



AUDIT COMMITTEE of the OREGON PUBLIC DEFENSE COMMISSION

Members

Chairperson

John Hutzler

External Members

Deanna Horne

Reid Kajikawa

David Terry

Jaclynn Moore

OPDC Commission

Robert Harris

OPDC Agency

Ralph Amador

Kimberley Freeman

Scott Martin (non-voting)

Quarterly Meeting

Monday June 9, 2025 1:00-3:00pm in the Mt. Hood Conference Room.

Public Zoom Link: <https://zoom.us/j/92896997974>

Agenda

Approximate Duration(s)	Discussion Item	Presenter
1:00-1:05 (< 5 min)	General Greeting and welcoming of new AC members David Terry and Jaclynn Moore.	John H.
1:05-1:10 (5 min)	Prior AC Mtg. Minutes Review and Approval (Standing item): (See March 10, 2025, AC meeting minutes).	John H. (Approve)
1:10-1:15 (5 Mins)	Future AC Mtg. Dates. Executive Session Planned for September with SOS Audits Div. Dir. (Steve Bergmann) and Deputy SOS (Michael Kaplan) scheduled to attend.	S.D. Martin (Inform)
1:15-1:25 (10 min)	Agency Status Update (Standing Item): Update includes Budget/Finance, Emerging Issues/Risks, any Legislative Issues...etc.	Ralph A. Kim F. (Inform)
1:25-1:30 (5 min)	2025 Status of the Annual Risk Assessment and 2025 Audit Plan (Pending).	S.D. Martin (Inform)
1:30-1:40 (10 min)	OPDC Audit Committee Charter Status Update and Discussion.	S.D. Martin (Inform and Discuss)
1:40-1:50 (10 Mins)	Review the Implementation Status of Prior Audit Recommendations and closures.	S.D. Martin (Discuss)
1:50-1:55 (5 min)	Annual CAE Disclosures	S.D. Martin (Inform)
1:55-2:10 (15 min)	Status of IA OAR compliance ahead of DAS required reporting in August/September. Draft summary report.	S.D. Martin (Discuss)
2:10-2:15 (5 Mins)	Annual IA Management Survey Draft Template Review.	S.D. Martin (Discuss)
2:15-2:25 (10 Mins)	Review 2024 Audit Plan Status Update.	S.D. Martin (Inform)

2:25-2:30 (5 min)	The Internal Audit SharePoint site is open for access by external members of the AC. Please contact the CAE for access and desired content. (Note: The content is not to be shared outside the AC)	S.D. Martin (Inform)
2:30-3:00 (30 Min)	Round Table: (Open Forum)	John H.
3:00	Adjourn: (Proposed next meeting: Monday Sept. 8, 2025, from 1 to 3pm)	John H.



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Quarterly Meeting

Monday March 10, 2025 1:00-3:00pm in the Mt. Hood Conference Room.

Agenda

Approximate Duration(s)	Discussion Item	Presenter
1:00-1:05 (< 5 min)	General Greeting: Present: Scott Martin, John Hutzler, Reid Kajikawa, Kim Freeman, Ralph Amador A quorum was present. John H. called the meeting to order at 1:04pm.	John H.
1:05-1:10 (5 min)	Prior AC Mtg. Minutes Review and Approval (Standing item): (See December 9, 2024, Audit Committee (AC) meeting minutes). No edits were suggested. Kim motioned, Reid seconded, minutes were approved as written.	John H. (Approve)
1:10-1:20 (10 Mins)	Discuss AC Meetings, the Oregon Public Meeting law (OPML), meeting recordings and the desired content of the minutes: John H. recalled previously discussing options for documenting meeting content. One option was to use Teams to record the meeting and develop minutes from the recording, another was to use AI tools to summarize the meeting and a third was to rely on detailed notes from Mara and Scott to draft a summarized record. A trial run with Teams was done in December, creating a document potentially subject to public meeting laws and related storage requirements. Post trial, the consensus is to rely on notes from Mara and Scott. Scott and John will prepare a summary from both sets of notes for approval by the committee. In addition, specific to the use of AI, Scott relayed his discussion with Darrin Hotrum (OJD) regarding their agency's concern about the terms of AI user agreements and their banning of AI use until the legalities of those user agreements are addressed. Kim – Shared that the same issue has come up in other meetings as well. Mona is working with IT to ensure providers cannot use AI tools in meetings with us. The agency doesn't currently have any AI policy and it needs providers to know they can't use AI in meetings with the agency. John H – Issues with user agreement raised by OJD is that the	John H. & S.D. Martin (Discuss)

