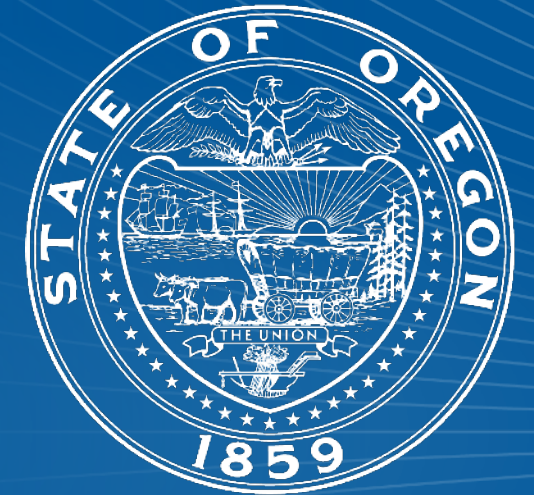


Department of Administrative Services



Internal Audit Overview – House Rules Committee
Eli Ritchie, Chief Audit Executive

Agenda

- 01** Overview of Internal Audit
- 02** Internal and External Audit: Differences and Similarities
- 03** Internal Auditing in Oregon



Overview of Internal Audit





What is Internal Audit?

- Assurance, Evaluation, Consulting
- Audit Standards
- Independence, Objectivity, Quality
- Risk-Based
- Mission-focused





What is Internal Audit?

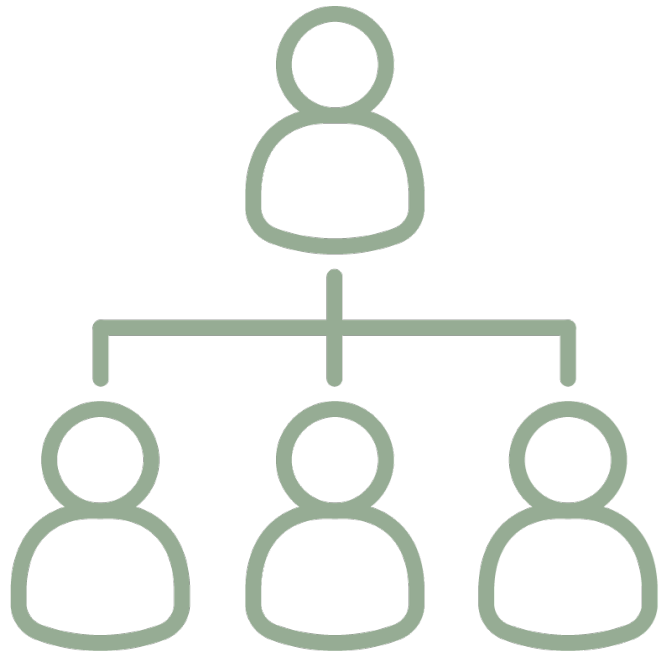
IIA Definition of Internal Audit

“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations.

It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.”



Independence and Objectivity



- Mindset, Ethics, Competency
- Dual-Reporting Structure
- Operational Separation
- Full Access
- Regular External Assessment

Internal Audit Services



- Risk Assessment
- Risk-Based Auditing
- Assurance-Based Auditing
- Consulting and Advisory Services
- Investigations
- Implementation Validation and Follow-Up



