

Oregon Parks and Recreation Commission

April 9, 2014

Agenda Item: 5a

Action

Topic: Updating the Audit Committee Charter to reflect the expanded Audit Committee.

Presented by: Bevin Clapper, OPRD Quality Assurance Coordinator

The Audit Committee reviews its charter regularly and recommends changes when appropriate.

The Audit Committee is recommending changes to the charter to:

- Expand the Audit Committee to 5 members with the Director participating in an ex officio non-voting role and adjust meeting schedules to not coincide with Commission meetings.
- Strengthen language regarding the internal control responsibilities of the Audit Committee
- Include the ability for the Audit Committee to explore opportunities to partner with other state agencies to leverage audit resources and expand audit coverage.

Prior Action by Commission: The Audit Committee Charter was last reviewed and approved by the Commission at the meeting in July of 2011.

Action Requested: The Audit Committee requests that the Commission approve the revised Audit Committee Charter.

Attachments: Proposed Audit Committee Charter 2013 Track Changes.doc
Proposed Audit Committee Charter 2013.doc

Prepared by: Bevin Clapper, OPRD Quality Assurance Coordinator



OREGON PARKS & RECREATION DEPARTMENT

POLICY STATEMENT

NUMBER OP XX-XX	PAGE 1 of 3
EFFECTIVE DATE 8/1/2014 <u>XX/XX/XXXX</u>	
Approved by OPRD Commission on 7/20/2014 <u>XX/XX/XXXX</u>	
Approved	AUTHORITY
SUBJECT	Oregon Revised Statute 184.360, Oregon Administrative Rule 125-700-0035
Audit Committee Charter	DISTRIBUTION
	All Staff

PURPOSE:

To define the purpose, authority and responsibilities of the Oregon Department of Parks and Recreation (OPRD) Commission’s Audit Committee.

COMMITTEE PURPOSE:

To assist the OPRD Director (Director) and the Oregon Parks and Recreation Commission (Commission) in meeting OPRD objectives by promoting a systematic, disciplined approach to evaluate and improve the effectiveness of operations, risk management, control, and governance process. This work should add value and improve OPRD’s operations through the oversight of:

- financial reporting,
- risk assessments,
- ~~and reviews of~~ internal controls,
- compliance with laws, regulations, policies and procedures, and ethics requirements,
- economy and efficiency of OPRD’s operations,
- and the performance of OPRD’s quality assurance program which includes the internal audit function.

AUTHORITY

The Audit Committee may:

- Investigate any matters that fall within the committee’s purpose.
- Direct and approve all auditing and non-audit services provided by the Quality Assurance function.
- Access any records, personnel, and physical property under the purview of the Commission.
- Seek any information it requires from external parties.
- Retain outside legal, accounting or other consultants necessary to assist the Committee in pursuing its purpose (subject to availability of OPRD funds to pay for these services).

COMPOSITION

The Audit Committee will consist of ~~six at least three~~ members: the Director, the Vice Chair of the Commission, ~~and at least one other Commission member appointed by the Commission to serve a 2-year term subject to reappointment~~, a current or past audit professional, and two commission or committee members from the commissions or committees under OPRD’s umbrella (example include the Oregon Heritage Commission and the Local Government Grant Advisory Committee). The Vice Chair of the Commission will be the Audit Committee chair. The Director will be an ex officio position and participate in a non-voting role.

~~The Quality Assurance Coordinator will participate in a non-voting role and provide support to the Audit Committee.~~ All Audit Committee members (excluding the Director) will be appointed by the Commission to serve 2 year terms subject reappointment. The Quality Assurance Coordinator's role is to provide support to the Audit Committee.

MEETINGS

The Audit Committee will meet at least four times a year, and may convene additional meetings, as circumstances require. Regular meetings will be held in off months from Commission meetings~~in conjunction with Commission meetings~~ to the extent possible. ~~The Committee Chair~~Quality Assurance Coordinator will provide and the Committee Chair will approve an agenda in advance of each meeting. The agenda and appropriate briefing materials will be provided to committee members prior to each meeting and minutes will be taken. The Quality Assurance Coordinator and the Audit Committee will work together to develop an annual calendar that is in line with the audit plan.

The Audit Committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. Minutes will be prepared, and available to Committee members as well as the Quality Assurance Coordinator and, upon request, Secretary of State Audits Division.

The Audit Committee may hold executive sessions and may meet privately with stakeholders, management, staff or external auditors.

