



# Restate Internal Audit Charter and Establish Audit Committee

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# Presentation Objectives

- Brief Overview and History of Internal Audit Function
- Restate Internal Audit Charter and Establish an Audit Committee
- Audit Committee - Purpose, Responsibilities and Composition
- Internal Audit Program Updates

# What is Internal Audit?

- An independent objective assurance and consulting activity
- Designed to add value and improve an organization's operations
- Improves the effectiveness of risk management, internal control and governance processes.
- Goals of Internal Audit:
  - Support continuous improvement of programs, policies and initiatives
  - Contribute to the achievement of departmental objectives by providing timely and objective information, assurance and advice
  - Be a partner in the County's achievement of strategic goals



# History of Internal Audit Function

## Prior to 2013

- Primarily financial statement & revenue generating audits

## Charter of the Sonoma County Internal Audit Function (Internal Audit Charter) adopted in 2013

- Established performance and risk-based auditing

## Internal Audit temporarily repurposed to disaster response in 2018

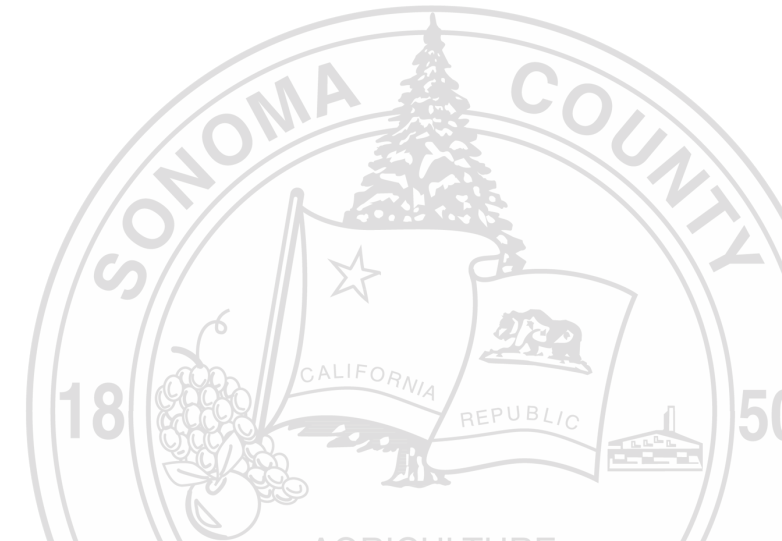
## Current Actions

- Bring the Internal Audit function into compliance with current Internal Audit Standards by updating the Internal Audit Charter and establishing an Audit Committee

