

AGENDA

Board of Wildlife Resources
Finance, Audit, and Compliance Committee
7870 Villa Park Drive
Henrico, Virginia 23228

August 17, 2022
1:00 pm

Committee Members: Mr. Tom Sadler, Chair, Ms. Tammy Jo Grimes, Mr. Jon Cooper, Mr. Leon Boyd Daniel, (alternate)

DWR Staff Liaison: Mr. Darin Moore

1. Call to Order and Welcome
Mr. Tom Sadler
2. Approval of the May 18, 2022 Meeting Minutes **Final Action**
Mr. Tom Sadler
3. Public Comments – Non Agenda Items
Mr. Tom Sadler
4. FY22 Annual Finance Report
Mr. Darin Moore
5. FY23 Budget Approval Update
Mr. Darin Moore
6. Internal Audit Charter **Final Action**
Mr. Darin Moore
7. Internal Audit Plan FY-2023 **Final Action**
Mr. Darin Moore

8. Director's Report
Mr. Ryan Brown
9. Chairman's Report
Mr. Tom Sadler
10. Additional Business/Comments
Mr. Tom Sadler
11. Next Meeting Date: Wednesday, TBD
Mr. Tom Sadler
12. Adjournment
Mr. Tom Sadler

Draft Meeting Minutes

Finance, Audit, and Compliance Committee
Board of Wildlife Resources
7870 Villa Park Drive, Board Room
Richmond, Virginia 23228

May 18, 2022

1:00 pm

Present: Mr. G. K. Washington, **Chair**, Ms. Catherine Claiborne, Mr. John Daniel; **Absent:** Mr. Frank Adams, Ms. Karen Terwilliger; **Board Members in attendance:** Mr. Leon Boyd, Dr. Mamie Parker, Mr. Brian Vincent; **Executive Director:** Mr. Ryan Brown; **Deputy Directors:** Ms. Becky Gwynn and Mr. Gary Martel; **Director's Working Group:** Mr. Darin Moore, Ms. Paige Pearson, Dr. Gray Anderson, Mr. Tom Guess, Dr. Mike Bednarski, Mr. Bob Smet, Mr. George Braxton.

The Committee Chair welcomed everyone and call the meeting to order at 1:00 pm. The Chair noted for the record that a quorum was present for the meeting.

Approval of the March 23, 2022 Meeting Minutes: The Chair called for a motion for the March 23, 2022 meeting minutes. Ms. Claiborne made a motion to approve the March 23, 2022 committee meeting minutes. Mr. Daniel seconded the motion.

The Board Secretary took a roll-call vote: Ayes: G. K. Washington, Catherine Claiborne, and John Daniel.

Public Comments- Non-Agenda Items: The Chair called for Public Comments, hearing none, he moved on with the Agenda.

FY22 Third Quarter Financial Report: The Chair called on Mr. Darin Moore for an update.

Mr. Moore gave a FY22 Third Quarter Financial Report.

After discussion and comments, the Chair thanked Mr. Moore for his update.

FY23 Operating and Capital Budget Proposal: The Chair called on Mr. Darin Moore and Mr. John Kirk for a Proposal.

Mr. Darin Moore presented the FY23 Operating Proposal and Mr. John Kirk presented the Capital Budget Proposal.

After discussion and comments, the Chair thanked Mr. Moore and Mr. Kirk for their proposals.

The Chair called for a motion. Ms. Claiborne made a motion, Mr. Chair, I make a motion to recommend to the full Board adoption of the FY23 Operating Budget and Capital Budget, as presented. It was seconded by Mr. Daniel.

The board secretary called the roll: Ayes: Washington, Claiborne, Daniel

Director's Report: The Chair called on Director Ryan Brown for the Director's Report.

The Director reported:

- Thanked the Budget Team for all their efforts on the FY23 Budget
- Still looking for RAWA money to arrive

After comments and questions, the Chair thanked Director Brown for his report.

Chair's Report:

The Chair commended the Finance staff and Budget Team for their work, always amazed at the volume of work.

The Chair asked if anyone had any additional comments or business, hearing none, he announced the next Finance, Audit, and Compliance meeting would be Wednesday, August 17, 2022. The meeting was adjourned at 2:10 pm.

Respectfully submitted,

Frances Boswell

/s/



Internal Audit Charter

Revised & approved by the DWR Finance, Audit, and Compliance Committee, March 16, 2021.

