

**STATE AND CONSUMER SERVICES AGENCY  
DEPARTMENT OF GENERAL SERVICES**

**∞ OFFICE OF AUDIT SERVICES ∞**

**STATEMENT OF  
PURPOSE, AUTHORITY  
AND RESPONSIBILITY  
(CHARTER)**



**DEPARTMENT OF GENERAL SERVICES  
OFFICE OF AUDIT SERVICES**

**STATEMENT OF PURPOSE, AUTHORITY AND RESPONSIBILITY**

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## ❧ STATEMENT OF PURPOSE, AUTHORITY AND RESPONSIBILITY ❧

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### **MISSION**

To provide the Director of the Department of General Services (DGS) with an independent, objective assurance and consulting function designed to add value and improve the DGS' operations. The Office of Audit Services (OAS) helps the DGS accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

The OAS' goal is to perform both a comprehensive internal and external audit function that will assist the Director and other members of the DGS in the effective discharge of their responsibilities. To this end, the OAS furnishes analyses, appraisals, recommendations, counsel and information concerning the activities it reviews with the emphasis on the promotion of effective control at reasonable cost.

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### **AUTHORITY**

As representatives of the Director, OAS staff shall have authorization for full and complete access to any and all of the DGS' records, files, documents, accounts, physical properties and personnel during the conduct of any authorized audit activity. OAS staff may also examine such documents of other State agencies as authorized by Government Code Section 14619. Further, staff may act as representatives of the DGS in exercising examination or review authority vested in the department through contractual agreements.

In accordance with the provisions of Government Code Section 14615, the DGS has general powers of supervision over all matters concerning the financial and business policies of the State in regard to the duties, powers, responsibilities, and jurisdiction specifically vested in the department. Whenever the DGS deems it necessary, or at the instance of the Governor, it shall institute or cause the institution of such investigations and proceedings as it deems proper to conserve the rights and interests of the State. The OAS is hereby designated by the Director to conduct audits in accordance with this authority and within the office's mission.

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### **ORGANIZATIONAL PLACEMENT**

The OAS is located in the Executive Office. The Audit Chief reports regularly, directly and freely to the Director and Chief Deputy Director on matters of significance. Additionally, the Audit Chief shall, after consultation with the Director and Chief Deputy Director, report to the Audit Committee on DGS audit policy and guidance issues.

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**INDEPENDENCE** In order that the OAS independently and objectively carries out a comprehensive audit program, it is essential that its operation be free of any influence, actual or perceived, which would in any way curtail freedom of action or otherwise impair the objectivity of the office in the performance of the audit function. The Audit Chief, under the general direction of the Director, Chief Deputy Director and Audit Committee, is responsible for the identification of the activities to be audited and the scope of audits of those activities. Auditors are to have no authority or responsibility for the activities they audit.

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**RESPONSIBILITY** The responsibility of the OAS and its Chief is to serve the DGS in a manner that is consistent with the International Standards for the Professional Practice of Internal Auditing and with the professional standards of conduct as contained in the Code of Ethics adopted by The Institute of Internal Auditors, Inc.

Specific responsibilities include:

- Establishing policies for conducting its activities and directing its technical and administrative functions in accordance with DGS' policies.
- Assuring that the resources of the OAS are efficiently and effectively utilized.
- Recruiting and training audit staff.
- Submitting annually to the Audit Committee for adoption and to the Director and Chief Deputy Director for approval, a formal audit plan that includes audit goals and objectives, an audit work schedule and a staffing plan.
- Assuring that audit work fulfills the general purposes and responsibilities adopted by the Audit Committee and approved by the Director and Chief Deputy Director.
- Performing comprehensive internal operational audits that have a scope which encompasses, when appropriate, the examination and evaluation of the adequacy and effectiveness of systems of internal control and the quality of performance in carrying out assigned responsibilities. The primary objectives of systems of internal control are to ensure:
  1. The reliability and integrity of financial and operational information.
  2. The effectiveness and efficiency of operations.
  3. The safeguarding of assets.
  4. Compliance with laws, regulations and contracts.
- Performing the biennial review of the DGS' systems of internal accounting control (State Administrative Manual Section 20060).
- Conducting audit activities that assist in assuring compliance with The Financial Integrity and State Manager's Accountability Act of 1983 (Sections 13400 through 13407, Government Code). These activities include the previously noted internal operational and accounting control audits.

**STATEMENT OF PURPOSE, AUTHORITY AND RESPONSIBILITY (Cont'd)**

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**RESPONSIBILITY  
(Cont'd)**

- Performing comprehensive audits of external entities that have been delegated the responsibility for performing an operation or program under the purview of the DGS. This includes compliance audits of exemptions or delegations granted to State agencies.
- Performing audits on the adequacy and effectiveness of systems of internal control maintained for existing DGS' automated information systems.
- Functioning as the DGS' Information Security Officer and, in that role, providing effective oversight of departmental compliance with State policies and procedures governing the security of information assets.
- Performing audit activities required by Section 10352 of the Public Contract Code of any State agency granted an exemption from DGS approval for contracts under seventy-five thousand dollars (\$75,000).
- Performing special reviews and investigations.
- Following up to ascertain that appropriate action is taken on reported audit findings. This activity will be primarily accomplished through the obtaining of six-month status reports from the auditee.
- Being solely responsible for the coordination of all audit activities performed within the DGS by external audit agencies. All contacts by external auditors will be referred to the OAS for coordination, scheduling, and response.
- As requested, consulting with the management of an operation or program of the DGS to establish polices and procedures that assure adequate and effective systems of internal controls.
- As requested, providing audit services to the Director and Chief Deputy Director, the Audit Committee, and other management officials.
- Informing the Director of audit requirements.
- Signing all final audit reports.

This statement of purpose, authority and responsibility was adopted by the Audit Committee on 12-13-2006.

Original signed by  
12-06-

2006  
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ANDREW CHANG, Chief Deputy Director  
Department of General Services

\_\_\_\_\_  
DATE

Original signed by  
12-13-

2006  
\_\_\_\_\_  
RON JOSEPH, Director  
Department of General Services

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DATE

