

INTERNAL AUDIT DEPARTMENT

Siletz Tribal Code § 2.950

§ 2.950 ESTABLISHMENT

(a) Purpose. This Ordinance establishes an Internal Audit Department to conduct internal audits of all of tribal operations to improve the overall operations of the Confederated Tribes of Siletz Indians (CTSI). The Internal Audit Department will practice internal auditing which is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the CTSI. The Internal Audit Department will assist CTSI and its operations in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's governance, risk management and internal control. The Internal Audit Department will also be responsible for conducting all audits required pursuant to the Indian Gaming Regulatory Act, federal regulations adopted by the National Indian Gaming Commission, or by the Siletz Tribal Gaming Commission pursuant to Siletz law or STGC regulations.

(b) Policy. The Tribal Council exercises ultimate authority of the oversight of tribal programs, operations, economic development activities, and other activities of the Siletz Tribe pursuant to the Tribal Council's delegated legislative and executive authority under the Siletz Constitution, Art. IV, Section 1. The Tribal Council has determined that an internal auditing process will provide valuable assistance and information to the Tribal Council as part of their oversight role and tribal entities by providing internal audit services of all of operations of the CTSI, and will fulfill the auditing requirements of the Tribe's gaming operations and other economic development activities. The Tribal Council will direct the operations of the Internal Audit Department for tribal government activities, *provided*, that the Internal Audit Department's audit functions related to tribal gaming operations operated pursuant to the Indian Gaming Regulatory Act are independent and subject to federal and tribal law and regulatory requirements.

(c) Establishment. The Siletz Internal Audit Department is established pursuant to the inherent sovereign authority of the Confederated Tribes of Siletz Indians of Oregon and the Constitution of the Confederated Tribes of Siletz Indians of Oregon.

§ 2.951 DEFINITIONS

(a) Director of the Internal Audit Department means the individual hired by the Tribal Council to manage and supervise the operations and audits of the Internal Audit Department.

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- (b) Internal Audit Department means the Tribal entity created under this Ordinance to carry out the duties and responsibilities as set forth in this Ordinance.
- (c) Internal auditing means 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. It also means the auditing functions required by federal and tribal law and regulation.
- (d) Institute of Internal Auditors Guidance means the policies and procedures adopted by the Institute of Internal Auditors (IIA) which is an international professional association that is the internal audit profession's global voice, recognized authority, acknowledged leader, chief advocate, and principal educator.
- (e) Operation Audits means audits conducted pursuant to this Ordinance of tribal operations and entities other than regulatory audits required under applicable tribal and federal laws and regulations.
- (f) Regulatory Audits means audits conducted pursuant to this Ordinance of tribal gaming operations of the Siletz gaming operations.
- (g) Siletz Tribal Council (Council) means the body empowered under Section 1 of Article IV of the Siletz Tribe's Constitution to exercise all legislative authority, except that vested in the General Council, and executive authority of the government, including the right to delegate authorities as it deem appropriate.
- (h) Siletz Tribal Gaming Commission means the independent tribal regulatory entity with regulatory authority over the gaming operations of the Siletz Tribe pursuant to Section 6.105 of the Siletz Tribe's Gaming Charter.
- (i) Tribal Operations means all departments, agencies, businesses, commissions, authorities and committees of the Siletz Tribes.

§ 2.952 APPLICABLE STANDARDS

The Siletz Tribe's Internal Audit Department adheres to provide highest professional services. In order to meet this standard, the Internal Audit Department will use the Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, The Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards). This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

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The Institute of Internal Auditor's Practice Advisories, Practice Guides, and Position Papers will also be used as guidance. In addition, the internal audit activity will adhere to CTSI's relevant policies and procedures and the internal audit activity's standard operating procedures manual, and applicable federal law and regulations.

§ 2.953 AUTHORITY AND ACCESS

The Internal Audit Department, with strict accountability for confidentiality and safeguarding records and information, is authorized full, free, and unrestricted access to any and all of CTSI's Tribal Operation's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist in the internal audit activity in fulfilling its roles and responsibilities. The internal audit activity will also have free and unrestricted access to the Council.

§ 2.954 ORGANIZATION

(a) The Director of Internal Audit is responsible for the management and supervision of all employees of the Internal Audit Department. The Director of Internal Audit will report functionally to the Council and administratively (i.e., day to day operations) to the individual designated by the Council. The Director of Internal Audit or his/her designee will communicate and interact directly with the Council, including in executive sessions and between Council meetings as appropriate.