	<p>provider of AI services is given the right to use any materials prepared by AI so you lose confidentiality in the meeting.</p> <p>Kim – When you ask for detailed notes are you asking for a transcript and then John and Scott make a condensed version?</p> <p>John H. – Yes, I anticipate their notes will be more than we need for the official record of the meeting. Mara’s responsibility would end with her notes at the end of the meeting. Scott would look at those notes and capture the essence of the meeting with less detail.</p> <p>Kim – For our records retention policy we may want to flag that we have two records of the meeting and maintain a schedule for both.</p> <p>Scott – The December meeting minutes we reviewed today are a good example of the meeting minute content going forward.</p>	
1:20-1:25 (<5 min)	<p>OPDC Audit Committee Charter Status Update:</p> <p>Scott – AC charter update is on hold. The Governing Commission had two people resign and will need to restaff it before finalizing the outstanding legal issues with the AC Charter draft.</p> <p>John – Sorry Rob Harris is not here today, he mentioned there would be a meeting soon. Last I heard they had no issues with the draft that was most recently submitted to them. Issues have arisen with DOJ review that need to be resolved. Will touch base with Rob to see if we can get it moving again.</p>	S.D. Martin (Inform)
1:25-1:45 (20 min)	<p>Discuss AC Candidates for recommendation to the Director prior to Chair Appointment and Commission Ratification:</p> <p>John – We have three vacancies on the AC, one was never filled. Scott sent the resumes of four candidates prior to the meeting. The candidate review process starts with a screening by Scott, John, and Jessica before the candidates are presented to AC. The AC members then vote on whom they support for the Chair’s Appointment and those candidates are presented to the Commission for ratification. Due to the extended legislative hearings, Scott and John have not had the opportunity to meet with Jessie ahead of time. Recognizing the committee only meets quarterly it is important for the candidates to be in position to move forward for Commission approval at their next meeting. Scott and John will confer with Jessica after the AC Mtg. to gain her insights and input.</p> <p>Scott – Provided a brief overview of candidates. The AC indicated having received the resumes of all candidates.</p> <p>John – If the AC is to be subject to the OPML then a benefit of having David Terry on the committee is his knowledge of how an AC operates within public meeting laws.</p> <p>John – Our AC membership language in the charter, may limit our option to have David Martin serve if it states members need to be external (not employees of OPDC or commission members).</p> <p>Reid – Would imagine David would need to recuse himself from certain discussions that involve his capacity as an employee.</p> <p>Scott – Current charter states majority of membership cannot be employees of OPDC. Specifically lists 4-6 external members.</p> <p>John H – “External members” is not defined but I think everyone assumes they would not be employees of the agency or members of the Commission. I think the language in the current bylaws</p>	John H. & S.D. Martin (Discuss / Vote)

	<p>would prevent us from appointing another employee to the committee. But may be something we want to consider with revision of charter, whether we want to stick with limitation of 3 internal members or whether 5 external, 4 internal is something we want to consider. Would need to change AC charter draft language. Jaclynn Moore talked about the value of having significant representation from management on her committee for buy-in on decisions. Issues that Reid raises would be valid for any member for potential conflicts in FCMS, Ralph is in the same position. Kim is in the same position for audits of CAP. Something that arises whenever you have internal members but does not mean you shouldn't have them. Current charter is adapted from charter of Oregon dept of education, which both I and Latham served as Chief Audit Exec and in that AC the language was that a majority of the committee would be external members, no more specific language than that. Operated with one more external member than we had internal. Could go that route since we are in the process of revising the charter. Think David M would be an excellent addition to this committee, having the IT manager here who can facilitate access would be beneficial. Still need to appoint 2 or 3 additional external members.</p> <p>John - Would like to move to approve David Terry and Jaclynn Moore at present and hold off on David M until we are able to update the charter (if we choose) to allow for an additional internal member.</p> <p>AC Members agreed.</p> <p>Ralph – like the idea of having another person from the agency on this committee to provide perspective. A program person would be a perspective we are missing. Down the road when we have 200+ attorneys we should have someone from that area involved.</p> <p>John – Will also submit names of current external members: Reid, John, Deanna, to commit to another 2 year term.</p> <p>AC Members agreed.</p> <p>Ralph – Is there any language about missing meetings?</p> <p>Scott – Not in the current charter but section E of the new draft requires members attend no fewer than 3 of 4 meetings within rolling 12 month period unless excused, can be removed if they attend fewer than that.</p> <p>John – Asserted the need for scheduling of AC meetings to best accommodate AC member work schedules and priorities.</p>	
1:45-1:55 (10 min)	<p>Agency Status Update (Standing Item): Update includes Budget/Finance, Emerging Issues/Risks, any Legislative Issues, CAP Implementation, and Staffing.</p> <p>Ralph – One week away from ways and means presentation, currently have 190 slides, public comment is on the 20th. Director has been before judiciary several times to give presentations on unrepresented crisis. Two bills out there to refocus our agency again, both geared at extending length of consortium. One says to establish public defender offices in six crisis counties with elevated attorney levels. Several plans out there to help fix the crisis. Budget is balanced at this time and trying to keep it that way, approved to reallocate some funds to balance appropriations. Have concern with federal funding, parent child</p>	Ralph A. & Kim F. (Inform)

