

Organizing Principles						
Institute of Internal Auditors		Budget Committee - Policies, Role, and Responsibilities			GAPs / Committee Recommendations	Gap Rating
Model Audit Committee Charter		Document	Section	Budget Committee - Policies, Role, and Responsibilities		
Purpose	The purpose of the Committee is to provide structured, systematic, oversight and advice of the County’s governance, risk management, and internal control practices. The Committee assists the Board in fulfilling its oversight responsibilities in relation to the County’s initiatives for: <ul style="list-style-type: none">• Values and ethics• Governance structure• Risk management• Internal control framework• Internal audit activity• External auditors, and other assurance providers• Financial statements• Public accountability reporting	Internal Audit Policies	Introduction	The Board oversees internal audits through the Budget Committee. The Budget Committee consist of two Board members. In addition to providing oversight of the County budget, the Budget Committee’s role will also include, among other duties: <ul style="list-style-type: none">• Reviewing and evaluating Audit reports and findings;• Identifying, monitoring, and ensuring significant risks and exposure are adequately mitigated;• Ensuring development of and adherence to the internal audit plan;• Supporting the implementation of the internal audit plan; and• Monitoring the implementation of corrective actions.	Consider enhancing polices to include the adoption and promotion of: <ul style="list-style-type: none">- County values and ethics statements and programs, and- Enhance existing language to include more specific oversight procedures surrounding Public accountability reporting. (Refer to Committee Oversight Section of analysis)	Substantial
		Budget Committee Roles and Responsibilities	Committee Role	It is the role of the Board’s Budget Committee to provide ongoing oversight of the County budget and independent review of the County’s financial reporting process, the system of internal control, the audit process, and independent auditors. The Budget Committee will bring those items of significant impact thereto to the attention of the full Board of Supervisors for appropriate consideration and action as warranted.		
		Budget Committee Roles and Responsibilities	Committee Responsibilities, paragraphs 6 & 7.	6. Review reports of completed internal and external audits to determine the adequacy of controls over financial reporting, effectiveness and efficiency of operations, and compliancewith policies, procedures, laws, and regulations; 7. Review the annual financial statements, and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accountingprinciples;		

Monterey County
Comparative Gap Analysis
Audit Committee Charter/Standards vs CAO Budget Committee/Policies

Organizing Principles						
Institute of Internal Auditors		Budget Committee - Policies, Role, and Responsibilities			GAPs / Committee Recommendations	Gap Rating
Model Audit Committee Charter		Document	Section	Budget Committee - Policies, Role, and Responsibilities		
Authority	<p>In discharging its responsibilities, the Committee will have unrestricted access to members of management, employees, and relevant information it considers necessary to discharge its duties. The Committee also will have unrestricted access to records, data, and reports. If access to requested documents is denied due to legal or confidentiality reasons, the Committee will follow a prescribed, Board approved mechanism for resolution of the matter.</p> <p>The Committee is empowered to:</p> <ul style="list-style-type: none">• Appoint, compensate, and oversee all audit and non-audit services performed by external auditors, including the work of any registered public accounting firm employed by the County.• Resolve any disagreements between management and external auditors regarding financial reporting and other matters.• Pre-approve all operational and performance audit and non-audit services performed by internal auditors.• Engage independent counsel and/or other advisors deemed necessary to carry out its duties.• Receive explanatory information and/or documentation from County management and staff, who are required to cooperate with Committee inquiries and requests.	Internal Audit Policies	Authority	<p>The Board shall retain the authority to conduct audits and may assign Offices within the County to initiate audits as they deem appropriate including the Auditor-Controller’s Office, the County Administrative Office, the Office of the County Counsel, or may engage external providers to conduct audits.</p> <p>Furthermore, the Office or external provider engaged for audits by the Board, or through the Board’s Budget Committee, is authorized full, free, and unrestricted access to any and all of Monterey County records, physical properties, and personnel deemed necessary to complete an audit and carry out any engagement that is listed in the annual audit plan and/or authorized by the Budget Committee and/or the Board, subject to accountability for confidentiality and safeguarding of records and information, unless prohibited by law.</p> <p>The Board shall provide a budget to the Budget Committee to fund audits in accordance with the audit plan or to fund unanticipated audits as authorized by the committee. The Budget Committee will support funding actions, with final approval by the Board.</p> <p>The Board delegates authority to the Budget Committee to request and authorize investigations into any matters within its scope of responsibility.</p>	None	N/A
		Budget Committee Roles and Responsibilities	Committee Responsibilities, paragraphs 10 - 14	<p>10. Appoint, compensate, and oversee the work of any registered public accounting firm contracted by the County;</p> <p>11. Review the annual audit plan, including but not limited to all auditing and non-audit services,whether conducted internally or by external providers;</p> <p>12. Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation;</p> <p>13. Meet with county officers, external auditors, or outside counsel, as necessary;</p> <p>14. Resolve any disagreements between management and the auditor regarding financial reporting;</p>		
Members	The Committee will consist of Committee members who are obliged to prepare for and participate in committee meetings.	Internal Audit Policies	Role	In order to satisfy the ‘competency’ requirement of the standards, the Board shall establish access to an independent expert with knowledge and understanding of government operations and auditing.	The Committee and Board needs to consider who the financial expert will be and his or her inclusion and role in the committee. Internal Audit recommends the financial expert be a participant in all Board and Budget Committee meetings involving internal and external audit matters scheduled on the agenda.	Substantial

