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This charter defines the Oregon Department of Forestry Audit Committee's purpose, authority, composition, meetings, and responsibilities.

### **Purpose**

The primary purpose of the Oregon Department of Forestry (ODF) Audit Committee ("the Committee") is to assist the ODF State Forester, ODF Executive Team and the Board of Forestry in fulfilling their responsibilities by providing structured, systematic oversight of ODF's governance, risk management, and internal control practices. The Committee also helps guide the functions and reviews the priorities of ODF's Internal Audit Services Program and provides a forum for all internal and external audit issues affecting ODF, including monitoring and disposition of those issues.

### **Authority**

The Committee has authority to review any matters within its scope of responsibility. It is empowered to:

- Seek any information it requires from the ODF employees or external parties;
- Meet with ODF employees and external parties, as necessary;
- Facilitate resolution of any disagreements between management and the internal or external auditors;
- Monitor the activities of the Internal Audit Services Program by working with the Chief Audit Executive (CAE) to establish priorities.

### **Composition**

The Committee will consist of at least three voting members. ODF's State Forester will appoint committee members and the committee chair.

The Committee must include one or more members of the Oregon Board of Forestry. At least one member should have some experience as a public accountant, auditor, principal financial officer or comptroller. The Committee may include senior management officials not directly responsible for the Internal Audit Services Program as voting members. In addition, having qualified individuals from outside ODF as a member or Chair of the Committee is desirable to enhance public accountability and transparency.

The State Forester, Deputy Director for Administration and the Chief Audit Executive of ODF will be ex-officio non-voting members of the Committee.

### **Meetings**

The Committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require. All Committee members are expected to attend each meeting, in person or via tele-conference or video-conference. A quorum is required for decision-making. A quorum for the audit committee shall be a majority of voting members. The Committee may invite members of management or others to attend meetings and provide pertinent information, as necessary. The committee may hold private meetings with auditors and call executive sessions.

The Chief Audit Executive will provide staff resources for the Committee, maintain all Committee permanent records, provide meeting agendas along with appropriate briefing materials, and prepare and maintain meeting minutes.

## **Committee Responsibilities**

The Committee will carry out the following responsibilities:

### Internal Control

- Consider the effectiveness of ODF's internal control system, including information technology security and control.
- Understand the scope of the external auditors' review of internal control over financial reporting, and obtain and review reports on significant findings and recommendations, together with management's responses.

### Internal Audit

- Approve the Internal Audit Services Charter.
- Review and approve the annual risk based internal audit plan and all major changes to the plan.

### Internal Audit Engagement and Follow Up

- Review internal audit reports and other communications to management.
- Review and track management's action plan to address the result of internal audit engagements.
- Review and advise management on the results of any special investigations.
- Inquire of the CAE whether any internal audit engagements or non-audit engagements have been completed but not reported to the committee; if so, inquire whether any matters of significance arose from such work.
- Inquire of the CAE whether any evidence of fraud has been identified during internal audit engagements and evaluate what additional actions, if any, should be taken.

### Standards Conformance

- Inquire of the CAE about steps taken to ensure that the internal audit activity conforms with *The IIA's International Standards for the Professional Practice of Internal Auditing (Standards)*.
- Ensure the internal audit activity has a quality assurance and improvement program and the results of these periodic assessments are presented to the audit committee.
- Ensure that the internal audit activity has an external quality assessment review every five years.
- Review the results of the independent external quality assurance review and monitor the implementation of the internal audit activity's action plan to address any recommendations.
- Provide recommendations for the continuous improvement of the internal audit activity.

### External Audit

- Review the communications and reports from external auditors that may have a significant impact on ODF.
- Review management's follow-up activities pertaining to any reported findings and recommendations to determine that they are met satisfactorily.

Compliance

- Review the effectiveness of the system for monitoring compliance with laws and regulations, the results of management’s investigations, and follow-up of any instances of noncompliance.
- Review the findings of any examinations by regulatory agencies, and any auditor observations.

Reporting Responsibilities

- Provide an open avenue of communication between the Chief Audit Executive, external auditors, and ODF management.
- Review and approve audit reports provided to the Department of Administrative Services.

Other Responsibilities

- Perform other activities related to this charter as requested by ODF management.
- Institute and oversee special investigations as needed.
- Review and assess the adequacy of the Committee’s charter annually.
- Confirm annually that all responsibilities in this charter have been carried out.
- Recuse themselves from voting or participating in discussions when the committee member has a conflict of interest in a particular topic.
- Help establish an atmosphere of acceptance and support within ODF of the Internal Audit Services Program.

**Committee Chair Responsibilities**

The Chair’s responsibilities in regards to the Committee are to:

- Be the key Committee contact for the Chief Audit Executive, agency directors, and others.
- Provide signatory approval of certain documents as a representative of the Committee.
- Review and approve Committee meeting agendas.
- Lead discussions at the Committee meetings on certain topics such as voting to approve annual plans, reports, etc.

This Charter has been reviewed and approved by:

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Dave Lorenz, Audit Committee Chair  
(Audit Committee Representative)

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Date

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Peter Daugherty, State Forester

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Date