	<p>rep program is partially funded with fed funding. \$1.2M in jeopardy if not funded. Trial support and dev manager resigned, went to work at state appellate so recruiting for that position. No general counsel at this time, may hire for that. Have procurement manager working with DOJ to align our contracting process within in Exec branch. Trying to hire more procurement staff. Accounts payable is at 30 days or less – record level of invoices and caseloads.</p> <p>Kim – Down to one senior research analyst, actively recruited and have a person joining the team on March 17th. Candidate will bring lots of experience and contacts so will help us increase our knowledge. Last week we had an admin join, training coordinator to support trial support and development and for right now she will help with policy team and internal training. We are creating a lot of policies and want to make sure we train our staff effectively. Will also help with things like mail sorting and facilitation/tracking. Since we transitioned to exec branch our policy team did an inventory, took DAS required policies and looked at what we have/don't have in place and created a spreadsheet for each section, sent to managers to see if we needed to create a policy or modify an existing DAS policy to fit our needs. Have 45 DAS policies approved that we can adopt right now, working to revamp internal Sharepoint where the policies are located so we can start training. Instituted a policy request form where managers can ask for a policy to be created. Have gotten some really good feedback. Can be prioritized if a rush is needed. Averaging about 20 policies a month and a lot of those are major changes. More policies coming to Commission this month, policy team presented last month where they are at with tracker, DAS work, etc. CAP policy work is happening, so many things are intertwined between teams. We aren't just creating policies though, both policy and process so the agency is better prepared overall. 50 day recruitment window from gov office to stay within when we open a position for hire, we have been staying within that.</p> <p>Scott – Will there be an inventory of what policies have been approved?</p> <p>Kim – Yes, they live on the SharePoint page right now under their division section. Trying to look at how to organize that better so people are not having to go into each section to find something. Anything external is listed on policy page of our website.</p> <p>Scott – The AC chair and I have given feedback on CAP framework doc, will follow up with Emese about that.</p> <p>Reid – Is there going to be an ability for AC members to get into SharePoint to review policies?</p> <p>Scott – Yes, I need to know you're interested and obtain some information to work on providing access.</p> <p>Note: See agenda item on SharePoint access further down.</p> <p>*Reid left the meeting at approximately 2:05pm*</p>	
1:55-2:05 (10 Mins)	<p>Implementation Status of Prior Audit Recommendations including when IA will close a recommendation as “Fully Implemented”:</p> <p>Scott – Shared screen in Excel with the status of prior audit</p>	Kim F. & S.D. Martin (Inform)

	<p>recommendations. Walked through status updates of the CAP and SPOTS card audits. SPOTS implementation dates were not met and need to be re-established.</p> <p>Ralph – Will set a meeting with procurement manager to collaborate on new implementation dates.</p> <p>John – Asked Scott to update this spreadsheet to add the date when a recommendation was made so they can see how long it exists between steps.</p> <p>Scott – Will reach out to Ralph to obtain new implementation dates after he has consulted with the procurement manager.</p> <p>The Kernutt Stokes Audit Recommendations – need to talk with Jessica about all of those.</p> <p>Kim – Scott and Ralph and I have quarterly meeting to review this spreadsheet before AC meetings to make sure we are all on board. Exec team approved policies that should clear up some of the procurement items outstanding. Some of these were noted to be taken care of when we have our FCMS system, which likely won't happen until 18 months or later. How long do we leave some of those audit items open because we are waiting on FCMS? Do we flag them to say these are open and we will look at them once we have FCMS?</p> <p>Scott – Completely understand. The intent is to address these when they're relevant but can close them until implemented because that's what the recommendation states.</p> <p>John – It is appropriate in the interim, between now and 24 months out, to touch base with management and make sure this is still an item they're addressing. Touching base on each of these open recommendations to ensure progress is being made is important even if the planned completion is out 24 months.</p> <p>Scott – Suggest an update every 6 months instead of every quarter. What do you recommend?</p> <p>John – If you have a meeting before the next AC meeting and management says this is still on our agenda but nothing is going to happen for the next 6 months then you don't have to touch base on it until then.</p>	
2:05-2:10 (5 Mins)	<p>Internal Audit budgeting (per IIA Standard 10.1):</p> <p>Per standard 10.1 "The CAE must develop a budget that enables the successful implementation of the internal audit strategy and achievement of the plan."</p> <p>Scott, John and Ralph - Ralph and Scott will schedule time to interpret application of this IIA standard.</p> <p>Note: An IA budget update will be a standing AC meeting item to (in part) meet this standard.</p>	S.D. Martin (Discuss)
2:10-2:15 (5 min)	<p>2024/25 OPDC Annual Risk Assessment - Status Update:</p> <p>Scott – Waiting for an e-mail to be sent by Jessica modeled after a DAS communication. Once that email is sent, Scott will reach out to individuals and make time with them if needed.</p> <p>Note: This is a key document for the agency to both identify agency-wide risks and develop the next three-year audit plan.</p>	S.D. Martin (Inform)
2:15-2:20 (<5 min)	<p>(Future) 2025 OPDC Audit Plan Status Update:</p> <p>Scott – Nothing happening on that until risk assessment happens.</p>	S.D. Martin (Inform)