Monterey County
Comparative Gap Analysis
Audit Committee Charter/Standards vs CAO Budget Committee/Policies

Organizing Principles						
Institute of Internal Auditors		Budget Committee - Policies, Role, and Responsibilities			GAPs / Committee Recommendations	Gap Rating
Model Audit Committee Charter		Document	Section	Budget Committee - Policies, Role, and Responsibilities		
		Budget Committee Roles and Responsibilities	Committee Members	Supervisors: Luis A. Alejo, District Jane Parker, District		
Chairperson	The Board will designate the Chair of the audit committee and appointment committee members.	Internal Audit Policies	Role	The Board oversees internal audits through the Budget Committee. The Budget Committee consist of two Board members.	The Committee and Board should consider a Chairperson for the Budget Committee once the financial expert is integrated into committee.	Significant
Terms of Office	The term of office for a Committee member is years. To ensure continuity within the Committee, the appointment of members will be staggered. To ensure the effective discharge of duties in response to emerging needs, membership will be reviewed annually.			Not Discussed	Authoritative bodies (IIA, GFOA) emphasize the need to establish definitive durations for audit committee membership and importance of maintaining continuity. Because the responsibilities of the audit committee evolve in response to regulatory, economic, and reporting developments, it is important to periodically re-evaluate members' competencies and the overall balance of skills on the committee in response to emerging events. The Audit Committee should establish the terms of service/number of years' members are assigned to serve on the Committee. Three to four years is typical. Committee members should be periodically evaluated in relation to meeting the Committee's needs.	Substantial
Quorum	The quorum for the Committee will be a majority of the members. Each Committee member shall have one vote. Members must be present at the time of the vote.	Government Code - Board of Supervisors		Quorums of the Board of Supervisors prescribed by Government Code	None	N/A
		Budget Committee Roles and Responsibilities	Committee Role	The Budget Committee will bring those items of significant impact thereto to the attention of the full Board of Supervisors for appropriate consideration and action as warranted.		

Audit Committee Principles						
Institute of Internal Auditors		Budget Committee - Policies, Role, and Responsibilities			GAPs / Committee Recommendations	Gap Rating
Model Audit Committee Charter		Document	Section	Budget Committee - Policies, Role, and Responsibilities		
Values	Committee members shall perform their duties in good faith, in a manner reasonably believed to be in the best interest of the Committee and the County, and with such care as an ordinary prudent person in a similar position would use under similar circumstances. The audit committee expects that management and staff of the organization will adhere to these requirements.			Not Discussed	Because of their role and responsibilities of overseeing governance, risk and control activities, Audit Committee members should exhibit superior ethics and values and show the highest concern for compliance with laws, regulations and policies and procedure designed to ensure ethical practices. The Committee should consider developing and expressing values and ethics policy and how those values help to achieve, or support, the Committee’s activities.	Substantial
Communciations	The Committee is responsible for maintaining free and open communication between itself, the external auditor, the internal auditors and management of the County, and for determining that all parties are aware of their responsibilities.	Internal Audit Policies	Role	Within the County, the Internal Audit Division is managed by a Chief Deputy within the Auditor-Controller’s Office. The Internal Audit Division shall complete audits as authorized by the Board. The Auditor-Controller and Chief Deputy will report at least quarterly to the Budget Committee and annually to the Board.	None	N/A
		Internal Audit Policies	Reporting and Monitoring	<p>The Auditor-Controller or designee will report to the Budget Committee quarterly unless the meeting is canceled. The Auditor-Controller will report to the Board at least annually.</p> <p>In the event oversight responsibility of an audit is delegated to another County department, such as the County Administrative Office or County Counsel, such department shall report on the completed audit results at the following scheduled quarterly meeting, unless the meeting is canceled.</p> <p>Upon completing an audit, a written report will be prepared, in accordance with applicable standards, communicating audit results to the Budget Committee and to appropriate levels of management and the Board, as appropriate.</p> <p>The department, office, or agency being reviewed shall prepare a response to specific findings and recommendations of an audit. Management’s response may be included in the final audit report, or may be provided thereafter within a reasonable period of time, but must include a timetable for completion of corrective actions where appropriate and explanation of any corrective action that will not be implemented.</p>		
		Budget Committee Roles and Responsibilities	Committee Responsibilities, paragraphs 6 & 15.	<p>6. Review reports of completed internal and external audits to determine the adequacy of controls over financial reporting, effectiveness and efficiency of operations, and compliancewith policies, procedures, laws, and regulations</p> <p>15.Report to the full Board on an annual basis on how the committee has performed and met itsresponsibilities.</p>		

