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San Bernardino County Employees'  
Retirement Association

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Area	Actuary and Audit
Applicability	SBCERA systemwide

## Internal Audit Charter

POLICY NO. 005

### I. Purpose

The purpose of this charter is to formally define San Bernardino County Employees' Retirement Association's (SBCERA) internal audit ~~unit's~~function's mission, independence, authority, and responsibility.

### II. Mission

The mission of the Internal Audit ~~unit~~function is to provide independent, objective assurance, and consulting services designed to confirm policy compliance, add value, and improve SBCERA's operations. The ~~unit~~function will assist SBCERA in reduction of risks that may impair the achievement of SBCERA's objectives, and to improve the efficiency and effectiveness of SBCERA's operations by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control, and governance processes.

### III. Independence

~~The Internal Audit unit must be independent, and internal auditors must be objective in performing their work. Independence is the freedom from conditions that threaten the ability of an Internal Auditor to carry out its responsibilities in an unbiased manner.~~

The Internal Audit ~~unit of Fiscal Services~~function works under the direction of the Chief Financial Officer (CFO). To ensure independence in fact and appearance, the Internal Audit unit shall follow the chain of command with respect to reporting disagreements with the CFO, which will include direct access to the

Chief Executive Officer, Chief Counsel, the Audit Committee, and the Board of Retirement (Board), if needed. ~~For audit procedures conducted in the Fiscal Services department, Chief Counsel shall oversee the process.~~

Internal Audits shall be conducted with the use of qualified, independent accounting firms, subject to SBCERA's procurement process, and approval by the Audit Committee and the Board. Audit reports shall be presented to the Audit Committee and the Board.

## IV. Authority and Responsibility

The Internal Audit ~~unit~~function has the authority to, and responsibility for, the following:

1. Except where prohibited by law, members of the Internal Audit ~~unit~~function will have complete and unrestricted access to all SBCERA personnel, records, files, information systems, and assets when reviewing any matter within its scope of responsibility.
2. Develop and maintain an internal audit program which outlines the specific guidelines to be used when performing audit procedures.
3. Develop ~~a three-year~~an annual audit ~~plan~~workplan for Audit Committee review and Board approval on procedures to be performed, using an appropriate risk-based methodology, considering any risks or control concerns identified by the Board and/or senior management.
4. Develop and execute procedures to review participating employer and member data that is reported to SBCERA, to ensure it is accurate, complete, and in compliance with applicable laws and rules.
5. Develop and execute a comprehensive operational risk assessment and audit plan for evaluation of SBCERA's internal controls, to ensure they are in place and functioning effectively.
6. Conduct special investigations and analysis, as needed.
7. Establish and maintain a follow-up system to monitor the disposition of results communicated to senior management and ensure that senior management actions have been effectively implemented or that senior management has accepted the risk of not taking action.
8. Serve as a resource to external audit, tax, and regulatory compliance inquiries, and assist in providing technical assistance to senior management and participating employers.
9. Adhere to the Institute of Internal Auditors (IIA) and Generally Accepted Government Auditing Standards (GAGAS) Codes of Ethics. In addition, when conducting internal audit activities, use professional standards promulgated by the IIA, GAGAS, American Institute of Certified Public Accountants, the Information Systems Audit and Control Association, any other professional standards deemed appropriate (unless prohibited by law), and comply with SBCERA's policies and procedures.
10. Conduct or participate as appropriate in the investigation of suspected illegal or fraudulent activities within the organization and report results to senior management and the Audit Committee.
11. Update the Audit Committee, ~~at least semi-annually~~, by written report, ~~and as required by the Three-Year Internal Audit Plan~~on the progress of the audit workplan, ~~on the progress of the Internal Audit unit~~, including ~~updates on the Three-Year Internal Audit Plan~~, internal control

review, and overall activities.

### Approval Signatures

Step Description	Approver	Date
Chief Counsel Review	Barbara Hannah: Chief Counsel	Pending
	Amy McInerney: Chief Financial Officer	6/8/2022

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