<p>2:20-2:25 (5 min)</p>	<p>(Current) 2024 Audit Plan Status Update: Scott – Shared an Excel screen with the 2024 audit plan. Three audits were planned with the PAE audit scheduled to have ended in November. The PAE audit will likely run through April due to taking more time than expected. Data migration – Receiving updates from the PM and will resume work on it after PAE. DEI audit – This audit will most likely will get replaced with a new audit as a function of the 2025 risk assessment. Scott – Shared an Excel screen of time tracking for audits. John – How many audits are on this 3 year audit plan? Scott – 12. Challenge of scoping those to be do-able. Risk assessment will inform what we do 2nd year. Discussed the timing of audits both ongoing and upcoming (reflected in tracking spreadsheet).</p>	<p>S.D. Martin (Inform)</p>
<p>2:25-2:30 (5 min)</p>	<p>The Internal Audit SharePoint site: Scott – Contact me if you want access to the IA SharePoint site and to communicate the resources you’d like to see there. John – Please send a follow up email letting people know what you and IT need to grant access and soliciting what items they want to see on the site. Note: Access to the Internal Audit SharePoint site requires Executive level approval after the information is received.</p>	<p>S.D. Martin (Inform)</p>
<p>2:30-2:40 (10 min)</p>	<p>OPDC Internal Audit (IA) Goals & Objectives: Reviewed, Populated, and changed applicable Q4 Metrics. Scott – Shared an Excel screen with a Dashboard of IA Goals and Objectives as well as inputs and general time tracking. Gave overview of content with time spent on certain tasks. John – Asked for clarification on time spent on audits vs. projects/tasks/follow-up and coordination work. Scott – Those are peripheral tasks as opposed to dedicated time spent on audits. John – Encourage you to include audit follow-ups as a category as well. Similarly, if meeting prep is related to audit work you should treat that as audit time because it is attributed to a particular audit. If doing meeting prep for policy development not related to audit that is more administrative time. As this goes on then you can be in a position to review and evaluate whether 70% for direct audit work is reasonable or if you need to reduce that. Scott – That will help inform true audit capacity. Showed goals and objectives tab, incomplete item: affirmation of compliance with Oregon Admin rules. Will create a report for next meeting if the AC agrees. (AC agreement) Scott – Want to move Exec Management survey to end of fiscal year. John – Would like Scott to bring a copy of that survey to the AC next meeting for input. Scott – Propose to remove Goal 2 Objective 3 and change to a policy where IA conducts a post audit survey of participants. (AC agreed to this change).</p>	<p>S.D. Martin (Discuss / Approve)</p>

	<p>Scott – Goal 3 objective 2 – How to approach staffing metric for internal audit positions.</p> <p>John – seems clear we will be operating with one auditor until another one is included in the staffing budget. Should drop that objective or come up with another measure.</p>	
2:40-3:00 (20 Min)	<p>Round Table: (Open Forum)</p> <p>No topics discussed</p>	John H.
3:00	<p>Adjourn: 3:07pm</p> <p>(Proposed next meeting: Monday June 9, 2025, from 1 to 3pm)</p>	John H.