Audit Committee Principles						
Institute of Internal Auditors		Budget Committee - Policies, Role, and Responsibilities			GAPs / Committee Recommendations	Gap Rating
Model Audit Committee Charter		Document	Section	Budget Committee - Policies, Role, and Responsibilities		
Work Plan	The Committee Chair will collaborate with senior management and the Internal Audit Division (IAD) to establish a work plan that ensures the responsibilities of the Committee are scheduled and will be carried out.	Internal Audit Policies	Internal Audit Plan	<p>The Auditor-Controller’s Office will present an annual internal audit plan to the Budget Committee by March for the following fiscal year for review. The Board shall have the final approval of the internal audit plan.</p> <p>The internal audit plan will consist of a work schedule and resource requirements for the following fiscal year. The Auditor-Controller’s Office is responsible for communicating to the Budget Committee the impact of any resource limitations.</p> <p>The internal audit plan will be developed based on prioritization using a risk-based assessment of County programs and operations, including input from County departments, the Board, and the Budget Committee. The Auditor-Controller’s Office should communicate and explain any significant divergence from the approved internal audit plan to the Budget Committee and the Board.</p>	None	N/A
		Budget Committee Roles and Responsibilities	Committee Responsibilities, paragraphs 8 - 11.	<p>8.Review the activities, staffing, and organizational structure of the internal audit function;</p> <p>9.Request compliance reviews, financial audits, and/or other investigations as deemednecessary by the Committee;</p> <p>10.Appoint, compensate, and oversee the work of any registered public accounting firm contracted by the County;</p> <p>11.Review the annual audit plan, including but not limited to all auditing and non-audit services,whether conducted internally or by external providers;</p>		
Meeting Agenda	The Committee Chair will establish agendas for Committee meetings in consultation with Committee members, senior management and the IAD.	County Process	Legistar	<p>Information is submitted through Legistar using County established protocols.</p> <p>Information provided the Board of Supervisors and/or Budget Committee must be schedule two weeks in advance.</p>	Inconsequential	N/A
Information Requirements	The Committee will establish and communicate its requirements for information, which will include the nature, extent, and timing of information. Requested information will be provided to the Committee at least one week prior to each Committee meeting.	County Process	Legistar	<p>Information is submitted through Legistar using County established protocols.</p> <p>Information provided the Board of Supervisors and/or Budget Committee must be schedule two weeks in advance.</p>	Inconsequential	N/A
Executive Sessions	The Committee will schedule and hold if necessary, a private session with the Auditor-Controller and the Chief Deputy IAD, external assurance providers, and with any other officials that the Committee may deem appropriate.	County Process		Not Discussed	Executive/Closed sessions are not discussed. Should include language that delineates when executive/closed sessions are warranted.	Substantial
Conflicts of Interest	Committee members should adhere to the organizations code of conduct and any values and ethics established by the organization. It is the responsibility of Committee members to disclose any conflict of interest or appearance of a conflict of interest to the Board. If there is any question as to whether Committee member(s) should recuse themselves from a vote, the Committee should vote to	Government Code	Section 81001(b),	<p>The people find and declare as follows:</p> <p>(b) Public officials, whether elected or appointed, should perform their duties in an impartial manner, free from bias caused by their own financial interests or the financial interests of persons who have supported them</p>	The Board/Committee should consider including references to Government Code addressing "conflicts of interest," emphasizing strict adherence to the law. In this light, the Board should include procedures detailing what information should be disclosed and when Board and Budget Committee members should recuse themselves, if necessary.	Substantial

