebel Valencia	1:25 – 1:30	
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Pam explained to the group that she gave them two versions of the charter, the one that currently

stands and the one that has revisions. We did a significant amount of work. We went thru admin rules, made suggestion changes to the entire doc – we didn't get to moving on to the next step. We are for sure changing the one section. By June 30, I will have a temporary rule in place that agencies can do their own quality assurance reviews. That's where this language came from – it was proposed from that committee. And we cleaned up some things that were already happening.

Start with the Mission. At the beginning of this administrative rule where it talks about the Statewide Audit Advisory Committee is created to promote excellence and professional standard- based internal audit services and state government. I pulled this straight out of the administrative rule. We can change it.

Discussion around wording of the statement ensued.

Scott: Go back to when SAAC was formed, what were the issues that were going on – why was SAAC formed? That might help explain the mission.

Pam: DAS has had an internal audit function for a long time. There was a group of auditors who had concern that some agencies had an internal audit function and weren't necessarily using it to perform internal audit work. It was for a project person within their agency, but yet was in the classification and called an internal auditor. There were four or five chief audit executives that got together and came to the DAS Director and said we would like to put some formality to this. There was concern that auditors are using the term audit as a lot of people use the term audit. When it gets to *internal auditing* that is something that we hold very valuable. We follow standards, we have a specific way we perform the work and we have credibility to our work. When we issue an audit report it has quality control. There is a certain amount of credibility that goes along with calling it an internal audit. This committee was formed to create the law. All there was before was something in the Oregon economy manual. The central function was created at the DAS to facilitate this group. This group was created for what it says – to promote and enhance. My view of it is to be able to provide that leadership and support role for the internal auditors. Prior to this we met as a group. We have the chief executive council that has been meeting forever. We share best practices but there is no voice. The DAS can serve as a central hub for the voice. One of the things that distinguish me from some other groups, DAS coordinates internal audit activities. It doesn't work for me, I don't manage them. They report to me, I report to them. I don't review their work. This body does not review their work. We are not the oversight function.

Scott: We try to make sure that you go from agency to agency, it is the same. At least there is a standard that is adopted by the agency and the internal audit committee. One of the challenges that has emerged (and that is why it is on the list with the three this time around) is one of the deficiencies is that it is not so much now the _____ auditors are doing – it's the management structure and the understanding of the role of what the internal auditor is and what the role of the internal audit committee should be. That is why we are stressing the roles and responsibilities and how to we provide so they can best be used in their internal audit functions.

Comment: The rule got very specific in several areas and the original intent of doing the rule that hasn't been completed was to take out a lot of what is duplicated within the standards. It says you need to follow the professionally recognized auditing standards. There are only two that internal auditors follow but I don't want to be so specific that (and a lot of this language is specific [red book language]). We have to be careful because that deals with federal funds and a lot of us don't. It is better for her to follow those standards than the other ones. It has things in it like "write a model charter". We don't need to do that. We have several examples issued by the institute of internal auditors. We chose early on as a committee to adopt those. We don't need to do that work individually. That's what some of this clean up is for too.

Scott: Does this address how you want to change the mission or re-write the mission?

Chris. Sorry for over-simplifying. Two things strike me. One is that "DAS Director is chair". I think it's really important that whoever sits on the committee that they understand exactly what you want out of it.

The other thing is I was in a meeting to look at a revision for our classification policy. And, he said that this looks like an IT policy written by IT people for IT stuff. If I understand that a big part of our role is promoting internal auditing. If we say things like "promote excellence and professional" our readers won't get any further than that sentence and go "[redacted]".

Comment: As I understand this group, the purpose is to promote professional internal audit in the state. But I think what I heard you say is also to promote to promote good government standards over internal auditing by the state department. I think that is missing. I think that is important.

Comment: The third thing that I heard is that if want managers in state government to embrace the internal audit as a tool, _____

Comment: That comes from what we do, not from [redacted] **commission**. I think those are two really good things for this committee to do is to promote professional internal auditing. To promote professional governance by the governing authorities of the internal audit process. Without both of those, you will not win. That comes back to the audit committee. What are the composition, role, authority and responsibilities? I think that is two critical components of the mission of this group. The other thing that is not in here is "authority". I would like something in here on "authority".

I think that is why the word "promote" is used.

Our authority is not to enforce our will or action but to to show them wisdom of our intelligence.

Comment: If we remove the word "excellence", say "promote professional standards..." that would be clearer. Use the word "governance".

Response: I think you need to get ride of excellence anyway.

Pam: I think we could make the other two that I've heard so far. I will draft them up.