AC Charter Required Annual CAE Disclosures Report

Date: June 9, 2025

PURPOSE: The Audit Committee charter requires annual CAE disclosures of compliance with the professional code of ethics¹, conflicts of interest, compliance with auditing standards along with any challenges in meeting these standards.

Institute of Internal Auditors (IIA) Ethics and Professionalism, Principles 1 through 5:

Principle 1: Demonstrate Integrity

Standard 1.1 – Honesty and Professional Courage: (Summary) Internal auditors must perform their work with honesty and professional courage.

Standard 1.2 – Organizational Ethical Expectations: (Summary) Internal Auditors must understand, respect, meet, and contribute to the legitimate and ethical expectations of the organization and must be able to recognize conduct that is contrary to those expectations.

Standard 1.3 – Legal and Ethical Behavior: (Summary) Internal Auditors must not engage or be a party to any activity this is illegal or discreditable to the organization or the profession on internal auditing of that may harm the organization or its employees.

STATUS: Compliant.

Principle 2: Maintain Objectivity

Standard 2.1 - Individual Objectivity: (Summary) Internal auditors must maintain professional objectivity when performing all aspects of internal audit services. Professional objectivity requires internal auditors to apply an impartial and unbiased mindset and make judgments based on balanced assessments of all relevant circumstances.

Standard 2.2 – Safeguarding Objectivity: (Summary) Internal auditors must recognize and avoid or mitigate actual, potential, and perceived impairments to objectivity.

Standard 2.3 – Disclosing Impairments to Objectivity: (Summary) If objectivity is impaired in fact or appearance, the details of the impairment must be disclosed promptly to the appropriate parties.

STATUS: Compliant.

Principle 3: Demonstrate Competency

Standard 3.1 – Competency: (Summary) Internal auditors must possess or obtain the competencies to perform their responsibilities successfully. The required competencies include the knowledge, skills, and abilities suitable for one's job position and responsibilities commensurate with their level of experience. **Internal auditors must possess or develop knowledge of The IIA's Global Internal Audit Standards.**

¹ file:///C:/Users/martinsd/OneDrive%20-%20Office%20of%20Public%20Defense%20Services/S.D.%20Martin%20Training%20Materials/Redbook/globalinternalauditstandards_2024january9_editable.pdf

Standard 3.2 – Continuing Professional Development: (Summary) Internal auditors must maintain and continually develop their competencies to improve the effectiveness and quality of internal audit services. **Internal auditors must pursue continuing professional development including education and training.** Practicing internal auditors who have attained professional internal audit certifications must follow the continuing professional education policies and fulfill the requirements applicable to their certifications.

Note: The CAE is pursuing continuing professional development as required by this standard.

STATUS: Compliant.

Principle 4: Exercise Due Professional Care

Standard 4.1 – Conformance with the Global Internal Audit Standards: (Summary) Internal auditors must plan and perform internal audit services in accordance with the Global Internal Audit Standards.

Standard 4.2 – Due Professional Care: (Summary) Internal auditors must exercise due professional care by assessing the nature, circumstances, and requirements of the services to be provided, including:

- The organization’s strategy and objectives.
- The interests of those for whom internal audit services are provided and the interests of other stakeholders.
- Adequacy and effectiveness of governance, risk management, and control processes.
- Cost relative to potential benefits of the internal audit services to be performed.
- Extent and timeliness of work needed to achieve the engagement’s objectives.
- Relative complexity, materiality, or significance of risks to the activity under review.
- Probability of significant errors, fraud, noncompliance, and other risks that might affect objectives, operations, or resources.
- Use of appropriate techniques, tools, and technology

Standard 4.3 – Professional Skepticism: (Summary) Internal auditors must exercise professional skepticism when planning and performing internal audit services. To exercise professional skepticism, internal auditors must:

- Maintain an attitude that includes inquisitiveness.
- Critically assess the reliability of information.
- Be straightforward and honest when raising concerns and asking questions about inconsistent information.
- Seek additional evidence to make a judgment about information and statements that might be incomplete, inconsistent, false, or misleading.

STATUS: Compliant.

Principle 5: Maintain Confidentiality

Standard 5.1 – Use of Information: Internal auditors must follow the relevant policies, procedures, laws, and regulations when using information. The information must not be used for personal gain or in a manner contrary or detrimental to the organization’s legitimate and ethical objectives.

Standard 5.2 – Protection of Information: (Summary) Internal auditors must be aware of their responsibilities for protecting information and demonstrate respect for the confidentiality, privacy, and ownership of information acquired when performing internal audit services or as the result of professional relationships.

STATUS: Compliant.