Audit Committee Principles						
Institute of Internal Auditors		Budget Committee - Policies, Role, and Responsibilities			GAPs / Committee Recommendations	Gap Rating
Model Audit Committee Charter		Document	Section	Budget Committee - Policies, Role, and Responsibilities		
	determine whether the member should recuse himself or herself.	Government Code	Section 81002(c),	The people enact this title to accomplish the following purposes: (c) Assets and income of public officials which may be materially affected by their official actions should be disclosed and in appropriate circumstances the officials should be disqualified from acting in order that conflicts of interest may be avoided		
		California Code of Regulations	Sections 18700(a) & (b)	(a) Basic Rule: A public official at any level of state or local government has a prohibited conflict of interest and may not make, participate in making, or in any way use or attempt to use his or her official position to influence a governmental decision when he or she knows or has reason to know he or she has a disqualifying financial interest. A public official has a disqualifying financial interest if the decision will have a reasonably foreseeable material financial effect, distinguishable from the effect on the public generally, directly on the official, or his or her immediate family, or on any financial interest described in subdivision (c)(6)(A-F) herein. (Sections 87100, 87101, & 87103.) (b) Application: The Act's conflict of interest prohibitions apply only to public officials and only to governmental decisions that have a financial effect.		
Orientation/ Training	Committee members will receive formal orientation training on the purpose and mandate of the Committee and on the County's objectives. A process of continuing education will also be established.			Not Discussed	Committee and Board members should become acquainted with Audit Committee best practices and consider taking specific training around Audit Committee's role, objectives, and responsibilities.	Significant
Meetings	The Committee will meet at least [Insert number] times annually or more frequently as the Committee deems necessary. The time frame between meetings should not exceed four months.	Internal Audit Policies	Role	The Auditor-Controller and Chief Deputy will report at least quarterly to the Budget Committee and annually to the Board.	Inconsequential	N/A
		Budget Committee Roles and Responsibilities	Frequency	Budget Committee has a standing schedule of meeting on the last Wednesday of each month.		
Minutes	Minutes will be prepared in accordance with applicable law, regulation, bylaw, policy, procedure, and/or other applicable requirements. Meeting minutes will be provided in draft format at least two weeks after the audit committee meeting.	County Process		Minutes are documented and maintained by the Acting Executive Assistant to the County Administrative Officer. Minutes are stored in Legistar.	None	N/A
Required Attendance	The Auditor-Controller and Chief Deputy, IAD are required to attend all Committee meetings.	Internal Audit Policies	Role	The Auditor-Controller and Chief Deputy will report at least quarterly to the Budget Committee and annually to the Board.	None	N/A
Secretariat Services	The [insert name and title] will facilitate and coordinate meetings as well as provide ancillary support to the Committee, as time and resources permit.	County Policy		The Budget Committee Secretary will facilitate and coordinate the meetings and provide support to the Committee.	None	N/A

Monterey County
Comparative Gap Analysis
Audit Committee Charter/Standards vs CAO Budget Committee/Policies

Audit Committee Principles						
Institute of Internal Auditors		Budget Committee - Policies, Role, and Responsibilities			GAPs / Committee Recommendations	Gap Rating
Model Audit Committee Charter		Document	Section	Budget Committee - Policies, Role, and Responsibilities		
Renumeration of Members	<p>Committee members who are employed by the County will not receive any additional remuneration outside of their established compensation paid by the County. For Committee members not employed by the County, payment rates and allowances for time and/or services are established formally in [Insert text].</p> <p>All Committee members may be reimbursed for travel and Committee related expenses. Reimbursable expenses must be properly evidenced and compliant with the County's Travel and Expense Policy.</p> <p>Professional indemnity insurance: [Insert text]</p>			Not Discussed	The Board should consider if an appointed outside financial expert will be compensated for his or her time and expenses. Indemnity insurance for the expert should also be considered.	Substantial
Responsibilities	<i>It is the responsibility of the Committee to provide the Board with independent, objective advice on the adequacy of management's arrangements with respect to the following aspects of the management of the organization:</i>					
Values and Ethics	<p>To obtain reasonable assurance with respect to the County's values and ethics practices, the Committee will:</p> <ul style="list-style-type: none">• Review and assess the policies, procedures, and practices established by the governing body to monitor conformance with its code of conduct and ethical policies by all managers and staff of the organization.• Provide oversight of the mechanisms established by management that help maintain high ethical standards for all the managers and staff of the organization.• Review and provide advice on the systems and practices established by management to monitor compliance with laws, regulations, policies, and standards of ethical conduct and identify and deal with any legal or ethical violations.			Not Discussed	As discussed above, the Committee/Board should consider developing and expressing values and ethics policy and how those values help to achieve, or support, the Committee's activities.	Substantial
Organizational Governance	<p>To obtain reasonable assurance with respect to the County's governance process, the Committee will review and provide advice on the governance process established and maintained within the organization and the procedures in place to ensure that they are operating as intended.</p>			Not Discussed	The Board/Committee should consider developing and including a statement of the Committees roles concerning governance processes.	
Risk Management	<p>To obtain reasonable assurance with respect to the County's risk management practices, the Committee will:</p> <ul style="list-style-type: none">• Annually review the County's policies on risk assessment, risk management and fraud risk.• Obtain from the Chief Deputy, IAD an annual report on management's implementation and maintenance of an appropriate enterprise wide risk management process.• Provide oversight on significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Board.• Review and provide advice on the risk management process established and maintained by management and the procedures in place to ensure that they are operating as intended.			Not Discussed	The Board/Committee should consider developing and including a statement of the Committees roles concerning key risk management processes.	Substantial

