

INTERNAL AUDIT

1.0 GENERAL

The purpose of this directive is to set forth Department of Emergency and Military Affairs (DEMA) policies, standards and guidelines for the internal audit function.

2.0 APPLICABILITY

This directive applies to all units within DEMA.

3.0 SCOPE AND OBJECTIVE

The objectives of the internal audit function are to assist all members of DEMA with the effective discharge of their responsibilities by providing them with analyses, appraisals, recommendations and pertinent comments regarding the areas reviewed, and to perform the duties mandated by ARS §§ 26-102 and 35-192, and A.A.C. Title 8, Chapter 2. The Chief Auditor is concerned with any phase of activity in which management may be served. This involves going beyond the accounting and financial records to obtain a full understanding of the operations under review. The attainment of this overall objective involves:

Review and assess the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information.

Assess the adequacy of systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on operations and reports, and should determine whether the organization is in compliance.

Evaluate the Department's system for safeguarding assets and, as appropriate, verifying the existence of such assets.

Assess the economy and efficiency with which resources are employed.

Review operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.

4.0 AUTHORITIES

- a. Arizona Revised Statute (ARS) § 26-102, and ARS § 35-192 (as they apply to the Department auditor).
- b. Arizona Administrative Code Title 8, Chapter 2.
- c. Code of Federal Regulations (CFR) 44.
- d. Government Auditing Standards issued by the Comptroller General of the United States.

5.0 INDEPENDENCE

Independence is essential to both the attainment of objectives and the effectiveness of the internal audit function. The auditors should be free from personal and external impairments to independence, should be organizationally independent, and should maintain an independent attitude and appearance in all matters relating to the audit work. The Chief Auditor reports directly to the Adjutant General to ensure a broad range of audit coverage and an adequate consideration of the audit findings and recommendations resulting in efficient remediation of those findings and recommendations. All Department audit personnel, resources and functions shall be consolidated in the office of the Chief Auditor.

Neither the Chief Auditor nor the audit staff shall develop and/or install procedures, prepare records, or engage in any other activity which they would normally review and appraise, and which could reasonably be construed to compromise the independence of the internal auditors. However, the Chief Auditor may recommend standards of control to be applied in the development of systems and procedures.

6.0 RESPONSIBILITY

6.1 General

The Chief Auditor has overall responsibility for audit resources and for conducting all internal audits of the Department of Emergency and Military Affairs.

The Chief Auditor is the Adjutant General's single point of contact to monitor all matters relating to internal and external audits of DEMA activities. The distribution of external reports of audit are first sent to the Chief Auditor, who will evaluate the reports and forward findings to the appropriate Division or office for review, corrective action and preparation of draft responses. The Chief Auditor will coordinate preparation of the Department's response to external audits. The Adjutant General

6.1.1

The audit function will periodically conduct financial and compliance audits of each division and office in the Department, as well as audits on state or state managed funds to include federal funds as required (ARS § 26-102).

6.1.2

The Chief Auditor shall determine, within the Department, compliance with purchasing and bidding procedures prescribed by law (ARS § 26-102).

6.1.3

The Chief Auditor shall review liabilities incurred and expenditures made by the Division of Emergency Management for each emergency declared by the Governor in accordance with ARS § 35-192, and submit a written report to the Emergency Council at 90-day intervals during the emergency and conduct a final review of each emergency within ninety days after termination of the emergency.

6.1.4

The audit office will establish the necessary audit procedures and systems to assure continuity of operations and the quality of the work performed.

6.2

In the performance of their functions, the Chief Auditor and audit staff have no direct responsibilities for, nor authority over any of the activities reviewed. Therefore, the internal audit and appraisal does not in any way relieve other persons in the organization of the responsibilities assigned to them.

6.3

As a representative of the Adjutant General, the Chief Auditor is authorized access to all of the Department's records, management information systems, properties, and personnel relevant to the subject under review. The Chief Auditor is free to review and appraise all Department policies, plans, procedures, records and systems. Notwithstanding any of the foregoing, review of files in the office of the Staff Judge Advocate will only be done with the prior written approval of the Staff Judge Advocate and the attorney working on the individual file.

6.4

The Chief Auditor may cross over organizational lines and appraise interoffice or interdivision activities, procedures and systems.

BY ORDER OF THE GOVERNOR:

THE ADJUTANT GENERAL



COL John A. McMurdie
Resource Manager