

AGENDA ITEM 5.

FISCAL YEAR 2006 – Internal Audit Charter and Plan Approval

Submitted for: Action

Summary: The Commission has been provided with copies of the Internal Audit Charter and the Audit Plan for FY2006 that have already been reviewed and approved by the Executive Director. The Fiscal Control and Internal Auditing Act (FCIAA) requires the Internal Audit plan for each two-year cycle to be completed and approved by June 30th of each fiscal year. In the past the Charter and Plan were approved only by the Executive Director.

In order to meet requirements of the International Standards for the Professional Practice Internal Auditing (Standards), we request that the Charter and Plan be approved not only by the Executive Director, but also by the Commission, on an annual basis. Revised definitions within the Standards now require an organization's governing board to approve its internal auditing charter and plan. We would also ask that the Commission allow any mid-year changes to the Plan's schedule, due to resource limitations or changes in risk factors, be approved solely by the Executive Director or his designee for purposes of expediency. Such information would then be provided to the Commission.

The Internal Audit Charter provides information on the role of the internal audit function within the organization and authorizes full access to books, records, and Agency personnel as required for audit purposes. The Audit Plan provides a two - year cycle of scheduled audits based on risk assessment, requirements of the Fiscal Control and Internal Auditing Act, and resource limitations. As these factors may change during the course of a fiscal year, it is common to perform a mid-year assessment and revise the schedule as necessary.

Action requested: That the Commission approve the following resolution:

"BE IT RESOLVED that the Commission approves the Internal Audit Charter and Plan for the FY06 audit cycle."

"BE IT FURTHER RESOLVED that the Commission authorizes the Executive Director or his designee to approve any mid-year changes to the audit schedule during FY2006, as needed, to ensure compliance with the Standards and the FCIAA and to address any significant changes in Agency risks or audit resources."