Audit Committee Principles						
Institute of Internal Auditors		Budget Committee - Policies, Role, and Responsibilities			GAPs / Committee Recommendations	Gap Rating
Model Audit Committee Charter		Document	Section	Budget Committee - Policies, Role, and Responsibilities		
Fraud	To obtain reasonable assurance with respect to the County’s procedures for the prevention and detection of fraud, the Committee will: <ul style="list-style-type: none">• Oversee management's arrangements for the prevention and deterrence of fraud.• Ensure that appropriate action is taken against known perpetrators of fraud.• Challenge management and internal and external auditors to ensure that the entity has appropriate anti-fraud programs and controls in place to identify potential fraud and ensure that investigations are undertaken if fraud is detected.			Not Discussed	The Board/Committee should consider developing and including a statement of the Committees roles concerning fraud and related processing designed to detect and prevent fraud.	Substantial
Control	To obtain reasonable assurance with respect to the adequacy and effectiveness of the County's controls in responding to risks within the organization’s governance, operations and information systems, the Committee will: <ul style="list-style-type: none">• Consider the effectiveness of the County's control framework, including information technology security and control.• Review and provide advice on the control of the County and its individual units.• Receive reports on all matters of significance arising from work performed by other providers of financial and internal control assurance to senior management and the Board.			Not Discussed	The Board/Committee should consider developing and including a statement of the Committees roles to help ensure effective internal controls.	Substantial
Compliance	The Committee will: <ul style="list-style-type: none">• Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.• Review the observations and conclusions of internal and external auditors and the findings of any regulatory agencies.• Review the process for communicating the code of conduct to the County’s personnel and for monitoring compliance.• Obtain regular updates from management regarding compliance matters.			Not Discussed	The Board/Committee should consider developing and including a statement of the Committees roles to help ensure compliance with laws and regulations, contracts, and policies.	Substantial

Monterey County
Comparative Gap Analysis
Audit Committee Charter/Standards vs CAO Budget Committee/Policies