Internal and External Audit



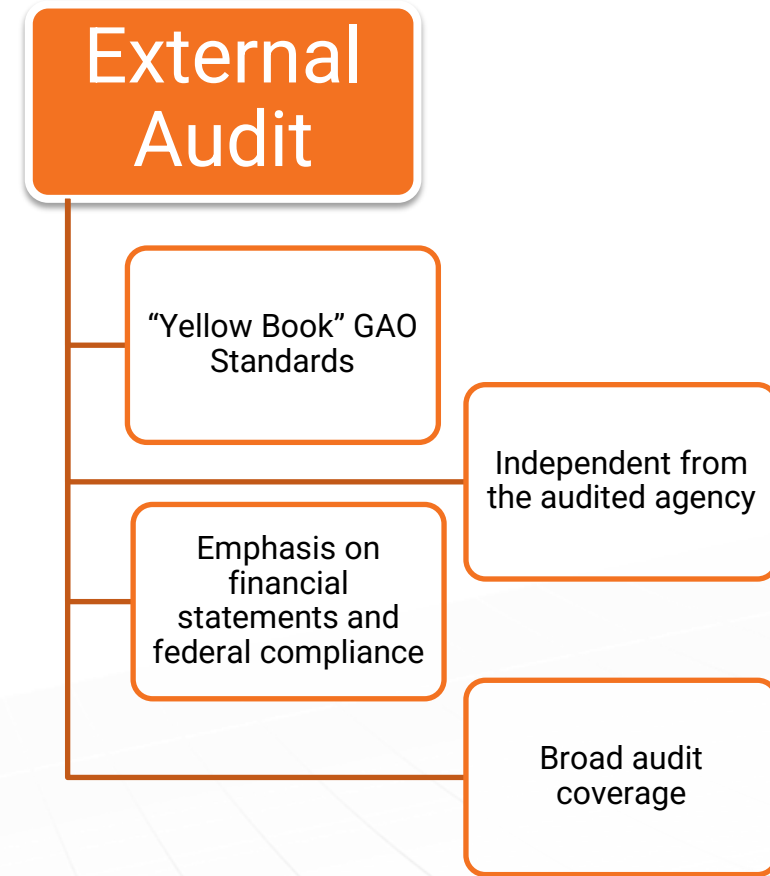
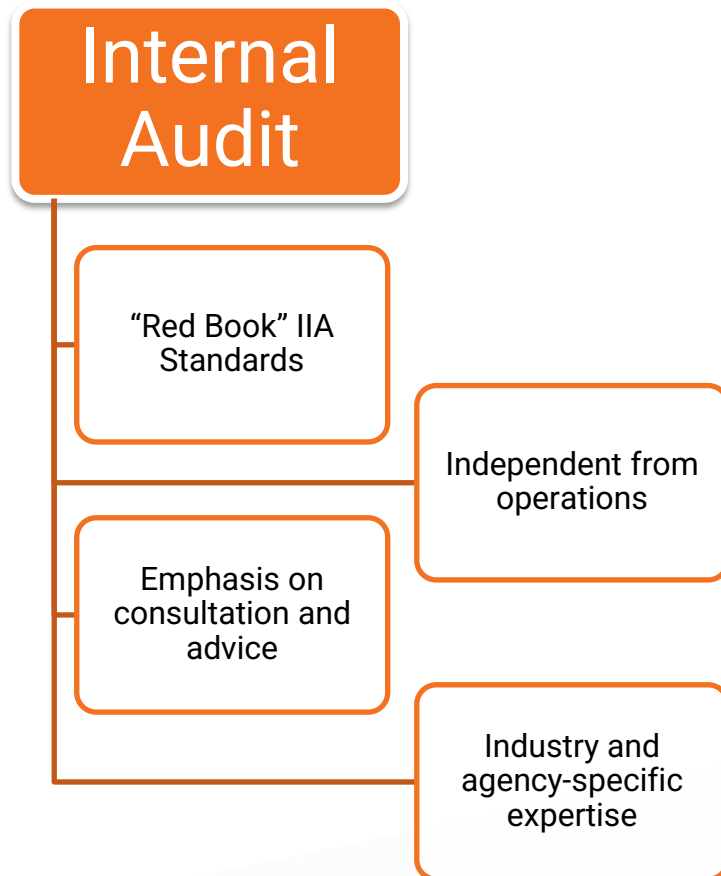
Similarities



- Competencies and Methods
- Audit Standards
- Independence, Objectivity, Quality
- Support the Public Interest



