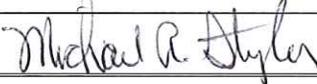


 <b>State of Utah</b> DEPARTMENT OF NATURAL RESOURCES	Ref: NR-99-A-11	Page: 1 of 2
	Effective Date: 04/19/1999	Revision Date: 12/10/2014
POLICIES & PROCEDURES - <i>Administration</i>	Subject: <b>Internal Audit Program</b>	
Michael R. Styler, Executive Director	Signature: 	

I. PURPOSE

To identify Internal Audit Program purpose and objectives.

II. POLICY

In accordance with Utah Code 63-91-201, the Department of Natural Resources (DNR) is required to provide an internal audit function. Internal audits are performed in the Department of Natural Resources primarily for purposes of identifying opportunities to strengthen and improve financial, administrative, and operational functions.

III. RESPONSIBILITIES OF AUDIT FUNCTION

The primary responsibilities of the DNR audit function are outlined in Utah Code 63-91-401 with examples of duties as follows:

- A. Determine agency's compliance with applicable laws, rules, and regulations.
- B. Identify any abuse, illegal acts, errors and omissions, or conflicts of interest.
- C. Identify misappropriation of state assets for unauthorized personal use or for personal financial gain. This includes reparation for employee theft of state property, or use of state property for personal financial gain or benefit.
- D. Verify accuracy and reliability of records.
- E. Evaluate the efficient and effective use of agency resources.
- F. Verify appropriate protection of agency assets.
- G. Conduct audits in accordance with professional auditing standards.
- H. Assess compliance with management policies, plans, procedures, and regulations.

IV. ADMINISTRATIVE DUTIES TO BE AVOIDED

In accordance with the Utah Internal Audit Act, management must avoid assigning auditors to administrative duties that would compromise objectivity in executing their primary role of internal auditing.

V. PROCEDURES

Audits are conducted on a scheduled and unscheduled basis. Scheduled audits will begin with an opening discussion with management. This may occur over the telephone or in an audit-opening meeting. The audit team will provide management with stated audit objectives. It is important to note that audit objectives may adjust as audits progress.



 <b>State of Utah</b> DEPARTMENT OF NATURAL RESOURCES	Ref: NR-99-A-11	Page: 2 of 2
	Effective Date: 04/19/1999	Revision Date: 12/10/2014
POLICIES & PROCEDURES - <i>Administration</i>	Subject: <b>Internal Audit Program</b>	
Michael R. Styler, Executive Director	Signature: 	

PROCEDURES

Audits are conducted on a scheduled and unscheduled basis. Scheduled audits will begin with an opening discussion with management. This may occur over the telephone or in an audit-opening meeting. The audit team will provide management with stated audit objectives. It is important to note that audit objectives may adjust as audits progress.

A. Research phase –

An audit team will usually be deployed to the site in order to minimize the amount of time required by the operation during the research phase of the audit. The audit team will be sensitive to the agency's need to conduct business as a first priority. The audit team will gather information during this period such as: overview of operations, testing of controls, sampling of inventory, compliance with state law and department policy, employee interviews, etc.

B. Draft document –

The audit team will develop a draft document which outlines the finding of the audit team. An executive summary will abbreviate, in corporate form, the audit findings. Audits will not only address areas of weakness, but will also provide information regarding strengths. The draft document will be presented to management for review. The purpose of providing the document in draft format is to allow the agency an opportunity to identify any inaccuracy in the data and research.

C. Final document –

The final document will be sent to the agency. Any significant findings will be defined in the audit. A blank action form will be included in the final document. Audits with significant findings will be sent to the executive director and deputy directors. The main objective of internal audits is to identify areas that need management's attention. The agency will be responsible for developing a corrective action plan with established implementation deadlines including dates that corrective action will be accomplished to address the audit findings. The action plan is due within 20 calendar days after the final audit is presented to the agency. The audit team will arrange a closing conference with the agency to review the audit and the action plan. A follow up audit will be scheduled.

D. Abuse, illegal acts, errors and omissions –

Significant findings involving any abuse, illegal acts, errors and omissions, or conflicts of interest, will be referred to management and the Human Resource office to determine what action may be taken. A criminal investigation may be initiated through internal law enforcement or referred to an outside law enforcement authority.