Internal Audit and Other Assurance Providers Oversight						
Institute of Internal Auditors		Budget Committee - Policies, Role, and Responsibilities			GAPs / Committee Recommendations	Gap Rating
Model Audit Committee Charter		Document	Section	Budget Committee - Policies, Role, and Responsibilities		
Internal Audit	To obtain reasonable assurance with respect to work of the Internal Audit activity, the Committee will provide oversight related to: 1. Internal audit charter and resources: <ul style="list-style-type: none">Review and approve the internal audit charter at least annually. The charter should be reviewed to ensure that it accurately reflects the internal audit activity's purpose, authority, and responsibility, consistent with the mandatory guidance of the The IIA's International Professional Practices Framework and the scope and nature of assurance and consulting services, as well as changes in the financial, risk management, and governance processes of the organization and reflects developments in the professional practice of internal auditing.Advise the Board about increases and decreases to the requested resources to achieve the internal audit plan. Evaluate whether any additional resources are needed permanently or should be provided through outsourcing.	Internal Audit Policies	Authority	The Board shall provide a budget to the Budget Committee to fund audits in accordance with the audit plan or to fund unanticipated audits as authorized by the committee. The Budget Committee will support funding actions, with final approval by the Board.	The Board/Committee should consider developing and including additional statement concerning oversight of an Internal Audit Charter and its adherence to IIA's International Prfessional Practices FrameworkStandards of the Committees roles to help ensure compliance with laws and regulations, contracts, and policies.	Substantial
		Internal Audit Policies	Internal Audit Plan	The Auditor-Controller's Office is responsible for communicating to the Budget Committee the impact of any resource limitations.		
		Budget Committee Roles and Responsibilities	Committee Responsibilities, paragraph 8.	8.Review the activities, staffing, and organizational structure of the internal audit function;		
Internal Audit	To obtain reasonable assurance with respect to work of the Internal Audit activity, the Committee will provide oversight related to: 2. Chief Deputy, IAD performance: <ul style="list-style-type: none">Advise the Board regarding the qualifications and recruitment, appointment, and removal of the Chief Deputy, IAD.Provide input to management related to evaluating the performance of the Chief Deputy, IAD.Recommend to management or the Board the appropriate compensation of the Chief Deputy, IAD.	County Policy		IAD compensation, qualifications, recruitment, and removal are managed and overseen by the Auditor/Controller.	None	N/A
		Budget Committee Roles and Responsibilities	Committee Responsibilities, paragraph 8.	8.Review the activities, staffing, and organizational structure of the internal audit function;		
Internal Audit	To obtain reasonable assurance with respect to work of the Internal Audit activity, the Committee will provide oversight related to: 3. Internal Audit Strategy and Plan: <ul style="list-style-type: none">Review and provide input on the internal audit activity's strategic plan, objectives, performance measures and outcomes.Review and approve proposed risk based internal audit plan and make recommendations concerning internal audit projects.Review internal audit resources necessary to achieve the plan.Review the internal audit activity's performance relative to its audit plan.	Internal Audit Policies	Role	The Board oversees internal audits through the Budget Committee. The Budget Committee consist of two Board members. In addition to providing oversight of the County budget, the Budget Committee's role will also include, among other duties: <ul style="list-style-type: none">Reviewing and evaluating Audit reports and findings;Identifying, monitoring, and ensuring significant risks and exposure are adequately mitigated;Ensuring development of and adherence to the internal audit plan;Supporting the implementation of the internal audit plan; andMonitoring the implementation of corrective actions.	None	N/A
		Internal Audit Policies	Internal Audit Plan	The Auditor-Controller's Office will present an annual internal audit plan to the Budget Committee by March for the following fiscal year for review. The Board shall have the final approval of the internal audit plan. The internal audit plan will consist of a work schedule and resource requirements for the following fiscal year. The Auditor-Controller's Office is responsible for communicating to the Budget Committee the impact of any resource limitations. The internal audit plan will be developed based on prioritization using a risk-based assessment of County programs and operations, including input from County departments, the Board, and the Budget Committee.		
		Budget Committee Roles and Responsibilities	Committee Responsibilities, paragraph 8.	8.Review the activities, staffing, and organizational structure of the internal audit function;		

Internal Audit and Other Assurance Providers Oversight						
Institute of Internal Auditors		Budget Committee - Policies, Role, and Responsibilities			GAPs / Committee Recommendations	Gap Rating
Model Audit Committee Charter		Document	Section	Budget Committee - Policies, Role, and Responsibilities		
Internal Audit	To obtain reasonable assurance with respect to work of the Internal Audit activity, the Committee will provide oversight related to: 4. Internal Audit Engagement and Follow-up: <ul style="list-style-type: none">• Review internal audit reports and other communications to management.• Review and track management's action plans to address the results of internal audit engagements.• Review and advise management on the results of any special investigations.• Inquire of the Auditor-Controller and the Chief Deputy, IAD whether any internal audit engagements or non-audit engagements have been completed but not reported to the Committee; if so, inquire whether any matters of significance arose from such work.• Inquire of the Auditor-Controller and the Chief Deputy, IAD whether any evidence of fraud has been identified during internal audit engagements and evaluate what additional actions, if any, should be taken.	Internal Audit Policies	Role	The Board oversees internal audits through the Budget Committee. The Budget Committee consist of two Board members. In addition to providing oversight of the County budget, the Budget Committee’s role will also include, among other duties: <ul style="list-style-type: none">• Reviewing and evaluating Audit reports and findings;• Identifying, monitoring, and ensuring significant risks and exposure are adequately mitigated;• Ensuring development of and adherence to the internal audit plan;• Supporting the implementation of the internal audit plan; and• Monitoring the implementation of corrective actions.	The Board/Committee should consider developing and including additional statements concerning oversight responsibilities surrounding: - Advising management on the results of special investigations, - Inquiry of IAD concerning completed engagements not reported, - Inquiry of IAD concerning completed engagements not reported.	Significant
		Budget Committee Roles and Responsibilities	Committee Responsibilities, paragraphs 11 - 14.	11. Review the annual audit plan, including but not limited to all auditing and non-audit services, whether conducted internally or by external providers; 12. Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation; 13. Meet with county officers, external auditors, or outside counsel, as necessary; 14. Resolve any disagreements between management and the auditor regarding financial reporting;		
Internal Audit	To obtain reasonable assurance with respect to work of the Internal Audit activity, the Committee will provide oversight related to: 5. Standards Conformance: <ul style="list-style-type: none">• Inquire of the Auditor-Controller and the Chief Deputy, IAD about steps taken to ensure that the internal audit activity conforms with The IIA's International Standards for the Professional Practice of Internal Auditing (Standards).• Ensure that the internal audit activity has a quality assurance and improvement program and that the results of these periodic assessments are presented to the Committee.• Ensure that the internal audit activity has an external quality assurance review every five years.• Review the results of the independent and external quality assurance review and monitor the implementation of the internal audit activity's action plans to address any recommendations.• Advise the Board about any recommendations for the continuous improvement of the internal audit activity.	Internal Audit Policies	Reporting and Monitoring	Upon completing an audit, a written report will be prepared, in accordance with applicable standards, communicating audit results to the Budget Committee and to appropriate levels of management and the Board, as appropriate.	The Board/Committee should consider developing and including additional statements concerning oversight responsibilities surrounding: - Inquiry of steps taken to ensure adherence to the IIA's International Standards for the Professional Practice of Internal Auditing (Standards). - Inquiry of steps taken to ensure quality assurance program has been established for the internal audit activity and external reviews are conducted and results and recommendations for improvement reported to the Board/Committee.	Minor
		Internal Audit Policies	Quality Assurance and Improvement Program	The Auditor-Controller’s Office will communicate to the Budget Committee, the Board and County management on the internal audit quality assurance and improvement program within the Department, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent, external, peer review organization.		