Principle 7: Positioned Independently

Standard 7.1 – Organizational Independence: (Summary) The chief audit executive **must confirm to the board the organizational independence of the internal audit function at least annually.** This includes communicating incidents where independence may have been impaired and the actions or safeguards employed to address the impairment.

Note: This report is the required action for compliance with this standard.

STATUS: Compliant.

Conflict of Interest: The CAE Reports no conflicts of interest at this time.

STATUS: Compliant.

Compliance with 2024 IIA Auditing Standards: The CAE is gaining familiarity with the new 2024 IIA standards and will address any compliance issue(s) with OPDC Management or the AC (as appropriate) when encountered.

STATUS: Compliant.

REQUESTED ACTION: AC affirmation of CAE adherence to the IIA code of ethics, absence of any reported conflicts of interest, and on-going implementation of the new (2024) auditing standards.

OAR Required OPDC Internal Audit Status Report - Draft

Date: September 2025

PURPOSE: The purpose of this draft report is to inform the AC of OPDC compliance with IA related OARs and the actions the CAE intends to take prior to the deadline to correct any potential compliance issues.

Per OAR 125-700-0140(4) "Each agency's Chief Audit Executive shall provide information on the activities performed by the internal audit function covering the time period of July 1 through June 30 of the preceding year; to the Oregon Department of Administrative Services."

The information to be provided to DAS will (in part) include the status of OPDC's compliance with Internal Audit (IA) related OARs.

Status: **Compliant** and **Action Pending**

Reference: [125-700-0125](#)

Internal Auditing Requirements

(1) Agencies that meets two or more of the criteria below for the last two consecutive biennium, the agency head shall establish, maintain, and fully support an internal audit function within existing resources. Agencies may outsource some internal audit activities if the agency determines that it is more cost efficient and meets OAR 125-700-0126.

Status - Compliant

(2) For agencies that meet the requirement of this OAR, the internal audit function shall be staffed with a minimum of 1 FTE. This position **shall be budgeted and maintained at the Chief Audit Executive level**. Subsequent FTE may be budgeted at lower positions and reports to the Chief Audit Executive.

Status - Action Pending - The OPDC internal audit function is staffed at the minimum of 1 FTE, but it is **not** budgeted and maintained at the Chief Audit Executive level.

The CAE will discuss this issue with the Executive Director during the next 1:1 mtg on June 13, 2025.

Reference: [125-700-0135](#)

Agency Internal Audit Function Governance

(1) Agency internal audit functions shall be governed by appropriate professional auditing standards such as The Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) or the Generally Accepted Government Auditing Standards (GAGAS) of the United States Government Accountability Office (GAO).

Status - Compliant - The internal auditor function follows IIA (Redbook) standards.

(2) To help ensure the integrity of the internal audit process, **agency management shall take reasonable steps necessary to support the internal audit function in complying with the selected professional auditing standards**. This may include obtaining audit related certifications, continuing professional education training and membership to professional auditing associations.

Status – **Action Pending** – Management reimburses the cost of IIA membership but does not reimburse the cost of CIA training or allocate a budget for continuing professional education in support of standards 10.1 and 3.2 which provide.

The CAE will discuss this issue with the Executive Director during the next 1:1 mtg on June 13, 2025.

Standard 3.2: “Internal auditors must maintain and continually develop their competencies to improve the effectiveness and quality of internal audit services. Internal auditors must pursue continuing professional development including education and training.”

Standard 10.1: “The chief audit executive must manage the internal audit function’s financial resources. The chief audit executive must develop a budget that enables the successful implementation of the internal audit strategy and achievement of the plan. The budget includes the resources necessary for the function’s operation, including training and acquisition of technology and tools. The Chief Audit Executive must manage the day-to-day activities of the internal audit function effectively and efficiently, in alignment with the budget”. In addition, “The chief audit executive must seek budget approval from the board.”

(3) The agency's internal audit charter shall formally define the internal audit function's purpose, authority, responsibility, and the professional auditing standards the function will follow. The internal audit charter must be approved and periodically reviewed by the audit committee and agency senior management.

Status – **Compliant**

(4) Internal audit staff shall have unrestricted access to all systems, processes, operations, functions, data, personnel, and activities within an agency as needed to perform job responsibilities.

Status – **Compliant**

(5) Each agency having an internal audit function shall establish and maintain an audit committee. The primary purpose of the audit committee is to enhance the quality and independence of the internal audit function, thereby helping ensure the integrity of the internal audit process. This is achieved at minimum by:

(a) Having a formal, written charter that establishes the audit committee’s mandate, authority, and functional reporting relationship including the roles and responsibilities of the audit committee and its members. The charter must be approved and periodically reviewed by the audit committee and agency head.

