



## **California Governor's Office of Emergency Services Office of the Director - Internal Audit Office Charter**

With over 39 million residents (12% of the population), the State of California is the most populous state in the nation and has the third largest land area among the states (163,695 square miles). California is culturally, ethnically, economically, ecologically, and politically diverse, and maintains the sixth largest economy in the world. California also faces numerous risks and threats to our people, property, economy, environment and is prone to earthquakes, floods, significant wildfires, prolonged drought impacts, public health emergencies, cybersecurity attacks, agricultural and animal disasters, as well threats to homeland security. Cal OES takes a proactive approach to addressing these risks, threats, and vulnerabilities that form the basis of our mission and has been tested through real events, as well as comprehensive exercises that help us maintain our state of readiness and plan for and mitigate impacts.

### **Vision**

The leader in emergency management and homeland security through dedicated service to all.

We will realize our vision by building towards a safer and more resilient California, leveraging effective partnerships, developing our workforce, enhancing our technology, and maintaining a culture of continuous improvement.

### **Cal OES Mission**

We protect lives and property, build capabilities, and support our communities for a resilient California.

We achieve our mission by serving the public through effective collaboration in preparing for, protecting against, responding to, recovering from, and mitigating the impacts of all hazards and threats.

Cal OES supports this mission with an annual budget of \$1.4 billion and a workforce of approximately 1,000 full-time staff who perform a broad range of duties in the areas of disaster response and recovery, hazard mitigation, emergency management and homeland security, cyber security, public safety communications, victim services, grant management, disaster planning and training, as well as programs focused on dam safety, radiological, biological, and nuclear preparedness, access and functional needs, public private partnerships, and international affairs.



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## **Policy**

It is the policy of the California Governor's Office of Emergency Services (Cal OES) to establish and maintain an Internal Audit Office.

## **Purpose**

The Internal Audit Office provides an independent, objective assurance and consulting activity designed to add value and improve Cal OES' operations. The Internal Audit Office helps Cal OES accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal controls, and governance processes.

## **Internal Audit Office Mission**

The mission of the Internal Audit Office is to assist the Cal OES management team in the discharge of their oversight, management and operating responsibilities through independent audits and consultations designed to evaluate and promote the systems of internal controls, including effective and efficient operations.

## **Audit Objectives and Scope**

### Audit Objectives

The objectives of auditing services are to provide independent assurance for the following:

- Established system of policies and procedures for the performance of duties and functions;
- Accuracy of reporting;
- Accuracy and reliability of data;
- Appropriate system of authorization and access;
- Assets are safeguarded;
- Appropriate plan for separation of duties;
- Effective and efficient operation of administration and program processes; and
- Administration and programs are compliant with prescribed laws, regulations, program requirements, and management policies.

### Audit Scope

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of Cal OES' systems of internal control



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and the quality of performance in carrying out assigned responsibilities. The scope of internal auditing includes:

- Review the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information.
- Review the systems established to ensure compliance with policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports, and determining whether the organization is in compliance.
- Review the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Appraise the economy and efficiency with which resources (i.e. equipment, staff) are employed.
- Evaluate risk exposures relating to Cal OES' governance, operations, and information systems whether risks are appropriately identified and managed.
- Review operations or programs to ascertain whether results are consistent with established strategic objectives and goals and whether the operations or programs are being carried out as planned.
- Conducts as needed audits and reviews of external entities (i.e. contractors and subrecipients).

### **Independence and Objectivity**

The Internal Audit Office has complete independence with respect to the units under audit, and consequently, is free from interference in determining the scope of internal auditing, performing work, and communicating results. The staff of the Internal Audit Office report to the Chief of the Internal Audit Office. The Audit Chief reports functionally and administratively to the Chief Deputy Director and Director of Cal OES. The Internal Audit Office staff will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. The audit staff 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.

*According to the IIA Section 1100, "independence" is defined as:*

*"Independence is the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the Chief Audit Executive has direct and unrestricted access to senior management and the board. This can be achieved through*



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*a dual-reporting relationship. Threats to independence must be managed at the individual auditor, engagement, functional, and organizational levels.”*

### **Accountability**

The Chief of the Internal Audit Office, in the discharge of his or her duties, shall be accountable to the Chief Deputy Director to:

- Provide a periodic assessment on the adequacy and effectiveness of Cal OES' process for controlling its activities and managing its risks in the areas set forth under the mission and scope of work.
- Report significant issues related to the processes for controlling the activities of Cal OES, including potential improvements to those processes, and provide information concerning such issues through resolution.
- Provide information periodically on the status and results of the annual audit plan.

### **Responsibilities**

The Chief of the Internal Audit Office has the responsibility to:

- Develop and implement an approved flexible annual audit plan using appropriate risk-based methodology, including any risks or controls identified by management.
- Maintain professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this charter.
- Coordinate all external audits, reviews and site visits.
- Provide consulting services to assist management in meeting its objectives. Formal consulting engagements are included in the annual audit plan and subject to written agreements and reporting of recommendations to Cal OES management.
- Issue periodic reports to the Chief Deputy Director and Director summarizing results of audit activities.
- Conduct and/or assist in the investigation of inappropriate or suspected fraudulent activities within the Department and as required notify appropriate external agencies and management of the results.

### **Authority**

IA operational authority is cited in the following statutes and guidelines:

- Government Code sections 8548.7 to 13888 – “The Omnibus Audit Accountability Act of 2006”.



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- International Standards for the Professional Practice of Internal Auditing (Red Book).
- The Government Auditing Standards issued by the Comptroller General of the United States, as appropriate (Yellow Book).
- Standards for Internal Control in the Federal Government (Green Book).
- The Department of General Services, Office of Audit Services Audit Guide for the Biennial Contract Exemption Review.
- The California Department of Finance Audit Memorandums.
- State Administrative Manual Section 20080 Notification of Actual or Suspected Fraud and Irregularities.

In the performance of their duties, the Internal Audit Office staff is authorized to:

- Have unrestricted access to all Cal OES's functions, records, documentation, property, and personnel relevant to the performance of their audit assignment.
- Allocate resources, set frequencies, select subjects, determine the scope of work, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel within the units of Cal OES where an audit or investigation is being performed.
- Handle documents and information given to Audit Office staff during a review or audit of any type, prudently and confidentially in a manner consistent with the methods used by Cal OES staff normally accountable for documents and information.

The Internal Audit Office staff is not authorized to:

- Perform any operational duties for Cal OES programs.
- Initiate or approve accounting transactions external to the Internal Audit Office.
- Direct the activities of any Cal OES employees not employed by the Internal Audit Office, except to the extent such employees have been appropriately assigned to an auditing team or to otherwise assist the internal auditors.
- Use their authority to access, obtain, or request information that is not related to their assigned audit work activities.

### Professional Standards of Audit Practice

The Internal Audit Office will govern itself by adherence to the Institute of Internal Auditors' mandatory guidance, which includes the Definition of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing (Standards)*. In addition, and as applicable, Internal Audits will adhere to the



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Generally Accepted Government Auditing Standards, known as the "Yellow Book" and issued by the Comptroller General of the United States.

These mandatory standards constitute the fundamental requirements for the professional practice of internal auditing and the principles against which to evaluate the effectiveness of the internal audit activity's performance.

In addition, the standards require that internal audit organizations develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit organization.