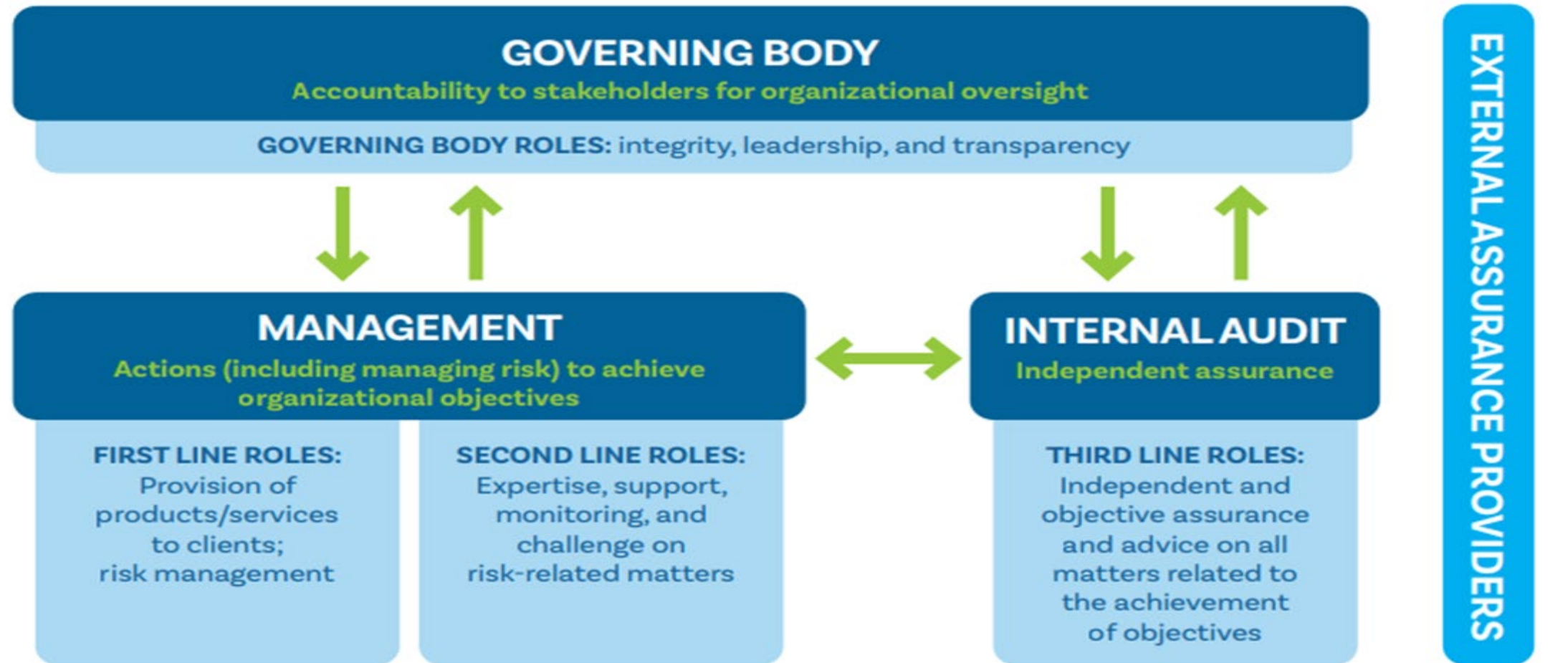


# Internal Audit Charter Updates

- Define Chief Audit Executive position and reporting relationships
- Document Chief Audit Executive responsibility to administer Quality Assurance and Improvement Program
- Annually confirm Internal Audit's independence to the Board
- Add reference to mandatory Global Institute of Internal Auditor's Standards
- Document responsibility of the Board or Audit Committee to provide oversight to Internal Audit



# Three Lines of Defense Model



KEY:



Accountability, reporting



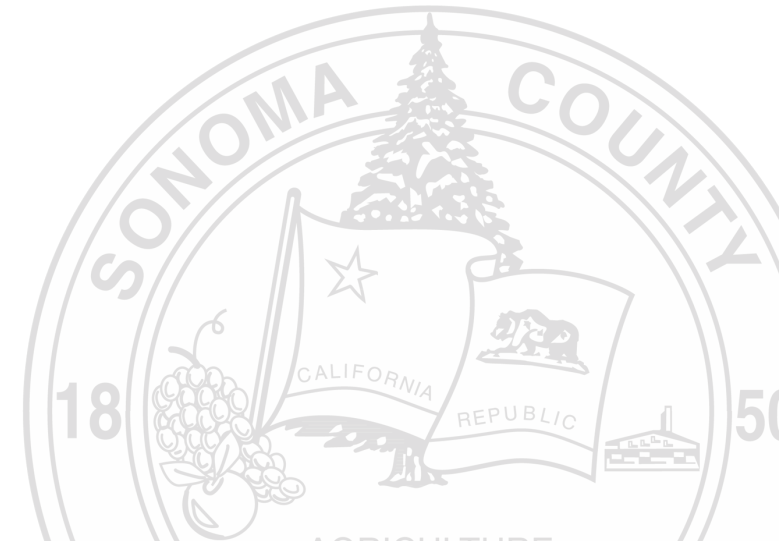
Delegation, direction, resources, oversight



Alignment, communication, coordination, collaboration

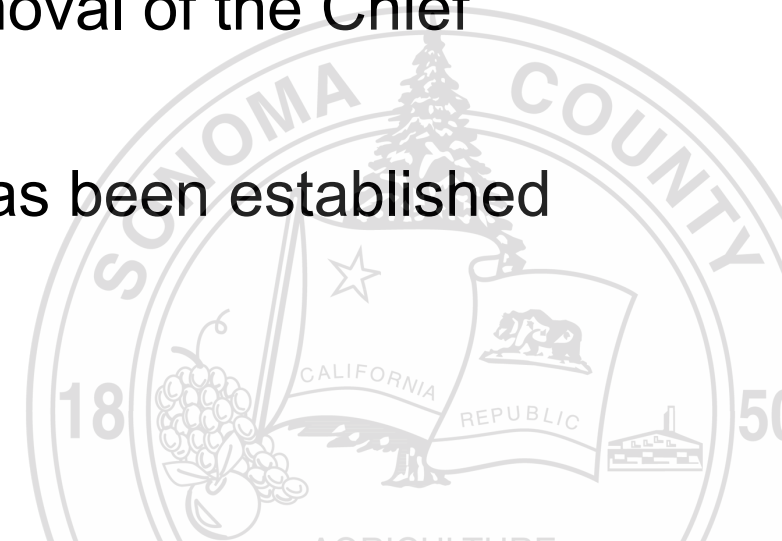
# Audit Committee Purpose

- Assist the Board in exercising their oversight responsibilities
- Facilitate a strong governance and risk management structure
- Enhance the independence of the internal audit function
- The Government Finance Officers Association (GFOA) recommends that the governing bodies of all state and local governments establish an audit committee.



