



OREGON MILITARY DEPARTMENT
JOINT FORCE HEADQUARTERS, OREGON NATIONAL GUARD
230 GEER DRIVE NE
P.O. BOX 14350
SALEM, OREGON 97309-5047

State Audit Committee Charter

PURPOSE

The Oregon Military Department's (OMD) State Audit Committee (Audit Committee or Committee) primarily serves to enhance the quality and independence of the Internal Audit Function, thereby helping to ensure the integrity of internal audit processes. The Committee additionally assists management by providing structured and systematic oversight, including advice and guidance on the adequacy and effectiveness of the Agency's initiatives for:

- Program objectives,
- Values and ethics.
- Governance structure,
- Internal control and risk management,
- Audit processes including internal, external, and other providers of assurance,
- Monitoring compliance with laws, rules and regulations, and
- Financial information and public accountability reporting.

This oversight mechanism also serves to provide confidence in the integrity of these practices.

MANDATE

The mandate for the establishment of OMD's State Audit Committee was derived from Oregon Administrative Rule 125-700-135 (5) and (6).

AUTHORITY

In discharging its responsibilities, the OMD State Audit Committee will have unrestricted access to members of management, employees, and relevant information it considers necessary to discharge its duties. The Audit Committee is empowered to:

- Oversee the work of any registered public accounting firm employed and compensated by the Department;
- Facilitate resolution of any disagreements between management and an internal or external auditor;
- Retain or engage with independent counsel, accountants, internal or external auditors, or others to advise the committee or assist in the conduct of an investigation;
- Seek any information it requires from employees — all of whom are directed to cooperate with the committee's requests — or external parties; and
- Meet with department managers, external auditors, or outside legal counsel, as necessary.

MEMBERSHIP

The OMD State Audit Committee will consist of at least eight members, and shall have at least one representative of an external organization. The OMD State Audit Committee Chairperson shall be the Chief Financial Officer. If the Chairperson is unable to attend the meeting, a temporary appointment to another member shall be made for that meeting. OMD's internal Executive Management Team members shall include:

- The Adjutant General Deputy Director (AGDD),
- Installations Division Director,
- Youth Challenge Program (YCP) Director,
- Office of Emergency Management (OEM) Director,
- State Personnel (AGP) Director ; and
- Chief Audit Executive (CAE) – Ex-Officio

Attendance at Audit Committee meetings, in person or virtually, is highly encouraged, but in the event it is necessary a Division Director may send the Deputy as a delegate. Five regular members are required for a quorum however electronic voting may be used if necessary.

Audit Committee members will receive formal training on the purpose and mandate of the Committee and on the organization’s objectives.

It is the responsibility of an Audit Committee member to disclose a conflict of interest, whether actual or perceived, to the Committee. If there is any question as to whether Audit Committee member(s) should recuse themselves from a vote, the Committee should vote to determine whether the member should recuse themselves.

MEETINGS

The Committee will meet three times a year, but has the authority to convene additional meetings when circumstances require; the time frame between Audit Committee meetings should not exceed four months. The Committee may invite members of management, auditors, or others to attend meetings and provide pertinent information, as desired. A meeting agenda will be prepared by the CAE and provided to Committee members in advance, along with appropriate briefing materials. Audit Committee members are obligated to prepare for and participate in Committee meetings. After meetings the CAE will draft and distribute minutes to be approved at the subsequent meeting and maintained by the Internal Audit Function, in accordance with appropriate records retention schedules.

RESPONSIBILITIES

The committee will carry out the following responsibilities:

Governance

- Review and provide advice on the governance processes established and maintained within the organization and the procedures in place to ensure that they are operating as intended.

Financial Information

- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, recent professional and regulatory pronouncements, and understand their impact on the financial statements.

Internal Control and Risk Management

- Consider the effectiveness of OMD’s internal control framework, including information technology security and control.
- Understand the scope of internal and external auditors’ review of internal control over financial reporting and activities to attain program objectives, and obtain reports on significant findings and recommendations, together with management’s responses.
- Consider the effectiveness of OMD’s risk management practices.

Internal Audit

- Review and assess the adequacy of the internal audit charter at least biennially.
- Bi-annually review the, strategic objectives, staffing, budget, resources, and organizational structure of the Internal Audit Function.
- Annually review the activities and performance of the Internal Audit Function.
- Assign internal audit responsibilities.
- Annually review results of the risk assessment and provide input to and approve the audit plan, as well as any significant changes that arise during the year. The CAE will retain final authority over the scope and objectives of individual engagements.
- Review the effectiveness of the internal audit function, including its performance relative to the annual audit plan and compliance with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.
- Provide input to the AGDD concerning the performance, qualifications, appointment and removal of the CAE.
- Review internal audit reports and other communications after released to management.
- Review and track management's action plans to address the results of internal audit engagements.
- Ensure that the Internal Audit Function maintains a Quality Assurance and Improvement Program; review results at least annually; the results of an external review conducted at least once every five years should also be reviewed and the implementation of any action plans developed monitored.

External Audit

- Review communications and reports from external auditors' that may have a significant impact to OMD as a whole, including any proposed coordination of audit effort with internal audit.
- On an as-needed basis, meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed.

Compliance

- Review the effectiveness of the system for monitoring compliance with laws, rules, regulations, policies and the results of management's investigation and follow-up of any instances of noncompliance, including legal and ethical violations.
- Review the process for communicating the code of conduct, organizational values and ethics expectations to Agency personnel and for monitoring compliance therewith.

Reporting Responsibilities

- Report to TAG about Committee activities, responsibilities, issues related recommendations, and any additional information requested.
- Provide an open avenue of communication between all auditors and members of the Department's Executive Management Team.
- Review and approve required annual audit reports distributed to the Oregon Department of Administrative Services, Audits Division of the Secretary of State, the Legislature, or any other key stakeholders.


Other Responsibilities

- Initiate and oversee special investigations as needed; ensure appropriate action is taken against known perpetrators of fraud.
- Review and assess the adequacy of the Audit Committee charter at least biennially.
- Confirm annually that all responsibilities outlined in this charter have been carried out; perform other activities related to this charter as requested by the TAG or key outside stakeholder.
- Periodically evaluate the Committee’s and individual members’ performance on a regular basis.

BACKGROUND

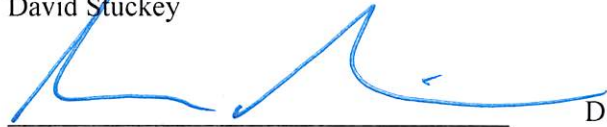
The original Executive Management Team Audit Committee was established in 2011 to provide oversight to OMD’s contracted internal audit function. Its most recent charter was updated and approved on by its members on July 10, 2015. OMD hired its first full-time, in-house Chief Audit Executive on July 1, 2019. With the addition of external membership on the Committee, it has changed its name to the OMD State Audit Committee effective with the signing of this charter.

This charter was reviewed and approved at the OMD State Audit Committee meeting on: June 25, 2020
(Date)



David Stuckey

Adjutant General Deputy Director



Sean McCormick

Director AGC – Audit Committee Chairman



Stanley Hutchison

Director Installations



Andrew Phelps

Director OEM




Dan Radabaugh

Director YCP



Tracy Garcia

Director AGP



Aaron Hunter, External Member

Chief Financial Officer – OR Dept of Veterans Affairs



Pamela J. Stroebel Powers, Ad-Hoc

Chief Audit Executive - OMD