



# Board Agenda Item 23

---

DATE: September 11, 2018

TO: Board of Supervisors

SUBMITTED BY: Oscar J. Garcia, CPA, Auditor-Controller/Treasurer-Tax Collector

SUBJECT: Adopt Revised County of Fresno Internal Audit Charter and Audit Committee Bylaws

RECOMMENDED ACTION(S):

1. **Approve the revised County of Fresno Internal Audit Charter; and**
2. **Approve the revised Bylaws of the Fresno County Audit Committee.**

The County of Fresno Internal Audit Charter (Charter) was adopted in 2016, and the Bylaws of the Fresno County Audit Committee (Bylaws) were last updated in 2016. For both recommended actions, attached to this item is a clean and redline version of the proposed revisions to each document. The item is countywide.

ALTERNATIVE ACTION(S):

Your Board may choose not to approve the recommended actions, leaving the Charter and Bylaws unchanged.

FISCAL IMPACT:

There is no fiscal impact associated with these recommended actions.

DISCUSSION:

*Audit Committee*

On April 5, 1977, the County established the Audit Committee (Committee) as an advisory committee to the Board. The membership of the Committee is comprised of the following:

1. Two members of the Board;
2. The County Administrative Officer (CAO);
3. The County Counsel;
4. One Department Head appointed by the CAO; and
5. Two members from the public appointed by the Board.

The Auditor-Controller/Treasurer-Tax Collector (ACTTC) serves as staff to the Committee.

The Committee provides oversight to the ACTTC's Financial Reporting and Audits Division (Division) and external audit coverage. As stated in the Charter, "The Committee assists the Board in ensuring the independence of the internal audit function and ensuring that appropriate action is taken on audit findings. The Committee helps to promote and enhance effective internal controls for County operations, and serves

as an important communication link between external auditors, internal auditors, and operating management.”

### The Charter

The Charter was adopted by Board Resolution May 10, 2016 and is a formal audit charter for the County, which is a required element for complying with audit standards promulgated by the Institute of Internal Auditors (IIA). The Charter’s objective of internal auditing is to assist the Board and County management in the effective discharge of their fiduciary responsibilities. Internal auditing furnishes the Board and County management with audits, analysis, evaluations, recommendations, counsel, and information concerning the activities reviewed. The audit objective also includes promoting effective internal controls at reasonable costs.

The major revisions of the recommended Charter are as follows:

1. The Fresno County Internal Audit Division (Division) notations in the document are replaced with County of Fresno Financial Reporting and Audits Division;
2. The IIA standard requirement of the Internal Audit Manager’s confirmation to the Board regarding organizational independence of the internal audit activity is added;
3. Risk Based Analysis is added to the annual audit plan; and
4. The responsibilities of preparing request of proposal for external audit services and related contract approval for the County is changed from Financial Reporting and Audits Division to County Administrative Office.

### The Bylaws

The rules contained in the Bylaws govern the Committee. The major revision of the recommended Bylaws is to replace the Internal Audit Division with the Financial Reporting and Audits Division.

### OTHER REVIEWING AGENCIES:

The Charter and Bylaws were approved by the Committee at its July 27, 2018 meeting.

### REFERENCE MATERIAL:

BAI No. 34 - May 10, 2016

### ATTACHMENTS INCLUDED AND/OR ON FILE:

Internal Audit Charter  
Redline Internal Audit Charter  
Audit Committee Bylaws  
Redline Audit Committee Bylaws

### CAO ANALYST:

Juan Lopez