(b) Include at least one qualified external member that is independent of agency management on the audit committee to enhance public accountability and transparency and increase independence of the internal audit activity.

(c) If the agency has a governing board or commission, the audit committee must include at least one board or commission member. This member can be used to meet the requirement listed in “(b)” above.

(d) The audit committee shall approve the risk-based internal audit plan. The audit committee shall also review internal audit reports on the progress of internal and external audit report findings and recommendations to determine whether proper corrective action has been completed or that senior management has assumed the risk of not taking the recommended corrective action.

Status – **Compliant**

Reference: [125-700-0140](#)

Planning and Reporting Responsibilities

(1) Each agency's Chief Audit Executive shall prepare an agency-wide risk assessment in accordance with audit standards.

Status – Compliant

(2) Each agency's Chief Audit Executive shall prepare an audit plan of engagements based on the most recent risk assessment. The plan should reflect the priorities of the internal audit function and be consistent with the agency's goals. Plan shall be reviewed and approved by the audit committee, along with any significant modifications to the plan. At least one risk-based audit shall be selected from the audit plan and performed annually.

Status – Compliant

(3) Each agency's Chief Audit Executive shall identify an audit topic related to governance and risk management at least once every five years. Examples of audit topics include ethics, diversity/equity/inclusion, strategic management, performance management, the alignment of information technology with the agency's strategies and objectives, systems in place to assure compliance with laws and regulations, and processes in place to prevent and detect fraud.

Status – Compliant

(4) Each agency's Chief Audit Executive shall provide information on the activities performed by the internal audit function covering the time period of July 1 through June 30 of the preceding year; to the Oregon Department of Administrative Services.

(a) The required information shall be submitted to the Oregon Department of Administrative Services no later than September 30th of each year and be included in the Statewide Annual Report on Internal Audit Activities.

(b) The information may include, but not be limited to:

(A) Staff Information such as education, certification, training, etc.

(B) Quality Assurance Reviews

(C) Audit Committee makeup

(D) Audit and/or Consulting Engagements performed

(E) Chief Audit Executive Reporting Structure

(F) Risk Assessments and Audit Plans

(G) Internal Audit Function Performance Measures

(c) Information not included in an agency's report must be available for review upon request of the Oregon Department of Administrative Services.

(d) Agency's shall provide DAS with supporting documentation related to submitted information upon request.

Status – Compliant

(5) The agency's Chief Audit Executive must periodically assess whether the purpose, authority, and responsibility, as defined in the audit charter, and resources required to accomplish the work continue to be adequate to enable the internal audit staff to accomplish their objectives. The result of this periodic assessment must be communicated to the audit committee and, if applicable, senior management.

Status – Compliant

(6) Completed risk assessments and internal audits need to be filed with the Audits Division of the Office of the Secretary of State.

Status – Compliant

Reference: [125-700-0145](#)

External Review

(1) Agency internal audit functions must have an external assessment to determine whether the function is operating in accordance with professional auditing standards. The frequency of external assessments are pre-defined by professional auditing standards.

Status – Compliant

(2) A copy of the external assessment report will be provided to the audit committee and to the Internal Audit Section of the Oregon Department of Administrative Services.

Status – Compliant

(3) Agency internal audit functions may have the assessment performed by either of the following means:

(a) an interagency program administered by the Department of Administrative Services Statewide Coordinator Internal Audit Function;

(b) an independent contracted provider or;

(c) a self-assessment with independent external validation.

Status – Compliant - OPDC AC has not had an External Quality Assessment (EQA) because the IA function has not been in existence for five years (the interval established by IIA Standards).

The CAE will be assisting in an EQA at another agency in the fall of 2025, coordinated by DAS (per the options afforded in subsection (3)(a)), which will further inform the CAE of EQA requirements for an EQA of OPDC via the same evaluative option in calendar year 2027.

Reference: [125-700-0150](#)

Internal Audit Independence

(1) In order to maximize both independence and objectivity of the audit function and allow the internal audit function to fulfill its responsibilities, the agency Chief Audit Executive must report functionally to the agency audit committee, and administratively to the agency Director, Deputy Director, or equivalent.

Status – Compliant

(2) The Chief Audit Executive must have unrestricted access to decision-makers and decision-making bodies and to the information and employees needed to perform internal audit duties and responsibilities. The Chief Audit Executive may not defer ultimate judgement on audit matters to others and must be free to obtain advice and information from sources inside and outside the agency. **To be effective in their role, the Chief Audit Executive should be a non-voting member of the agency's senior management team and attend Executive/Leadership team meetings.**

Status – Action Pending – The CAE has access to OPDC Decision Makers (ED, Directors, and Managers) and most Decision Making Bodies (i.e. the Commission and its Governance Subcommittee, the ED and Managers). However, the CAE has been excluded from Executive/Leadership team meetings.