Monterey County
Comparative Gap Analysis
Audit Committee Charter/Standards vs CAO Budget Committee/Policies

Internal Audit and Other Assurance Providers Oversight						
Institute of Internal Auditors		Budget Committee - Policies, Role, and Responsibilities			GAPs / Committee Recommendations	Gap Rating
Model Audit Committee Charter		Document	Section	Budget Committee - Policies, Role, and Responsibilities		
External Auditors	<p>To obtain reasonable assurance with respect to work of the external assurance providers, the Committee will meet with the external assurance providers during the planning phase of the engagement, the presentation of the audited financial statements, and the discussion of the results of engagements and recommendations for management.</p> <p>The Committee will:</p> <ul style="list-style-type: none">• Review the external auditors' proposed audit scope and approach, including coordination of audit effort with the internal audit activity, where applicable.• Review the performance of the external auditors, and exercise final approval on the appointment or discharge of auditors.• Obtain statements from the external auditors about their relationships with the County, including non-audit services performed in the past, and discuss the information with the external auditors to review and confirm their independence.• Have regularly scheduled exclusive meetings with external auditors to discuss any sensitive matters.• Monitor management's progress on action plans. <p>To obtain reasonable assurance that management has acted on the results and recommendations of internal and external audit engagements, the Committee will regularly review reports on the progress of implementing approved management action plans and audit recommendations resulting from completed audit engagements.</p>	Budget Committee Roles and Responsibilities	Committee Responsibilities, paragraphs 6, 7, 11 & 14.	<p>6. Review reports of completed internal and external audits to determine the adequacy of controls over financial reporting, effectiveness and efficiency of operations, and compliance with policies, procedures, laws, and regulations;</p> <p>7. Review the annual financial statements, and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles;</p> <p>11. Review the annual audit plan, including but not limited to all auditing and non-audit services, whether conducted internally or by external providers;</p> <p>14. Resolve any disagreements between management and the auditor regarding financial reporting</p>	<p>The Board/Committee should consider developing and including additional statements concerning oversight responsibilities surrounding:</p> <p>- Meeting with external auditors during planning, presentation of financial results and recommendations for management.</p> <p>- Reviewing external auditors audit scope and approach and determining if there are areas that can be coordinated with the internal audit activity.</p> <p>- Reviewing the performance of the external auditor.</p> <p>- Obtaining statements from the external auditors about their relationship with the county, including non-audit services performed in the past.</p> <p>- Scheduling and conducting regularly held meetings with the external auditor.</p> <p>- Regularly reviewing progress of implemented approved action plans.</p>	Substantial
Financial Statements & Public Accountability Reporting	<p>The Committee is responsible overseeing the independent audit of the County's financial statements, including but not limited to overseeing the resolution of audit findings in areas such as internal control, legal, regulatory compliance, and ethics.</p> <p>The Committee will:</p> <ul style="list-style-type: none">• Review with management and the external auditors the results of audit engagements, including any difficulties encountered.• Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.• Review the annual financial statements, and consider whether they are complete,	Internal Audit Policies	Role	<p>The Board oversees internal audits through the Budget Committee. The Budget Committee consist of two Board members. In addition to providing oversight of the County budget, the Budget Committee's role will also include, among other duties:</p> <ul style="list-style-type: none">• Reviewing and evaluating Audit reports and findings;• Identifying, monitoring, and ensuring significant risks and exposure are adequately mitigated;• Ensuring development of and adherence to the internal audit plan;• Supporting the implementation of the internal audit plan; and• Monitoring the implementation of corrective actions.	<p>The Board/Committee should consider developing and including additional statements concerning oversight responsibilities surrounding:</p> <p>- Reviewing engagement results with management and the external auditors - Reviewing significant accounting and reporting issues, complex or unusual transactions, highly judgmental areas, recent professional and regulatory pronouncements, and understand their impact on the financial statements.</p> <p>- Reviewing other sections of the annual report and related regulatory filings and consider the accuracy and completeness of the information before it is released.</p>	Significant

