



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 4/17/2012

Agenda Placement: 7F

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Tracy Schulze - Auditor-Controller
Auditor - Controller
REPORT BY: Tracy Schulze, AUDITOR-CONTROLLER - 299-1733
SUBJECT: Adoption of Napa County Internal Audit Policy

RECOMMENDATION

Auditor-Controller requests adoption of a resolution adding Part I: Section 6B of the Napa County Policy Manual - Internal Audit Policy.

EXECUTIVE SUMMARY

During the Internal Audit peer review completed in August 2009, Yolo County recommended that an Internal Audit Policy be presented to the Board of Supervision in accordance with the *International Standards for the Professional Practice of Internal Auditing (hereafter known as Standards)*, section 1000. As a result of the requirements outlined in the *Standards*; and input and discussion from County Counsel and the County Executive Office, staff prepared the Internal Audit Policy which is before the Board for approval today.

FISCAL IMPACT

Is there a Fiscal Impact? No

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**Authority**

In accordance with Standard 1000 - Purpose, Authority, and Responsibility:

"The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter [policy], consistent with the Definition of Internal Auditing, the Code of Ethics, and the Standards. The chief audit executive must periodically review the internal audit charter [policy] and present it to senior management and the board for approval."

Purpose

The Napa County Auditor-Controller's Internal Audit Division currently performs the duties outlined in the policy. The Division presents an annual audit plan to the Board of Supervisors. Reports resulting from the engagements outlined in the plan are presented to the appropriate governing board. The purpose of the policy is to formalize the current practices that determine whether the County's network of risk management, control, and government processes – as designed and represented by management – is adequate and functioning in a manner to minimize risk to the County. The use of the Internal Audit Policy will enhance employees awareness of (1) mission and scope of work of the Internal Audit Section, (2) the necessity of the Internal Audit Manager maintaining independence in fact from the positions it is accountable to, (3) the responsibilities of the Internal Audit Section, and (4) the authority granted to the Internal Audit Section by the Board of Supervisors.

Policy Development Process

During the Internal Audit peer review completed in August 2009, Yolo County recommended that a Internal Audit Policy be presented to the Board of Supervision in accordance with the *International Standards for the Professional Practice of Internal Auditing* (hereafter known as *Standards*), section 1000. The initial draft was developed from an example provided in the *Quality Assessment Manual for the Internal Audit Activity* issued by The Institute of Internal Auditors Research Foundation. The Auditor-Controller then sought input from the County Executive Office and County Counsel.

As a result of input and discussion, staff prepared an Internal Audit Policy which is before the Board for approval today.

SUPPORTING DOCUMENTS

- A . Resolution
- B . Exhibit A - Napa County Policy - Part I - Section 6B
- C . Signed Napa County Policy - Part I - Section 6B

CEO Recommendation: Approve

Reviewed By: Helene Franchi