Definition of Internal Auditing

“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.”

[Source: International Professional Practices Framework (IPPF) of the Institute of Internal Auditors.]

Mission and Scope of Work

The mission of Internal Audit is to *enhance and protect organizational value* in support of the agency’s stated mission, *consistent with The Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF)*. The scope of the Internal Auditor’s work at DWR concentrates upon compliance functions while including relevant considerations of whether the agency’s risk management and control processes, as designed and represented by management, are adequate and functioning in a manner to provide reasonable assurance that:

- Risks are appropriately identified and managed.
- Interaction with the various governance groups occurs as needed.
- DWR’s control processes are adequate and functioning as intended.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Board, management and employees’ actions comply with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and adequately protected.
- Program plans and objectives are achieved.
- Quality and continuous improvement are fostered in DWR’s control process.
- Significant legislative or regulatory issues impacting DWR are recognized and appropriately addressed.

Opportunities for improving management controls and financial performance and for protecting DWR’s image may be identified during audits or during normal activities. They will be communicated to the appropriate level of management.

Objective

The objective of DWR Internal Audit is to assist members of the Board and management in the effective performance of their responsibilities by reviewing compliance with relevant laws, policies and procedures.



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Accountability

The Internal Auditor shall be accountable to the Board through its Finance Audit and Compliance Committee (FAC) and to management to:

- Establish a flexible audit plan for approval by the FAC Committee, providing for Board and management requests, and other risk-based audit needs, including relevant control and security issues, while recognizing that the internal audit function is presently part-time.
- Coordinate efforts with other DWR compliance, control and monitoring functions (risk management, law enforcement, attorney general's representative, external auditors, etc.).
- Report significant issues related to the processes for controlling the activities of the organization, including potential improvements to those processes.
- Provide information periodically on the status and results of the audit plan, and the sufficiency of internal of audit resources.

Independence and Objectivity

Audits will be conducted in an objective and independent manner. The auditor will maintain an impartial attitude in selecting and evaluating evidence and in reporting the results of audits. Independence in fact and appearance enables the auditor to render unbiased judgments essential to the proper conduct of all audits.

To provide an appropriate reporting structure to support the independence of internal audit, the Internal Auditor shall report functionally to the Finance Audit and Compliance (FAC) Committee of the Board and administratively to the Agency Director or designee.

Responsibility

The internal auditor has the responsibility to:

- Independently assess, test and report upon the organization's risk management and internal controls, including compliance with those controls and assessing the overall control environment.
- Develop and implement a flexible risk-based audit plan, including risk or control concerns identified by management, and submit that plan to the Finance, Audit & Compliance Committee for review.
- Maintain sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.



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- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion within the limits of the audit plan and assessed risk.
- Issue periodic reports to the Finance, Audit & Compliance Committee and management summarizing results of audit activities.
- Keep the Finance, Audit & Compliance Committee informed of emerging trends and successful practices in internal auditing.
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal internal audit coverage to the organization at a reasonable overall cost.
- Refer significant suspected fraudulent activities within the organization to Law, while reviewing accounting and internal controls aspects of any such investigation and coordinating with the Office of the State Inspector General. [Alert management when appropriate; provide status reports and results to management and to the Finance, Audit & Compliance Committee. The Code of Virginia [[§30-138](#)] requires that the state agency head in charge shall promptly report such information to the Auditor of Public Accounts and the Superintendent of State Police. The internal auditor should also inform the OSIG.]

Seek the means through the *Office of the State Inspector General (OSIG)*, if necessary, to accommodate peak or unusual internal audit needs of the Department of Wildlife Resources since DWR does not normally require a full-time internal auditor.

Purpose

Presently, the specific purposes of Internal Audit at DWR are to fulfill the internal audit requirements specified by the FAC Committee Charter, to assist management in fulfilling its Information Security Audit requirement, and to review other significant governance, compliance or risk issues which fit within the audit plan.

Authority

The Internal Auditor is authorized to:

- Have unrestricted access to all audit related activities, records, property, and personnel.
- Have full access to the Finance Audit and Compliance Committee.
- Allocate audit resources, set audit frequencies, determine work scope, and apply the techniques necessary to accomplish audit objectives.
- Obtain the necessary assistance of personnel in areas being audited, and other specialists if necessary.