Scott: We will capture the essence of what we are saying. This is very good input.

Comment: We could translate this into "people" speak so that it isn't "audit" speak.

Pam: The cool thing about "governance" is I use it in an annual report as one of the headings. It helps tie in.

Question: Is there a proponent of the word "promotion" that we have a responsibility for our ____ selling the value not only of how interal audit conducts its activities and how it is governed but also why it is _____. When I see "promote" I would see the Don King. ...selling a product. I know it's not that. Is there some type of responsibility in this committee for doing that? For instance, this is an example of a shop that runs a standards based internal audit function and here is how they have added value. Is there something that is missing in terms of how we are selling internal audit.

It is difficult to prove that in internal audit groups. Just because you didn't find savings of a million dollars last year, does that mean you didn't provide value? Then you have to come up with something...did this, did that. I agree with what you are saying. But, I am not sure how it becomes a

mission.

Often the value of internal auditors – you keep people like me from doing something really stupid, of course, you don't really want to go around telling. The system worked.

One of the huge things is the terms that somebody might catch you. You can't put a dollar sign on what somebody didn't steal because you weren't there. I get hung up on people who put in their resumes how much money they save.

Scott: I have a hard time articulating if I go to the legislature, for example, "The internal audit process is important because..." I know it is good part of risk management and sound business functions but to say it is an example of the things that have helped agencies improve what they do would help illustrate. For example, please have a hard time grasping the size and scope of the State or Oregon's data center. So that we could finally come up with some comparisons that immediately people understand. Our main frame is slightly larger than the main frame used by the New York stock exchange to conduct daily business. Our mid-range servers at our Dept of Corrections, Revenue and Employment is the same size as Boeing manufacturing and ten times the size of IT global wide operations. You think of Oregon as a small state but it has a big business that it forms, so what I am saying...when I tell these stories to Legislatures and to agency heads, they get it. I think what David is saying is what can we tell folks so that they get it. Because you can be 30 seconds into a conversation about internal auditing and watch the eyes glaze over. What is meaningful? It is usually a story of some kind that helps folks.

Response: If that is the intent of the 'promote' that we are using here, it doesn't seem to address that.

Pam: It goes back to what Mark said first which is you need that buy in.

Suggestion: "Promote the benefit of professional and internal auditing with good governance."

Suggestion: How about something about "managing risk." They may not get "internal audit" but they do get "risk" when they put it into perspective. We are trying to tie many "risk" things together.

Response: Risk is not the only thing auditors do, so it is part of the best practices law so if you say risk you might have to say compliance.

Scott: I've heard:

Promotion of professional internal audit standards

Governance of internal audit functions

How you benefit

Those are themes for the mission to look at.

Pam. It depends on how far you want to go. In my mind a mission is a statement that is very short, succinct and is something everyone can memorize. The definition of internal auditing by the Red Book does go a little bit further to say what internal audit does and part of that is around risk, around helping achieve organization's objectives. We could leave the first sentence like this and use the three bullet approach using the statements out of the IIA definition of internal auditing or we could make sure that we tie them into responsibilities.

Are we here to advise Scott as the Chair? Or are we here to advise DAS? Or, are we here to go out

into the agencies and promote internal audit and governance?

Scott: I think we are morphing. If you look at the list of three things, I see our role much more this time as external in working with individual agencies. There is always an element of I am the Director mostly because this is my expertise. If I am going to go and make suggestions to other agencies in the form of DAS making suggestions to other agencies, this group advises me on what is the best approach.

...it came down to "it had value" so choose one. I am not going to tell you which one but choose one. That is the role this group can play. This group meets with the Internal Audit Committee and has that conversation. This time around, our focus is more external because that is the greatest need that this group has identified through its self assessment which showed the opportunities for improvement in the internal audit function in the State or Oregon. We have always been external from the internal audit. Now we are taking the information to the executive model.

Response:

Scott: This group is struggling with that. Asking "what do we do now"? That's why we did the self-assessment about what we should be working on. These three teams emerged very quickly.

Response: There was a function that was being handled by the legislative fiscal office that was basically an interim committee that would deal with internal audit issues and usually had several million around and they got involved in State audits. But, that group has not been formed for the second biennium, so that left hole for a feedback loop that had been happening in the legislative side that is not there for now.

You said that the mission makes sense and we are being more focused externally?

Correct.

Scott: We will update the Mission and send something out before the next meeting.

I am the Chair right now. I don't have to be the Chair. If you are comfortable with me being the Chair, I will be the Chair.

Couldn't understand the response.

