

California Governor's Office of Emergency Services

Office of the Director

Internal Audits Office Charter



**Governor's Office of Emergency Services
Internal Audits Office**

INTERNAL AUDITS OFFICE CHARTER

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AUTHORIZATIONS

Government Code (GC) Section 1237 states, "All state and local agencies with an aggregate spending of fifty million dollars (\$50,000,000) or more, annually, shall consider establishing an ongoing audit function." In addition, GC Section 13885 states that internal audit activity is important to public accountability and governance, and that the independence of internal auditors of state agencies is critical to safeguarding public funds and the public trust.

The California Governor's Office of Emergency Services (Cal OES) Director has determined that an internal audit office meets the needs and requirements of Cal OES, and that state and federal laws authorize the funding and implementation of an internal audit office.

PROFESSIONAL STANDARDS OF AUDIT PRACTICE

As provided by GC 13886.5, the Cal OES Internal Audits Office (IAO) must adhere to the Institute of Internal Auditors' (IIA) mandatory standards, which include the Definition of Internal Auditing, Code of Ethics, and International Standards for the Professional Practice of Internal Auditing. In addition, and where applicable, the IAO will adhere to the Government Auditing Standards (GAS), known as the "Yellow Book," issued by the Comptroller General of the United States. These standards constitute the fundamental requirements and principles for the professional practice of internal auditing.

PURPOSE

IAO is to provide independent, objective assurance, and consulting services designed to add value and enhance Cal OES's performance of its mission, including its performance of its administrative, compliance, and operational processes.

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INDEPENDENCE AND OBJECTIVITY

To provide for the independence of IAO, its staff report to the Chief Auditor, who in turn reports administratively to the Chief Deputy Director, with direct reporting responsibility to the Director. The Chief Auditor shall freely discuss audit policies, audit findings and recommendations, audit follow-up, guidance issues and other matters with the Director, Chief Deputy Director, other senior executives and Chief Counsel as necessary.

The Chief Auditor will present any potential issues regarding impairment of independence and/or conflicts of interest and their mitigation(s) to the Director. Internal auditors will remain free from interference by any element in the organization that threatens the ability of IAO to carry out internal audit responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, or report content, to permit maintenance of a necessary independent and objective mental attitude.

The Chief Auditor and internal audit staff are not authorized to perform programmatic operational duties for Cal OES. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair the internal auditor's judgment. The Chief Auditor ordinarily shall have no roles or responsibilities that fall outside of internal auditing. If the Chief Auditor is asked to take on a role or responsibility outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity. Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

Consistent with these precepts, IAO adheres to IIA, International Professional Practices Framework, Section 1100, "Independence and Objectivity" as defined:

*"**Independence** is the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit*

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responsibilities in an unbiased manner. ...the Chief Audit Executive has direct and unrestricted access to senior management and the board."

*"**Objectivity** is an unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others."*

The audit staff will make a balanced assessment of all the relevant circumstances without influence by his/her own interests or by other management in forming judgments. An unbiased attitude and the absence of any conflict of interest are required by IAO policy.

SCOPE AND RESPONSIBILITIES

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of business practices and processes to ensure that Cal OES is carrying out assigned responsibilities with a high quality of performance.

The scope of IAO includes but is not limited to:

- Cal OES's jurisdictional and geographical reach;
- Cal OES's functional structure by organization of its operations and/or by the structure of Federal, State, and Local laws and regulations;
- Cal OES's internal and external activities and requirements;
- Grant reimbursement activities;
- All accounting records and information systems of all Cal OES financial and administrative activities inside and outside of California; and,
- Confidentiality of, and unrestricted access to, the records, physical properties, and employee personnel relevant to the internal audit, investigation, and/or evaluation being conducted

The responsibilities of IAO includes but is not limited to:

- Performing audits, evaluations, consults, and investigations of

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- programmatic, financial, and administrative activities and compliance;
- Managing liaison activities between Cal OES and other audit entities;
 - Monitoring recommendations of the Cal OES's internal audit results to ensure that corrective action is completed timely;
 - Responding to complaints filed under the California Whistleblower Protection Act; and
 - Reporting to executive management regarding:
 - Implementation of enterprise risk management and facilitation of the SLAA requirements;
 - Independent and objective audits, investigations, evaluations, and assessments;
 - Consultation services to program groups and other management;
 - Investigations of special circumstances which include fraud, waste, and abuse; and,
 - Resolution of external auditor findings.