



A Tradition of Stewardship  
A Commitment to Service

Agenda Date: 7/21/2015

Agenda Placement: 6J

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors

**FROM:** Tracy Schulze - Auditor-Controller  
Auditor - Controller

**REPORT BY:** Karen Querin, Audit Manager - 707-253-4588

**SUBJECT:** External Quality Assessment of Napa County's Internal Audit Division for the period of July 1, 2008 to June 30, 2013

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### **RECOMMENDATION**

Auditor-Controller requests the Board approve, and instruct the Clerk of the Board to file the Report on the External Quality Assessment of Napa County's Internal Audit Section for the period of July 1, 2008 to June 30, 2013.

### **EXECUTIVE SUMMARY**

International Standards for the Professional Practice of Internal Auditing (Standards) requires that internal audit activities undergo a comprehensive external quality assessment at least once every five years. Given the potential costs of such engagements and the need for them in numerous California Counties, the California Counties Audit Chief's Committee has created a Peer Review Program. Counties who participate in the program provide and receive external peer reviews from Counties of similar size and relative proximity. San Luis Obispo County provided the external quality assessment for Napa County and Napa County provided the external quality assessment for Sonoma County.

### **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**

International Standards for the Professional Practice of Internal Auditing (Standards) requires that internal audit activities undergo a comprehensive external quality assessment (Assessment) at least once every five years. The Assessment reports an overall conclusion on the internal activity, recommendations for best practices and results from surveys issued during the assessment.

The Assessment can result in one (1) of three (3) conclusions:

- | Generally Conforms to the Standards
- | Partially Conforms to the Standards
- | Does Not Conform to the Standards

Napa County received the highest rating of Generally Conforms to the Standards.

The following recommendations were made by San Luis Obispo County to enhance the effectiveness of Napa County's Internal Audit activities (found on page 4 of the attached report):

1. Reference the Code of Ethics in the Internal Audit Policy
2. Conduct a Formal Periodic Self-Assessment
3. Ensure Staff Earn 80 Hours of Continuing Professional Education
4. Consider a Yellow Book Peer Review

Attached are the external quality assessment report issued by San Luis Obispo and Napa County Internal Audit Division's response to the recommendations.

### **SUPPORTING DOCUMENTS**

- A . External Quality Assessment of Napa County's Internal Audit Division
- B . Response to External Quality Assessment

CEO Recommendation: Receive

Reviewed By: Molly Rattigan