



## Legislation Text

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**TO:** Board of Supervisors  
**FROM:** Tracy Schulze, Auditor-Controller  
**REPORT BY:** Paul Phangureh, Internal Audit Manager  
**SUBJECT:** Internal Audit Charter (Update)

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### **RECOMMENDATION**

Auditor-Controller requests the Board to accept, and instruct the Clerk of the Board to file, the updated Internal Audit Charter effective March 14, 2023.

### **EXECUTIVE SUMMARY**

The Internal Audit Charter was adopted by the Board of Supervisors in March of 2012. Since then, many Internal Audit Standards have been updated and now Napa County is out of compliance with the current regulations. This revision reflects all current standards as required, with no material change to the current organization or authority of the Internal Audit section of the Auditor-Controller's Office. Replacement of the outdated Policy (Charter) with the updated Charter is hereby requested.

### **FISCAL & STRATEGIC PLAN IMPACT**

Is there a Fiscal Impact? No  
County Strategic Plan pillar addressed: Effective and Open Government

### **ENVIRONMENTAL IMPACT**

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

### **BACKGROUND AND DISCUSSION**

On March 28, 2012, the Board of Supervisors approved an Internal Audit Policy (i.e., Internal Audit Charter) that defined the purpose, authority, and responsibility of the internal audit activity. The internal audit section of the Napa County Auditor-Controller's Office (Internal Audit) performs engagements in conformance with the International Standards for the Professional Practice of Internal Auditing (Standards) established by the Institute of Internal Auditors. The revised Internal Audit Charter is being presented for approval due to the following reasons:

- The Standards require the Chief Audit Executive (i.e., Internal Audit Manager) to periodically review the Internal Audit Charter and present it to the Auditor-Controller and the Board of Supervisors for approval

(Attribute Standards 1000).

- During Napa County's Peer Review (conducted every five years) completed by Placer County through June, 2018, we received an observation and recommendation to update our Internal Audit Charter. Placer County is scheduled to do our next peer review beginning in the first six months of this year. If not implemented, our next peer review will show that we continue to be out of date with the Standards and will potentially become a finding of non-compliance.
- The evolution of the internal audit profession has necessitated a revision of the Internal Audit Charter.

After extensive research, including consulting with many other counties in the State, Internal Audit recommends a revision to the Internal Audit Charter.

Due to the required reorganization of the sections of the Charter, a red-line version is not useful. Therefore, please see the attached proposed 2023 version, the current 2012 version, and a listing of the changes reflected in each section.