I think it makes sense having the DAS Director as the Chair because it brings in more credibility and more people will pay attention to us.

Scott: I get the feel that there is sometimes struggles between different departments but I question whether or not it would make this committee's views more acceptable if there was someone who wasn't in government as the Chair.

Kim: Can you write that in the chart to leave it open so the committee can set as needed? Leave it flexible?

Pam: The rules specifically say "DAS Director" but it was written by a different DAS Director of the time. This is one of three statewide committees that I serve on and one is chaired by an external director and one by outside of DAS. I have watched those two committees struggle. I know I tend to push the agenda. What is internal audit in this state? The former DAS Director felt very strongly that it was DAS that set the direction and that is why it was set up that way. I'd like to leave the option open.

Scott: How about membership?

Pam: The one thing that has been discussed quite a bit Marlene's position. The rule says very specifically that one other chief auditing executive from the state should be appointed by the DAS Director. The previous committee discussions have been that we would open this up to the Chief Audit Executive Council to nominate three people so that Scott has a choice. There was a lot of confusion, again, very specific to the DAS Director at the time, pick a person.

Could we have it that it will be Marlene until such time...

Pam, I left that on the annual line, the self-assessment consider in May membership. We will come back and do that. Membership-wise, do we all want to continue so that everyone is not roped into it forever. We need clarification that Marlene is allowed. The Internal Audit Committee likes to know that there is a voice outside of DAS that they can go to so can we have Marlene and bring an item here outside of me. They want to know that is allowable and I believe it is.

There was confusion about does Marlene sit on staff as a chief audit executive representative or as a representative of her agency and position? She was told she represents ODOT not the internal audit committee. We want to know if she can _____ records of the rest of the internal audit committee.

Comment: If the agency internal auditors have an issue, the person could go to Marlene.

This is the first time that we have had agency management representation that the internal auditor doesn't report to which I think is great because it is bringing in a different. I am really excited about where we are at right now.

Pam is an ex-officio member so there is only one chief auditor. As a voting member, we only have one. Is there a committee's council that would nominate 2 or 3 or 4. Yes.

I would like to see electing a single person shop. A single person is a different atmosphere. They have a chair so I will have her email you and me.

Question: Do we have coverage from the audit committee side?

Pam: I will check with David Nun as well. He may also be an Audit Committee member.

Question:specifically in the membership?

It seems that it is important enough to get that but if _____

Consensus: Add some language that membership should cover the following areas? Yes.

It will be July before we get to this.

Do you have people from ODE and SOS attend? Answered naming several people.

Scott: We will check the calendar for November and December to check for legislative week. You might see something that needs moved.

Any other thoughts on membership?

Are we going to have the committee shall be required no more than 16 people?

It says not more than 9 other people. These are set admin rules.

Pam: I will add language to ensure membership incorporates the following subject areas of expertise. I believe it is 14 people total on a committee. I don't worry about voting because we are not a decision making body, we are an advisory body.

So, we have consensus on the Charter?

Question on membership: If they are having someone from the Judicial branch administrative, the Legislative branch.....can't understand the question.

Scott: No, we are not bringing them in.

Comment: The last sentence says "the Committee shall..." it is the same as down below.

Scott: other thoughts on membership?

Responsibilities

Number four is deleted. Pam will write the annual report. I would like the report reviewed annual. She is working on the ability for the agencies to have a database so that Pam can summarize.

Once a year, I issue a statewise internal audit report. That is what I want you to review.

If you review something and you don't like it – what do you do? I review and approve.

Then it comes back to "authority". What if we don't like it what do we do – what happens.

There is a letter on the first page and it says "reviewed" because I haven't worked the timing out but this year it will work out.

Scott: We have a statutory obligation to submit an unapproved report unless we were prior to that fix whatever needed to be fixed.

Pam: I've done a lot of work to standardize the template and make sure that you all get it ahead of time.

Scott: Have folks looked at the report and maybe at the next meeting, we should talk about the report. Perhaps we should change the template.

Question: Is this something the committee is issuing to the state under its name?

Comment: When something says review and then doesn't give you what do to if it isn't approved.

Response: The statute just requires a report on the statewide internal auditing committees. This report is a compilation of what all the state agencies have been doing. That is the statute.

Pam: If there is information you would like to get from the internal auditors now. I need to know by next meeting so when I send out my call for reports, to make sure they include that information.

Comment: In some other committees, they require feedback and comments. They are making a recommendation that ultimately the Director can make changes. They can recommend approval with

comments which the director may or may not accept.

Review and make recommend changes to the annual audit.