Internal Audit and Other Assurance Providers Oversight						
Institute of Internal Auditors		Budget Committee - Policies, Role, and Responsibilities			GAPs / Committee Recommendations	Gap Rating
Model Audit Committee Charter		Document	Section	Budget Committee - Policies, Role, and Responsibilities		
	consistent with information known to committee members, and reflect appropriate accounting principles. <ul style="list-style-type: none">Review other sections of the annual report and related regulatory filings and consider the accuracy and completeness of the information before it is released.Review with management and the external auditors all matters required to be communicated to the Committee under Generally Accepted Auditing Standards.Understand strategies, assumptions and estimates that management has made in preparing financial statements, budgets, and investment plans.Understand how management develops interim financial information and the nature and extent of internal and external auditor involvement in the process. <i>(Interim Reporting Not Applicable to Government)</i>Review interim financial reports with management and the external auditors before filing with regulators, and consider whether they are complete and consistent with the information known to committee members.	Budget Committee Roles and Responsibilities	Committee Responsibilities, paragraphs 6, 7, 14.	6. Review reports of completed internal and external audits to determine the adequacy of controls over financial reporting, effectiveness and efficiency of operations, and compliancewith policies, procedures, laws, and regulations; 7. Review the annual financial statements, and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accountingprinciples; 10. Appoint, compensate, and oversee the work of any registered public accounting firm contracted by the County; 14. Resolve any disagreements between management and the auditor regarding financial reporting;	- Reviewing with management and the external auditors all matters required to be communicated to the Committee under Generally Accepted Auditing Standards. - Understanding strategies, assumptions and estimates that management has made in preparing financial statements, budgets, and investment plans. - Reviewing interim financial reports with management and the external auditors before filing with regulators, and consider whether they are complete and consistent with the information known to committee members.	
Other Responsibilities	In addition, the Committee will: <ul style="list-style-type: none">Perform other activities related to this charter as requested by the Board.Institute and oversee special investigations as needed.Regularly evaluate its performance and that of its individual members.	Budget Committee Roles and Responsibilities	Committee Responsibilities, paragraphs 9, 12, & 15.	9. Request compliance reviews, financial audits, and/or other investigations as deemed necessary by the Committee; 12. Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation; 15. Report to the full Board on an annual basis on how the committee has performed and met its responsibilities.	None	N/A
Reporting on Audit Committee Performance	The Committee will report to the board annually, summarizing the Committee's activities and recommendations. The report may be delivered during a Committee meeting attended by the Board or during a regularly scheduled meeting of the Board. The report should also include: <ul style="list-style-type: none">A summary of the work the Committee performed to fully discharge its responsibilities during the preceding year.A summary of management's progress in addressing the results of internal and external audit engagement reports.An overall assessment of management's risk, control, and compliance processes, including details of any significant emerging risks or legislative changes impacting the governing organization.Details of meetings including the number of meetings held during the relevant period and the number of meetings each member attended.Provide information required, if any, by new or emerging governance developments.The Committee may report to the Board at any time regarding any other matter it deems of sufficient importance.	Budget Committee Roles and Responsibilities	Committee Responsibilities, paragraph 15.	15. Report to the full Board on an annual basis on how the committee has performed and met its responsibilities.	The Board/Committee should consider developing and including additional statements concerning oversight responsibilities surrounding: - A summary of the work the Committee performed to fully discharge its responsibilities during the preceding year. - A summary of management's progress in addressing the results of internal and external audit engagement reports. - An overall assessment of management's risk, control, and compliance processes, including details of any significant emerging risks or legislative changes impacting the governing organization. - Details of meetings including the number of meetings held during the relevant period and the number of meetings each member attended. - Provide information required, if any, by new or emerging governance developments. - The Committee may report to the Board at any time regarding any other matter it deems of sufficient importance.	Substantial