The CAE will discuss this issue with the Executive Director during the next 1:1 mtg on June 13, 2025.

(3) The internal audit function must be free from interference in determining the scope of internal auditing, performing work and communicating results. The Chief Audit Executive must disclose such interference to the audit committee and discuss the implications.

Status – Compliant

(4) The internal audit function must be free of any operational and management responsibilities that would impair its ability to make independent reviews of all aspects of the agency's operations.

Status – Action Needed - The CAE has not performed any operational and management responsibilities. However, the position description of the OPDC Internal Auditor includes the duties of the agency's Ethics Officer and development of agency policies. Performance of such responsibilities would impair IA ability to make independent reviews of these aspects of the agency's operations. These responsibilities should be removed from the Internal Auditor position description.

(5) Where the Chief audit executive has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards must be in place to limit impairments to independence or objectivity.

Status - Action Needed - (CAE Safeguards) – The CAE has not performed and does anticipate performing any roles and/or responsibilities outside of internal auditing. The Internal Audit Position Description needs to be reviewed and updated accordingly.

The CAE will discuss this issue with the Executive Director during the next 1:1 mtg on June 13, 2025.

(6) A scope limitation, including resource limitations, placed upon an internal audit function that precludes it from meeting objectives must be communicated in writing to the audit committee and, if applicable, agency management, along with its potential effect.

Status – Compliant

Recommendation: [125-700-0155](#)
Audit Records and Retention

(1) The agency's internal audit function, must maintain audit work papers and reports in accordance with records retention requirements. The internal audit function should ensure that its records retention schedule will allow it to keep the documents until an external peer review has been performed, and audit findings and recommendations have been appropriately followed-up on. Refer to State Archive requirements and OAR 166-300-0025 for record retention schedules. Records must be kept so they can be retrieved, if necessary.

Status – Compliant

(2) The agency's Chief Audit Executive must follow appropriate data classification procedures to monitor and control confidential and sensitive internal audit documents. Confidential documents are those designated as confidential by agency policy or covered by ORS 192.496 through 192.505.

Status – **Compliant**

REQUESTED ACTION:

AC support for CAE's request that the ED:

- a) Direct HR to reclassify the OPDC Internal Auditor position from Auditor 3 to Chief Audit Executive and revise the position description to remove roles and responsibilities fall outside of internal auditing,
- b) Provide adequate resources for training and professional development for the Internal Auditor to achieve IIA certification, and
- c) Invite the Internal Auditor to attend Executive/Leadership meetings..

OPDC Internal Audit Annual Management Review Survey			
Question Number	Question	Score (1 = Disagree, 3 = No Opinion, 5 = Agree)	Comment
1	(Availability and Responsiveness) - The Chief Audit Executive (CAE) is available during work hours via e-mail, text, phone and in-person and responds timely to requests for information or discussion.		
3	Respect and Engagement) - The CAE is respectful, non-dismissive, patient and a willing collaborator.		
4	(Objectivity) - The CAE is unbiased and objective in performing the Internal Audit (IA) function by focusing on facts, actions and outcomes specific to data, audit conclusions and performing disclosures as required of IIA Standards 2.1 through 2.3.		
5	(Coworker Relationships) - The CAE maintains positive working relationships while maintaining independence and objectivity.		
6	(Risk Assessments) - The CAE gathers appropriately stakeholder input to ensure a comprehensive Risk Assessment.		
7	(Audit Planning) - The CAE reviews and updates the 3-year audit plan annually.		
8	(Required Reporting) - The CAE Completes all required reporting of the IA function in a timely manner to include: OPDC Management, the Commission, DAS and SOS.		
9	(Audit Findings) - Audit reports issued by, or with support from, the current CAE are relevant and insightful.		
10	(Implementation of Audit Recommendations) - The CAE actively monitors the implementation of prior audit recommendations and is reasonable in the standards needed for closure.		
11	(IA Policy Development) - The CAE drafts IA-related policies when appropriate.		
12	(IA and AC Charter Relevance) - The CAE ensures the Audit Committee and Internal Audit Charters are current in scope and up to date with state regulations and IIA standards.		
13	(Continuous Professional Development) - The CAE is engages in continuous professional learning and development (as required of IIA Standard 3.2.)		
14	Overall Rating of the CAE		
15	Areas for potential Improvement		