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The Internal Auditor is not authorized to:

- Perform operational duties unless authorized in advance by the Finance Audit and Compliance Committee and management.
- Initiate or approve accounting transactions external to the Internal Audit function.
- Direct the activities of any other organization employee, except to the extent such employees have been appropriately assigned to assist the internal auditor.

Standards of Practice

The Internal Auditor shall adhere to the *International Standards for the Professional Practice of Internal Auditing* of the Institute of Internal Auditors (IIA) per OSIG Directive #1, and must abide by the *IIA's Code of Ethics (Conduct)* which upholds the principles of integrity, objectivity, confidentiality, and competency.

Resolution of Senior Management's Acceptance of Risks

“When the chief audit executive (*Internal Auditor*) believes that senior management has accepted a level of residual risk that may be unacceptable to the organization, the chief audit executive (*Internal Auditor*) must discuss the matter with senior management.

If the decision regarding residual risk is not resolved, the chief audit executive (*Internal Auditor*) must report the matter to the board (*Finance, Audit and Compliance Committee, or Board Chair*) for resolution.” [Source: Standard 2600, The Institute of Internal Auditors.]

Quality Assurance

The Internal Auditor shall facilitate a positive quality assurance (peer review) program for the operation of the internal audit activities within the limits required by IIA standards.

Abbreviations:

- DWR - Department of Wildlife Resources
FAC - Finance, Audit and Compliance Committee (of DWR)
IG - Inspector General
IIA - The Institute of Internal Auditors <<http://www.theiia.org>>
IPPF - International Professional Practices Framework (of the IIA)
OSIG - Office of the State Inspector General (replaced State Internal Auditor and 4 state agency-level IG functions, effective July 2012.
QAR - Quality Assessment Review
SAIV - Self-Assessment with Independent Validation, a least-cost approach to QAR
VAC - Virginia Administrative Code



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Internal Audit Plan, FY-2023

	Audit Item	Est.Completion
1	<p>Audit DWR's IT Security compliance with the COV ITRM Standard, which requires IT Security audits of all sensitive systems within a 3-year cycle.</p> <ul style="list-style-type: none"> Use of VITA's Internal Audit Services was recommended to ensure DWR compliance for the 3-year period in the manner/detail and time constraints required by VITA/COV. Required hours per year are excessive for a sole part-time internal auditor to ensure adequate security coverage and perform other audit & hotline priorities. 	Undetermined
2	<p>Review the expenditures of the office of the Executive Director periodically (twice annually) to ensure:</p> <ol style="list-style-type: none"> Compliance with DWR policies and procedures Compliance with applicable laws, regulations and other policies. Sufficient documentation to support expenditures. <p>* Interim on-going reviews with formal reports.</p>	<p>06/15/2023*</p> <p>12/31/2022*</p>
3	<p>Annual Follow-up Audit: Determine status of prior audit recommendations.</p>	02/28/2023
4	<p>Review managements' compliance efforts with selected DWR Policies and Procedures and applicable laws regulations</p>	06/30/2023
5	<p>Special Investigations – Commonwealth of Virginia (Div. of the State Internal Auditor) Hotline. Investigate and report within 60 days of each.</p>	Schedule as needed
6	<p>Update Finance Audit and Compliance Committee Member Reference Manual for new member committee orientation and on-going reference on Internal Audit matters, and general audit policies.</p>	11/15/2022
7	<p>Cooperate with the Office of State Inspector General (OSIG), Auditor of Public Accounts (APA), and other state and federal auditors of DWR in the conduct of their audits.</p>	APA annually; others as needed
8	<p>Meet at least semi-annually with the Board's Finance, Audit and Compliance Committee.</p>	Semi-annual, or more frequently
9	<p>Special Requests: Board or management requests Perform other duties assigned by the Board's Finance, Audit and Compliance Committee, including special management requests pre-approved by the Chair, or upon full committee approval.</p>	Schedule as needed
10	<p>Formalize any additional Audit Policies & Procedures needed, into an Internal Audit Manual, unless relevant for inclusion in FAC Member Reference Manual, to facilitate positive quality assurance (peer) review.</p>	on-going
11	<p>Complete the 5-year (2022) Quality Assurance Review (QAR) as a Self-Assessment with Independent Validation (SAIV)</p>	09/30/2022