RESPONSIBILITIES

1. Quality Assurance Program and Compliance with Internal Auditing Standards
 - Review and approve the audit committee charter, quality assurance policies, engagements, staffing levels, and the organizational structure of the internal audit function
 - Ensure the work of the Quality Assurance program is consistent with the Definition of Internal Auditing, the Institute for Internal Auditing (IIA) Code of Ethics and the International Professional Practices Framework (IPPF or more commonly The Red Book). If non-conformities exist because of resource limitations, the Audit Committee will provide guidance to the Quality Assurance program regarding acceptable alternatives.
 - Ensure there are no unjustified restrictions or limitations on the work of the Quality Assurance program and that the Quality Assurance program meets IIA IPPF standards of independence.
 - Review the effectiveness of the Quality Assurance program which includes the internal audit function.
2. Financial Statements
 - Review the Comprehensive Annual Financial Report, and consider whether they are complete, consistent with information known to committee members and reflect appropriate accounting principles.
 - Review with management and Secretary of State Audits Division the results of the annual financial audit.
 - Review all reportable matters such as material findings that are required to be communicated to the Audit Committee under Generally Accepted Auditing Standards and Government Auditing Standards with management and the Quality Assurance Coordinator.
3. Enterprise Risk Assessment ~~and Internal Control~~
 - Assist in the direction and design of the annual Enterprise Risk Assessment.
 - Provide guidance to the Quality Assurance Coordinator on OPRD's risk appetite, as well as criteria

~~and sufficiency of evidence for determining whether internal controls are appropriate and functioning as expected.~~

- Approve the Enterprise Risk Assessment. Ensure that is consistent with information known to the committee members and methodologically appropriate and is reflective of OPRD's general risk levels or portfolio.
- Advise the Commission of areas of inappropriate risk and work with management and the Quality Assurance Coordinator to ensure these risks are mitigated to acceptable levels.
- Provide guidance to management for the design and continuous improvement of OPRD's Enterprise Risk Management System.

4. Internal Control

- Consider the effectiveness of OPRD's internal control system, including information technology security and control.
- Provide guidance to the Quality Assurance Coordinator on criteria and sufficiency of evidence for determining whether internal controls are appropriate and functioning as expected.

4.5.Engagement Planning

- Review and approve the annual audit plan (including major non-audit quality assurance and consulting activities) and all major changes to the plan.

5.6.Engagements

- Review significant reports or communications from the Secretary of State Audits Division, the Quality Assurance program or other reports that relate to the Committee's purpose.
- Review management's follow-up activities pertaining to reported audit and review findings and recommendations.
- Determine if management's follow-up activities are sufficient and address the matter or whether further assurance or information is needed.

6.7.Compliance

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.

7.8.Reporting Responsibilities

- Regularly report to the Commission on Audit Committee activities, findings, and related recommendations.
- Provide an open avenue of communication between the Quality Assurance program, external auditors, and the Commission.

8.9.Other Responsibilities

- Perform other activities as requested by the Commission.
- Regularly Rreview and assess the performance of the Audit Committee and the adequacy of the committee charter ~~annually~~. The review should include changes that may be necessary due to changes in laws, rules, reporting requirements or audit standards. Proposed changes should be submitted to the Commission for approval.
- Explore opportunities to partner with other state agencies to leverage audit resources and expand audit coverage.



OREGON PARKS & RECREATION DEPARTMENT

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COMPOSITION

The Audit Committee will consist of six members: the Director, the Vice Chair of the Commission, one other Commission member, a current or past audit professional, and two commission or committee members from the commissions or committees under OPRD’s umbrella (example include the Oregon Heritage Commission and the Local Government Grant Advisory Committee). The Vice Chair of the Commission will be the Audit

Committee chair. The Director will be an ex officio position and participate in a non-voting role. All Audit Committee members (excluding the Director) will be appointed by the Commission to serve 2 year terms subject reappointment. The Quality Assurance Coordinator's role is to provide support to the Audit Committee.

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The Audit Committee may hold executive sessions and may meet privately with stakeholders, management, staff or external auditors.

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3. Enterprise Risk Assessment
 - Assist in the direction and design of the annual Enterprise Risk Assessment.
 - Provide guidance to the Quality Assurance Coordinator on OPRD's risk appetite.
 - Approve the Enterprise Risk Assessment. Ensure that is consistent with information known to the