Differences

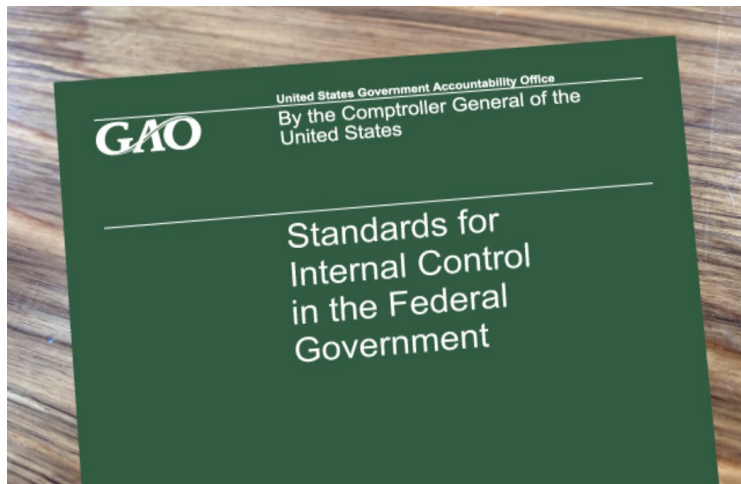


Collaboratory Frameworks

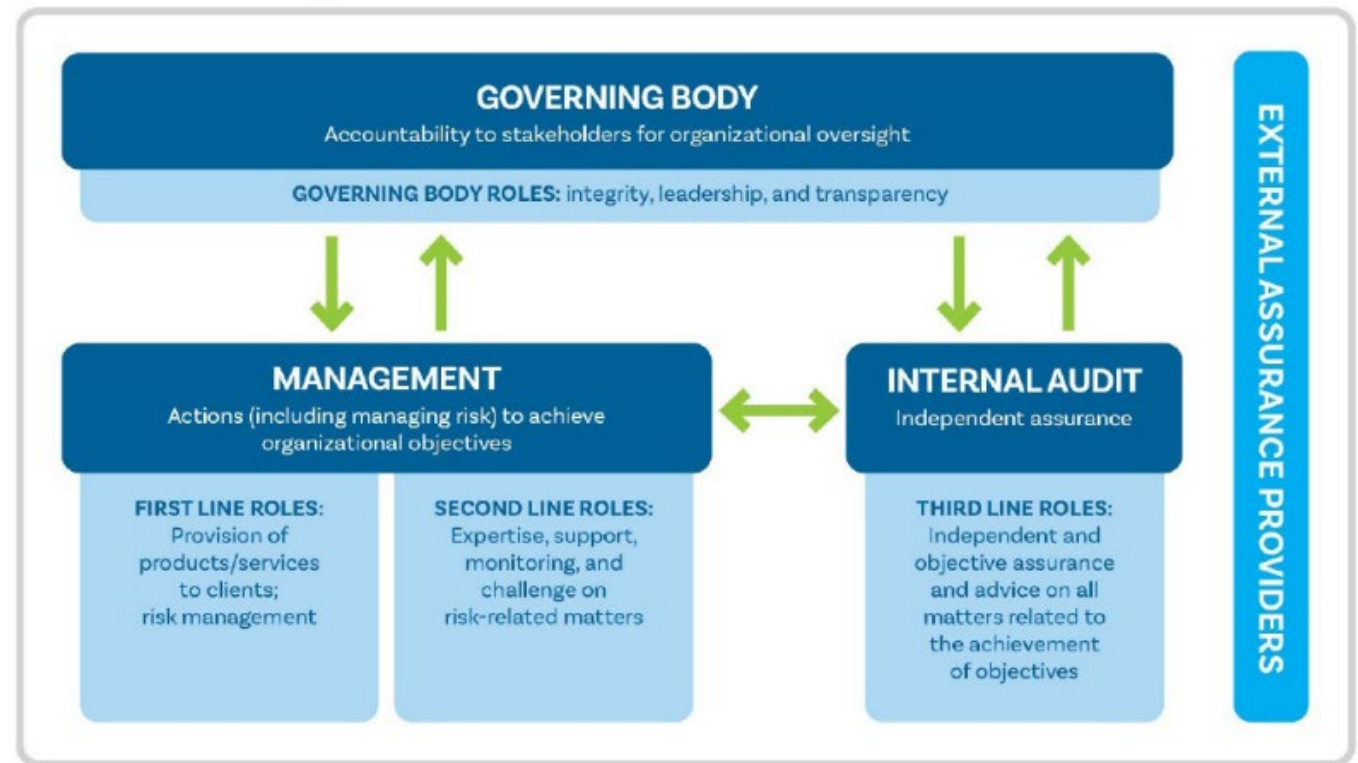


- Internal auditors are independent when certain characteristics are satisfied
- A missing or ineffective internal audit function is a control deficiency
- Internal auditing is an important part of overall governance, accountability and internal control
- External Auditors may rely on the work of internal auditors