The statutes don't require that the committee look at this.

Comment: Number three...not sure...again review again, gives me heartburn. How would we possibly monitor the effectiveness.

Pam: I think that is from the annual report. That is really my hopes that the annual report is telling you that "It appears that internal audit functions are active. They are getting things done. They are following standards. What do they get accomplished for the year, etc." Maybe I could try to combine this.

Comment: If our goals are simply to say they have complied with the requirements of the audit committee, we can do that.

Scott: In coming back to our three initiatives, we felt that they weren't as effective as they could be because of the deficiencies that we identified in management understanding the role of internal audit. Internal audit committees understanding their roles, etc., etc. We said that those are the areas that we feel that we are proactive in helping agencies. We'd improve the effectiveness of the internal audit.

Response: I think you will automatically but I don't think we have the ability or the manpower to judge effectiveness. I do think we have the ability to judge whether or not certain things are in place and we presume on them being in place.

Scott: Even with those things in place, there is room for improvement and I think it might be another way of trying to measure the effectiveness because we don't know the measure. So, think about how we word "improve the function".

Comment: Our mission is to promote the excellence of internal auditing in state government. One thing is that I think management is having a hard time understanding internal audit language. Can we put something in there to help? Or think in a way that management understands?

Scott: I think that is our target.

Pam: If they can't understand what you are saying, they are not going to make a change.

Comment: Number five. Suggest putting this one first under responsibilities and word-smithing it so that this group can change and be adaptable as we move forward. Listen to the environment around us to provide timely and necessary guidance. It's more of a living thing that we can actually do thing when they are needed.

Comment: Is number six about concern that there is some issue?

Scott: When we talk about internal audit, the number one concern is independence and objectivity. Without having some kind of statement of objectivity here, it is like ignoring the number one rule.

So, you don't see it as an issue but more as something that is practiced?

It could be an issue or it could be something that emerges from a community. At a certain point in time you have to get a handle on it. You get turn over and different folks come in. Understanding the rule of internal audit, understanding the role of management, etc., etc., that could very quickly emerge

as an issue and clearly outlining it is something for us to be watchful for and something that is to be maintained.

Pam: That was one of the initial reasons for forming the committee and making it a statewide function. Around how agency management was using their internal audit function. We talked in this group directly about what exact role this committee plays. Should an internal auditor find themselves in trouble. That's partly where 3139 helped with some it in that they have that external reporting relationship with the audits division now. I have faced it. I have auditors calling me. We definitely serve that role to promote and enhance, we could listen.

Scott: If we are pro-active in our education, there is awareness to the sensitivity of this issue.

Pam: If they have an audit committee in place where they can go.

Comment: From the DAS point of view, if there is some kind of audit issue in a branch agency, it is going to go back at some point or other to DAS to ask what DAS doing about this...so the reality is that we have **skin in the game**. It has been the same for information security forever.

Question: If the mission has something about "governance" should there also be something in the Responsibility section that we do to encourage this?

Scott: Yes.

Comment: When you talked about "draft proposal rule for consideration adoption" - that is gone...is there some responsibility for this group to do that - was an old number 2?

Pam: That is what 3 is supposed to be.

Response: To me they are pretty different. One is recommending rules that should be adopted perhaps. Is that not necessarily something that this committee would do as it is assessing whatever it is doing?

Pam: There is an admin rule in place.

Scott: Maybe it needs to be a little clearer. You don't only get to just review, monitor and complain, you actually get to make recommendations for improving the rules.

Comment: So, you were going to put something in there about "authority"?

Pam: Yes.

Scott: If you think about anything between now and the time we get the next version out, send it to David or Pam.

The reasoning of the original group that built the original **_____**

Pam: I took it out. I thought it was an odd thing to have in the charter.

Scott: Thank you. I am excited about working on our pre-initiatives next meeting as well. The next item on the agenda is Round Table. Are there any other issues that want to raise that can either be discussed today or be on a future agenda that we can follow up on.

Pam: Some folks are staying but everyone is welcome. We will talk about **_____** management. We

will have an update for you at the next meeting.

The Chief Audit Executive at PERS is helping with audit committee training, so I hope to have lots of good news for you in July.

The next meeting is August 23.

Round Table

• General topics from Committee Members	ALL	2:30 – 3:00	
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None.

Next meeting:

Monday, August 23, 2010 1:00 pm – 3:00 pm, DAS Executive Building Conference Room A

Potential Agenda Items:

- Discuss potential training options for internal audit committee members
- Discuss progress on ERM Subcommittee
- OAR Revision Update