# Audit Committee Responsibilities

- Review, provide input, and approve the annual risk-based audit plan
- Ensure Internal Audit has unrestricted access to and communicates directly with the Board of Supervisors and senior management
- Review audit results and management responses
- Provide input into the appointment, performance and removal of the Chief Audit Executive
- Ensure a quality assurance and improvement program has been established and review the results annually
- Provide a report annually to the Board





# Audit Committee Composition & Meetings

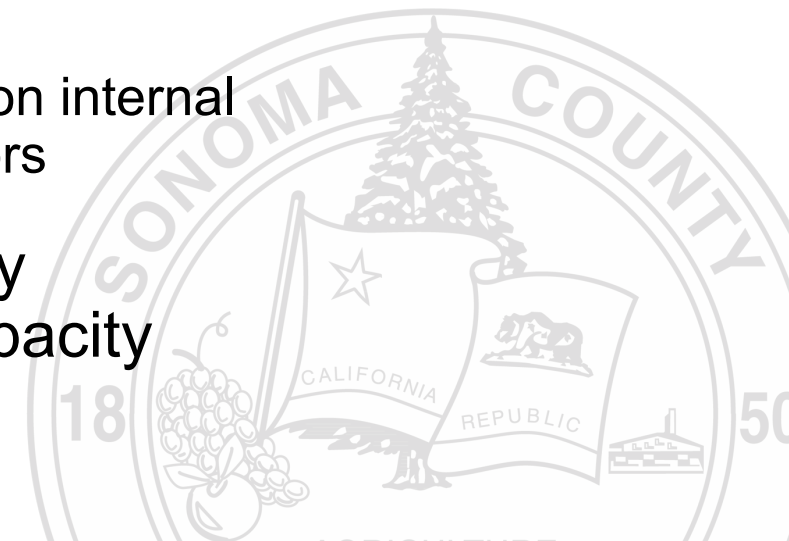
## ■ Audit Committee Composition

- Two members of the Board of Supervisors and one member of the public
- Staggered 4-year terms

## ■ Meetings (Brown Act)

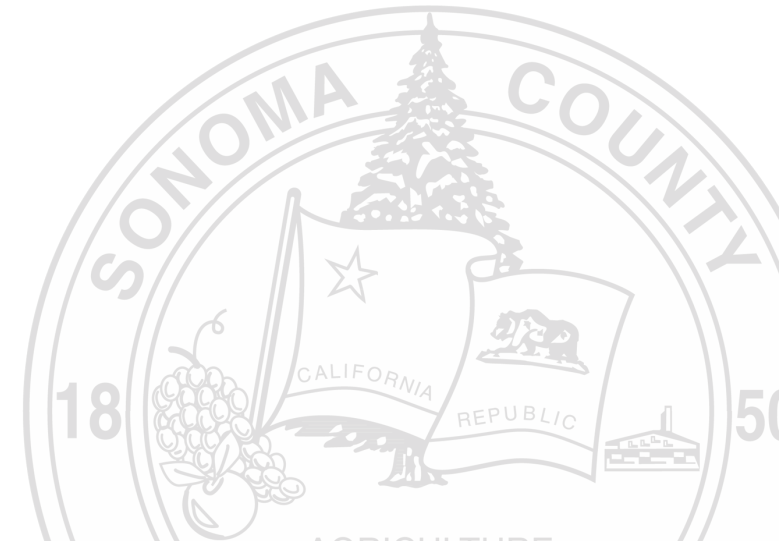
- Frequency – 2 to 4 times per year
- Agenda will include annual risk assessment, audit plan, updates on internal audit operations, receive reports from internal and external auditors

- The Auditor-Controller-Treasurer-Tax Collector and County Executive, or their designees, will serve in an advisory capacity to the Audit Committee



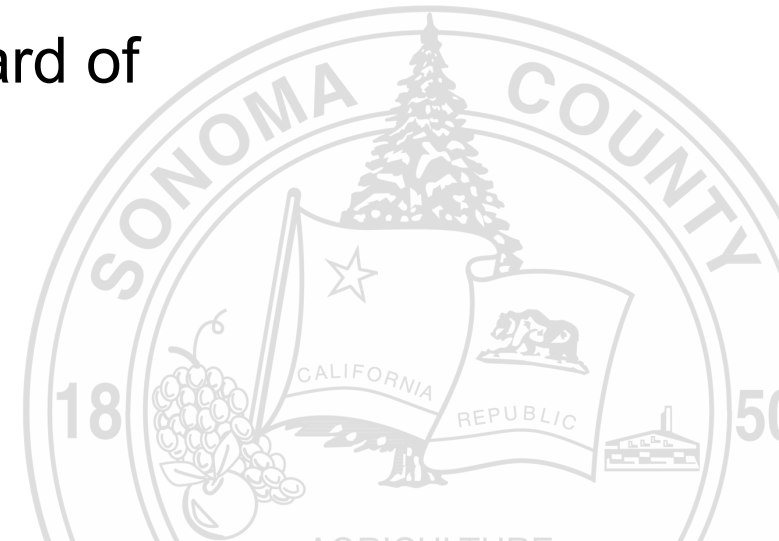
# Internal Audit Program Updates

- Enhanced Risk Management Framework
- Strengthen Audit Methodology and Reporting
- Training and Professional Development
- Program Change Request



# Recommended Actions

- A. Adopt a Resolution to approve the restatement of the Internal Audit Charter
- B. Adopt Resolution to establish the Sonoma County Audit Committee and approve the Audit Committee Charter
- C. Authorize the Chair to appoint two members of the Board of Supervisors to the Audit Committee





# Questions?

