

Agenda Item No:	G
Work Plan Title:	<i>Forestry Program for Oregon Implementation - Issue 1</i>
Objective # & Title:	Obj. 4 –Adaptive Management
Presentation Title:	Approval of Department of Forestry Audit Committee Members
Date of Presentation:	July 24, 2008
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SUMMARY

The State Forester has identified three individuals to serve on the Oregon Department of Forestry Audit Committee (ODF Audit Committee). Department guidance requires that the Board approve the appointment of all individuals to the ODF Audit Committee. The three individuals being submitted for approval at this time are:

Barbara Craig, Board of Forestry

Kristine Kautz, Deputy Director, Oregon Department of Administrative Services

Clark Seely, Associate State Forester, Department of Forestry

Two spaces still need to be filled on the ODF Audit Committee. The Department is continuing efforts to identify suitable candidates and expects to fill these vacancies soon.

CONTEXT

The *International Standards for the Professional Practice of Internal Auditing* (the Standards) refers to the internal audit function dealing with and reporting to the “board.” The glossary to the Standards clarifies that the use of the term “board” in the Standards includes a body designated by a governing board to handle audit issues, such as an audit committee.

The Department’s *Quality Assurance Program and Audit Committee Charter* (the Charter) requires that the Board approve the individuals the State Forester proposes as members of the ODF Audit Committee. The current process for Board approval for ODF Audit Committee members was developed to maintain the link the Board should have in designating and overseeing what is in effect a “subcommittee” of the Board, but at the same time, limit the time and effort by Board members on this process. This process in the Charter can be changed through time based upon the involvement the Board feels it needs to have on this matter.

Department senior management plans to comply with the Standards to the highest level possible and ensure the independence of the internal audit function in appearance and fact. The Department feels the current process of the Board approving ODF Audit Committee members balances the desire for:

- the Board to delegate the oversight of audit issues,
- ensuring the independence of the internal audit function, and
- efficiently engaging the Board in this process.

The individuals submitted for approval will permit the ODF Audit Committee to meet the highest expectations of audit committee membership based on the guidelines in OAR 125-700-035. The first guideline is for an agency with a governing board to have at least one member of the governing board on the agency's audit committee. That is met with the inclusion of Ms. Craig. The same section of the OAR also requests that qualified individuals external to the agency be included on the audit committee to enhance transparency, which is accomplished with Ms. Kautz's participation. Mr. Seely has been submitted as an ODF Audit Committee member based upon his broad knowledge of the agency, as well as his knowledge of internal auditing principles.

RECOMMENDATIONS

The Department recommends that the Board approve the appointment of Barbara Craig, Kristine Kautz, and Clark Seely to the ODF Audit Committee.