

Meeting Minutes

Statewide Audit Advisory Committee

Meeting Date: August 23, 2010


Time: 1:00 pm – 2:30 pm

Location: DAS Executive Building, Conference Room A

Attendees: Scott Harra, Gary Blackmer, Laurie Byerly, Marc Williams, Marlene Hartinger, David Moon, Theresa Masse, Satish Upadhyay, Pamela Stroebel Valencia, Michael Freudenthal, Susan Daniels

Guests: Jason Stanley, PERS CAE; Brandon Weber, OYA CAE; Luisana Solis, DAS IAS Intern; Jen Coney, DAS Risk Manager

Absent: Kim Johnson

Item	Presenter	Time	Handouts – Action Items
Opening Comments			
<ul style="list-style-type: none"> Welcome and Introductions – Membership Updates 	Scott Harra	1:00 – 1:05	
<p>Scott lead introductions and welcomed new member Michael Freudenthal, US Army Corps of Engineers (Portland District) Chief of Internal Review and CAE member candidate Jason Stanley, PERS Chief Audit Executive.</p> <p>Membership Update: One external vacancy still exists. As a result of the charter discussion at last meeting, Pam developed the “Chief Audit Executive Member - Desired Attributes” (see handout). Chief audit executives were asked to nominate fellow chief audit executives for the role; six were nominated and four officially accepted. All four were invited to attend. Jason Stanley, PERS CAE was able to attend and is on the agenda for another topic. The DAS Director/Committee Chair will review applications and make a decision prior to the November meeting.</p>			
Outreach			
<ul style="list-style-type: none"> Update on recruitment efforts statewide Update on ERM work with RMAC and ESO Review DAS IAS Customer Service Survey Results 	Pam Stroebel Valencia	1:05 – 1:25	 ERMDef-Brochure http://www.oregon.gov/DAS/directors_survey.shtml
<p>Recruiting update – agencies with current openings: Lottery; Judicial; DAS.</p> <p>Enterprise Risk Management update: Pam thanked Jen Coney and Marc Williams from the Risk</p>			


Management Advisory Council (RMAC) for attending. RMAC and SAAC have been looking for ways to coordinate efforts toward promoting a statewide message on enterprise risk management (ERM), tools, and training.

Pam gave background on the process that lead to the draft of the brochure "Got Risk?" She explained that it is a marketing tool that will be formatted as a three-page flyer. She stated that it gives information about ERM but does not mandate actions. She asked the group to send her real examples to be included. The discussion included that this is targeted to everyone, not just managers and that when training is involved, then audiences will be targeted. It was also discussed about focus on specific cost savings such as risk associated with budget. Scott explained that can go both ways, from a perspective of a risk adverse culture that pays for prevention of risks which may not have a high likelihood of occurring can create a resource drain. It was suggested to describe impediments to the mission and to tie risk to controls.

Current efforts include working on a self-assessment tool for executive management teams, a series of articles in RiskyNotes about ERM, and an ERM website that will contain tools and best practices. Scott asked members to e-mail Pam with other ideas. Overall group consensus was that this brochure will be a good tool.

Customer Service: Pam passed around results of the DAS Customer Service Survey specific to the Internal Audit Section. The survey can be viewed in file on-line.

SAAC-CAE Connection

• FY 11 Action Plan Progress Update	Pam Stroebel Valencia	1:25 – 1:35	 SAAC_FY11_Update
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Pam reviewed the current status of SAAC action plan items.

The three objectives for the FY11 Plan are as follows:



- Update charter.
- Enhance relationship with agency audit committees.
- Leverage risk information and promote ERM.

Annual: In addition to progress on those three objectives, Pam stated that she has started a space on GovSpace where documents are posted and internal auditors can communicate with each other. She encouraged this space with the internal audit community as an opportunity to share best practices and move from Pam and DAS being the only point of contact for information and questions.

Coverage

No Discussion Items this Meeting

Training

• Report on potential Audit Committee member training	Jason Stanley, PERS	1:35 – 1:45	  \\Wpsdclr006\k\DO\ IA\Committees\SAAC IA\Committees\SAAC
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The Proposal for Audit Committee Training was presented by Jason Stanley. The proposal is for the trainer to spend ½ day with CAE and Audit Committee members together and then the afternoon would be for the CAE only.

All agencies are required to have an internal audit function will be invited to bring a committee member and a CAE or internal audit contact. With SAAC members, attendance will likely be around 45 people total with equal parts CAE and audit committee members. Pam stated approximately 20 agencies currently have an active audit committee. Fifteen agencies responded to a survey with an interest in attending. The potential date is Wednesday, November 3, 2010 with back up date Wednesday, October 20, 2010. The total cost will be approximately \$7500; Scott stated DAS will subsidize.

The instructor has been asked to specifically address external membership of audit committees, audit committee responsibility to review financial information, compliance with Division 700 rules, and outsourcing the internal audit function.

This first audit training committee event will be face-to-face with an instructor. Pam stated they are considering an online training for the future developed by a sub-committee after the face-to-face training.

Reporting

<ul style="list-style-type: none"> • Self-assessment Discussion Continued – Revised Charter for Approval 	Pam Stroebel Valencia	1:45 – 2:20	 O:\IA\Committees\ SAAC\Meetings\2010
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Pam explained that the original charter was written prior to the administrative rule being in place and a lot of things have changed. What needs to be established is the current and future role of this committee. Pam made revisions based on the discussion at the last meeting. The group went through the charter and discussed and re-worded. It will be revised for the November meeting.

Round Table

<ul style="list-style-type: none"> • General topics from Committee Members 	ALL	2:20 – 3:30	
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Gary: OAD lost two auditors to internal functions somewhere else in the state, so will be recruiting. The broad themes current audits is performance excellence. He is specifically asking the auditors to look at performance management (planning – budgeting – reporting).

A discussion ensued around Lean Transformation. How does that fit in with budget cuts? Re-engineering to effect savings. There is currently a lot of interest in improving efficiency and effectiveness. Pam and Gary are looking at Lean training for auditors.

Satish: Secretary of State just started annual audit at ODF. Board members have show an interest in the internal audit function due to issues they are dealing with. The agency is beginning a transformation effort and plans to utilize IA.

Theresa: Enterprise Security Office is working with Pam and Risk Management on a template questionnaire for ERM. It will include a scoring mechanism to give agencies an idea of where they stand. Another member suggested an on-line survey tool made available to agencies.

Jen: Thanked the group for inviting her. She is interested in attending to stay in touch on ERM and RMAC partnership.

Marlene: Her agency's Executive Team is getting more familiar with ERM; there is some interest in

moving forward.

Next meeting:

Monday, November 22, 2010 1:00 pm – 3:00 pm, DAS Executive Building, Conference Room A

Potential agenda items:

Draft OAR Revision Update

Annual Activity Report