- committee members and methodologically appropriate and is reflective of OPRD's general risk levels or portfolio.
- Advise the Commission of areas of inappropriate risk and work with management and the Quality Assurance Coordinator to ensure these risks are mitigated to acceptable levels.
 - Provide guidance to management for the design and continuous improvement of OPRD's Enterprise Risk Management System.
4. Internal Control
 - Consider the effectiveness of OPRD's internal control system, including information technology security and control.
 - Provide guidance to the Quality Assurance Coordinator on criteria and sufficiency of evidence for determining whether internal controls are appropriate and functioning as expected.
 5. Engagement Planning
 - Review and approve the annual audit plan (including major non-audit quality assurance and consulting activities) and all major changes to the plan.
 6. Engagements
 - Review significant reports or communications from the Secretary of State Audits Division, the Quality Assurance program or other reports that relate to the Committee's purpose.
 - Review management's follow-up activities pertaining to reported audit and review findings and recommendations.
 - Determine if management's follow-up activities are sufficient and address the matter or whether further assurance or information is needed.
 7. Compliance
 - Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
 8. Reporting Responsibilities
 - Regularly report to the Commission on Audit Committee activities, findings, and related recommendations.
 - Provide an open avenue of communication between the Quality Assurance program, external auditors, and the Commission.
 9. Other Responsibilities
 - Perform other activities as requested by the Commission.
 - Regularly review and assess the performance of the Audit Committee and the adequacy of the committee charter. The review should include changes that may be necessary due to changes in laws, rules, reporting requirements or audit standards. Proposed changes should be submitted to the Commission for approval.
 - Explore opportunities to partner with other state agencies to leverage audit resources and expand audit coverage.

Oregon Parks and Recreation Commission

April 9, 2014

Agenda Item: 5b

Action

Topic: Appointing a new Commissioner to the Audit Committee.

Presented by: Bevin Clapper, OPRD Quality Assurance Coordinator

According to the Audit Committee Charter, the Audit Committee includes the Vice Chair of the Commission and one other Commission member. Currently, Commissioner Cal Mukumoto is Vice Chair of the Commission and therefore, Chair of the Audit Committee. The Commission needs to appoint an additional Commissioner to the Audit Committee for a 2 year term subject to reappointment.

Prior Action by Commission: The Commission appointed Commissioner Cal Mukumoto to the Audit Committee in January of 2013. In December of 2013, Commissioner Mukumoto became the Vice-Chair of the Commission and therefore, Chair of the Audit Committee.

Action Requested: The Audit Committee requests that the Commission appoint an additional Commissioner to membership on the Audit Committee.

Attachments: None

Prepared by: Bevin Clapper, OPRD Quality Assurance Coordinator

Oregon Parks and Recreation Commission

April 9, 2014

Agenda Item: 5c

Action

Topic: Appointing the new external Audit Committee members

Presented by: Bevin Clapper, OPRD Quality Assurance Coordinator

If the Commission should approve the Proposed Audit Committee Charter in agenda item 4a, the Commission will need to appoint three Audit Committee Members to 2 year terms subject to reappointment.

Per the Proposed Audit Committee Charter:

The Audit Committee will consist of six members: the Director, the Vice Chair of the Commission, one other Commission member, **a current or past audit professional, and two commission or committee members from the commissions or committees under OPRD's umbrella (example include the Oregon Heritage Commission and the Local Government Grant Advisory Committee).** ... All Audit Committee members (excluding the Director) will be appointed by the Commission to serve 2 year terms subject reappointment.

The Audit Committee recommends the following individuals be appointed to the Audit Committee:

Shawn Haywood (past audit professional)

Shawn Haywood is currently the Planning and Budget Administrator at the Oregon Department of Corrections (DOC). Shawn began working for DOC in 2005 as a Senior Internal Auditor and held the position of Internal Audit Administrator from 2011 to 2013. Shawn has a comprehensive knowledge of audit standards and professional practices. Shawn began his working career as a Police Officer in Rapid City, South Dakota. He then worked for nearly 20 years for Target Stores in various positions across the United States.

Lori G. Stirn (current Chair of the Local Government Grant Program Committee)

A native of Iowa, Lori relocated to Oregon to open the North Clackamas Aquatic Park in 1993. Since March 2001, Lori has been the District Director for the Hood River Valley Parks and Recreation District. Lori has 29 year of Park District management experience. Lori brings with her an extensive working knowledge of parks and recreation practices and principles; including organizational management, budget and finance management, park planning, acquisition, development and maintenance programs, program services planning, facility management and maintenance, personnel management.

Eric Martin (current Oregon Heritage Commissioner)

Eric Martin is an attorney with Stoel Rives LLP in Portland. Eric represents the owners and developers of natural resources in the acquisition/disposition of resources (with an emphasis on oil and gas exploration and storage, carbon sequestration, and mining), project permitting on the local, state and federal levels, and the resolution of development issues. Eric received his law degree from Stanford Law School and has a master's degree in historic preservation from the

University of Vermont. He has served on the Oregon Heritage Commission since 2010 and as a Peace Corp Volunteer in Romania prior to law school.

Prior Action by Commission: Consideration of the Proposed Audit Committee Charter in agenda item 4a.

Action Requested: The Audit Committee requests the Commission appoint the three proposed individuals to the Audit Committee for 2 year terms subject to reappointment.

Attachments: None

Prepared by: Bevin Clapper, OPRD Quality Assurance Coordinator