

Internal Audit Charter

By

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Department of Natural Resources

Internal Audit Charter

1. Mission and Scope of Operations

The mission of the internal audit program is to provide independent, objective assurance and consulting services intended to add value to the Department's operations.

The internal audit program's scope of operations is quite expansive. The internal audit program assists the Department in fulfilling its vision, mission, strategic initiatives, and objectives, while adhering to its core values. This will be accomplished by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of department-wide risk management, control systems, and governance processes. Ultimately, the internal audit function helps ensure:

- Risks are appropriately identified and managed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Department resources are acquired economically, used efficiently, and adequately safeguarded.
- Department operations are transacted in accordance with sufficient controls, good business judgment, and high ethical standards.
- Quality and continuous improvement are fostered in the Department's internal control processes.
- Significant legislative or regulatory issues impacting the Department are recognized and addressed appropriately.

Opportunities for improving the Department's controls may be identified during internal audits; these opportunities will be communicated to the Commissioner of Public Lands.

2. Accountability

The Internal Audit Manager shall be directly accountable to the Commissioner of Public Lands to:

- Periodically provide an assessment on the adequacy and effectiveness of the Department's processes for controlling its activities and managing its risks on a department-wide basis.
- Report significant issues related to the processes for controlling the activities of the Department.
- Coordinate with other control and monitoring functions of the Department where appropriate.

3. Independence

Independence is absolutely essential to the effectiveness of the internal audit function. To provide for the independence of the internal audit function, the Internal Audit Manager shall report to the Commissioner of Public Lands. Moreover, the Internal Audit Manager shall meet with the Commissioner of Public Lands periodically to report the Manager's plans for internal audit activity, the results of completed internal audit activity, and to provide any other information or assistance which the Commissioner of Public Lands may require. In addition, the Internal Audit Manager shall have direct access at all times to the Commissioner of Public Lands should matters of immediate significance arise which require the Commissioner's attention.

4. Authority

Internal audit coverage is by necessity department-wide and no function, activity, division, or unit of the Department is exempt from audit and review. The Internal Audit Manager is hereby duly authorized without limitation by the Commissioner of Public Lands to:

- Have free, full, unrestricted, and unfettered access to all Department functions, records, property, activities, manual and automated systems, and personnel.
- Have free, full, unrestricted, and unfettered access to the Commissioner of Public Lands.
- Recommend frequencies, subjects, and scopes of work to the Commissioner of Public Lands.
- Apply appropriate techniques required to accomplish the internal audit program's objectives.
- Obtain the necessary assistance of personnel where audits are performed, as well as other specialized services from within the Department.

Unless specifically directed by the Commissioner of Public Lands, the Internal Audit Manager is hereby expressly prohibited from:

- Performing any financial or operational duties for the Department.
- Initiating or approving accounting transactions external to the internal audit function.
- Requiring Department personnel to change work methods or take corrective action in response to audit suggestions; acceptance of audit suggestions is the responsibility of Department management.

Accordingly, nothing in this Internal Audit Charter shall be construed in any manner which would inhibit the Internal Audit Manager from performing assigned duties.

5. Code of Ethics

The Internal Audit Manager shall at all times meet or exceed the ethical standards delineated by The Institute of Internal Auditors in its Code of Ethics; this code is hereby specifically incorporated by reference. Furthermore, it is specifically acknowledged that the Code of Ethics

may change periodically; the Internal Audit Manager, and anyone engaged or acting on his behalf, shall adhere to the most recently adopted version of this code which is available at www.theiia.org.

6. Confidentiality

To the extent allowed by state law, the Internal Audit Manager, and anyone engaged or acting on his behalf, is expected to apply and uphold the following confidentiality principles and rules of conduct as outlined in The Institute of Internal Auditors Code of Ethics:

- Respect the value and ownership of information they receive and will not disclose information without appropriate authority unless there is a legal or professional obligation to do so.
- Be prudent in the use and protection of information acquired in the course of their duties.
- Not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the Department.

Furthermore, it is specifically acknowledged that the Code of Ethics may change periodically; the Internal Audit Manager, and anyone engaged or acting on his behalf, shall adhere to the most recently adopted version of this code which is available at www.theiia.org.

