

INTERNAL AUDIT PROCESS OF DEPARTMENT OF NATURAL RESOURCES

The agency provided the information below in the Program Evaluation Report it submitted on August 30, 2017.¹

The Internal Audit Department was established in 1998 to report to the agency director and the governing Board. Staffed with two positions at the time, the duties of the Internal Audit Director were executive management responsibilities and the duties of the Senior Auditor were primarily to conduct internal audits. However, in 2002, the Internal Audit Director transferred to another state agency. Because of extensive and recurring budget cuts, the agency did not replace that position.

As a result, over the course of the next several years the duties of the Senior Auditor transitioned due to the ever increasing number of external entities that required audits. These included various federal grantors (as of July 2017, the agency had just over \$109 million in active federal grant awards), Legislative Audit Council, State Auditor's Office, etc. This transition led to the re-class of that position from a Senior Auditor to an Audits Manager.

Currently, the agency has one Audits Manager that reports to the agency director and the board, either of which can request an audit be conducted. Because she is a staff of one, her role as the Internal Auditor has evolved to serve the agency's needs. The Audits Manager's primary duties include consulting with staff wanting to create or change programs, policies, processes and/or systems. She serves as the agency's liaison for disaster recovery claims from FEMA (the agency incurred extensive damages as a result of the 2014 Winter Storm, 2015 Flood, and 2016 Hurricane Matthew). She is also the agency's liaison for external audits by various state and federal entities. In addition, she assists agency program managers with programmatic reviews, such as our Procurement Director with periodic MMO reviews.

In the last five years, the agency has undergone three major external audits by federal entities. In 2014, the United States Fish and Wildlife Service (USFWS) conducted a Civil Rights Review to ensure equal access to the agency's programs and facilities on the basis of race, color, national origin, age, sex, language and disability. In 2015, the Federal Emergency Management Agency (FEMA) conducted a programmatic review of the agency's management of federal funds received as a part of their Cooperating Technical Partners (CTP) program. In 2016, the United States Department of the Interior's (DOI), Office of the Inspector General (OIG) conducted a programmatic review of the agency's management of federal funds received as a part of their Wildlife and Sport Fish Restoration (WSFR) program. All three of these are cyclical reviews that are conducted approximately every 5 years. The agency has also undergone annual external Agreed Upon Procedures (AUP) audits and Statewide Single Audits conducted by the Office of the State Auditor (OSA) and/or their contracted firm, CliftonLarsonAllen, LLP.

The Audits Manager has been the agency's liaison for all of the external audits listed above. In addition, the Audits Manager has conducted an annual inventory audit to verify the inventory balances reported in our fiscal year end closing packages, as well as seven audits of monthly credit card purchases.

¹ The agency was asked to “Please provide information about the agency's internal audit process, if any, including: whether the agency has internal auditors; a copy of the internal audit policy or charter; the date the agency first started performing audits; the names of individuals to whom internal auditors report; the general subject matters audited; name of person who makes the decision of when an internal audit is conducted; whether internal auditors conduct an agency-wide risk assessment routinely; whether internal auditors routinely evaluate the agency's performance measurement and improvement systems; the total number of audits performed in the last five fiscal years; and the date of the most recent Peer Review of Self-Assessment by the SC State Internal Auditors Association or other entity (if other entity, name of that entity).”