(b) The Council will be the supervisor of the Director of the Internal Audit Department and be responsible for hiring, supervising and evaluating the Director. Additionally, the Council will:

- (1) Approve any proposed amendments to the Internal Audit Ordinance.
- (2) Approve the internal audit budget.
- (3) Receive communications from the Director of Internal Audit on the Department's performance relative to its plan and other matters.
- (4) Approve decisions regarding the appointment and removal of the Director of Internal Audit Department.
- (5) Approve the remuneration of the Director of Internal Audit Department.
- (6) Make appropriate inquiries of management and the Director of Internal Audit to determine whether there is inappropriate scope or resource limitations.
- (7) Serve as the supervisor of the Director of Internal Audit Department.

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§ 2.955 INDEPENDENCE AND OBJECTIVITY

(a) Independence

(1) The Internal Audit Department and its internal audit activity will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of necessary independent and objective mental attitude.

(2) Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

(b) Conflicts of Interest

Employees of the Internal Audit Department will not participate in audits where an immediate family member (see definition provided by CTSI Personnel Manual §2.803(i)) is in a position of power and performs a critical function. All other potential conflicts of interest will be addressed on a case-by-case basis and disclosed to the Council.

(c) No Operational Authority or Authority

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor's judgment.

(d) The Director of Internal Audit will confirm to the Council, at least annually, the organizational independence of the internal audit activity.

§ 2.956 RESPONSIBILITY OF INTERNAL AUDITS

(a) The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives. This includes:

- (1) Evaluating risk exposure relating to achievement of the organization's strategic objectives.

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- (2) Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information.
- (3) Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organization.
- (4) Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- (5) Evaluating the effectiveness and efficiency with which resources are employed.
- (6) Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- (7) Monitoring and evaluating governance processes.
- (8) Monitoring and evaluating the effectiveness of the organization's risk management processes.
- (9) Monitoring and participating in external audit activities, as necessary.
- (10) Performing consulting and advisory services related to governance, risk management and control as appropriate for the organization.
- (11) Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan.
- (12) Reporting significant risk exposures and control issues including fraud risks, governance issues, and other matters needed or requested by the Council.
- (13) Evaluating specific operations at the request of the Council or senior management of Tribal entities.

§ 2.957 INTERNAL AUDIT PLAN

- (a) Siletz Tribal Gaming Commission (STGC) Regulatory Audits
 - (1) At least annually, the Director of Internal Audit will submit to the STGC Executive Director an internal audit plan to ensure compliance with the Tribal Minimum Internal Control Standards (TICS) identified in Chapter 8 of the STGC regulations and Indian Gaming Regulatory Act and its implementing regulations as applicable.

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The internal audit plan will consist of a work schedule as well as budget and resource requirements for the calendar year.

- (2) The Director of Internal Audits will also include other regulatory audits approved by the STGC Executive Director.
- (b) Tribal Operations Audits
- (1) At the beginning of each calendar year the Director of Internal Audit will present the audit plan to the Council for approval. This audit plan will include non-regulatory audits. The non-regulatory audits will be selected using a risk-based methodology or at the request of Council or senior management of a Tribal entity. The Internal Audit Director will present this list to the Council for approval and as resources are available, will complete the audits.
 - (2) The Director of Internal Audit will review and adjust the audit plan, as necessary in response to changes in the organization's business, risks, operations, programs, systems, and controls. Any significant deviation from the approved internal audit plan will be communicated to the Council. The Director of Internal Audit will communicate the impact of resource limitations and significant interim changes to the STGC Executive Director and Council as appropriate.

§ 2.958 REPORTING AND MONITORING

- (a) Written Reports on Audits
- (1) A written report will be prepared and issued by the Director of Internal Audit or designee following the conclusion of each internal audit engagement and will be distributed as appropriate. All Internal audit results will also be communicated to the Council.
 - (2) The internal audit report may include management's response and corrective action taken or to be taken in regard to the specific finding and recommendations. Management's response, whether included within the original audit report or provided thereafter by management of the audited area should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.
 - (3) The internal audit activity will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared.

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(b) Period Reports

The Director of Internal Audit will periodically report to senior management and the Council on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to its plan. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Council.

§ 2.959 QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

The Internal Audit Department will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the Standards and evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

The Director of Internal Audit will communicate to senior management and the Council on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted periodically.

§ 2.960. SOVEREIGN IMMUNITY

The sovereign immunity of the Tribe, the Tribal Council, tribal entities, department, enterprises, and tribal employees is not waived by this Ordinance.

§ 2.961 SEVERABILITY

If any provision of this Ordinance or its application to any person, entity, or circumstance is held to be invalid by a court of competent jurisdiction, the remainder of the Ordinance shall not be affected.