Collaboratory Frameworks



The IIA's Three Lines Model



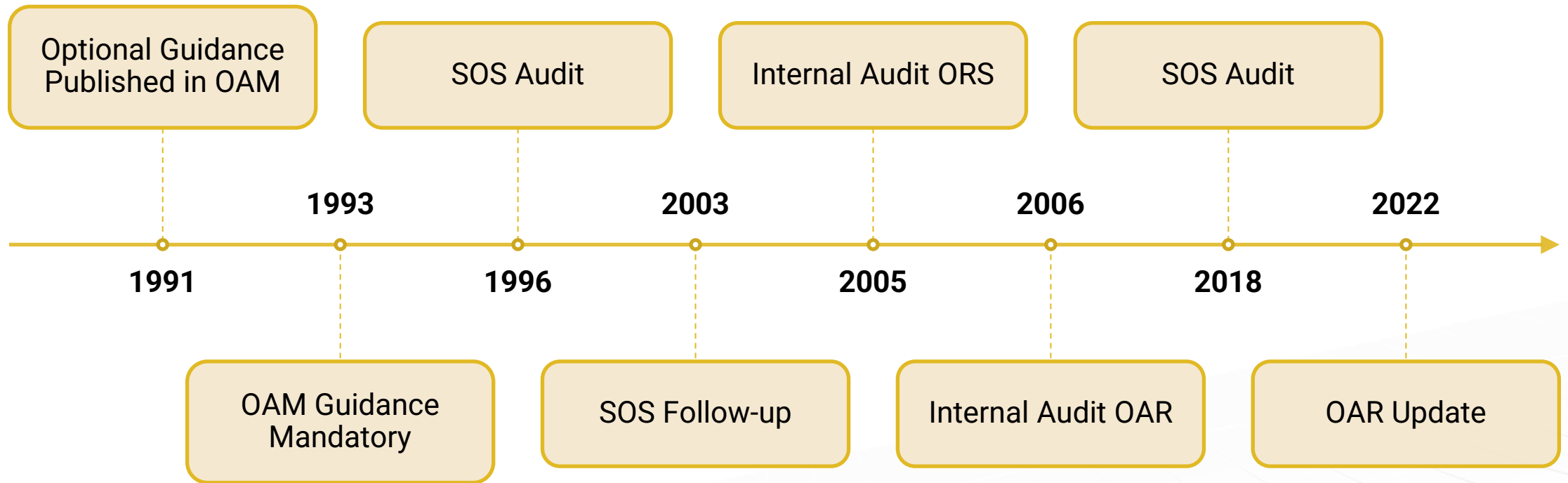
KEY: ↑ Accountability, reporting ↓ Delegation, direction, resources, oversight ↔ Alignment, communication, coordination, collaboration

Internal Auditing in Oregon





Internal Audit in Oregon- History



Statute



ORS 184.360

DAS shall:

- Adopt rules
- Report on statewide internal audit activities
- Coordinate internal audits statewide to promote effectiveness.

OAR 125-700 Structural Requirements



Standards

Dual
Reporting

External Audit
Committee
Membership

Governing
Charters

Operational
Separation

Report to DAS

OAR 125-700 Service Requirements



Annual Agency-
Wide Risk
Assessment

Audit Plan

Risk-Based Audit

Governance and
Risk
Management
Audit

External
Assessment

Thank You

Eli Ritchie, MPA, CGAP

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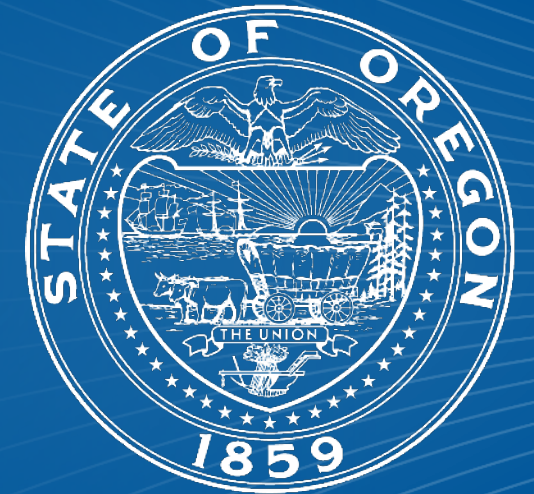
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