



Audit Committee

Audit Department Charter Revisions

Item 7-7

June 8, 2026

Presented by: Scott Suzuki

Item 7-7 Audit Department Charter Revisions

Subject

Approve amendments to the Metropolitan Water District Administrative Code Section 645l regarding the Audit Department Charter

Purpose

Share recommended revisions to the Audit Department Charter and request Board approval for revisions.

Next Steps

Continue annual reviews of the Charter with the Audit Committee and recommend revisions, as appropriate, to maintain alignment with professional internal audit standards and industry best practices.

Audit Department Charter: Section 6451

The Institute of Internal Auditors



- Internal audit profession's most widely recognized advocate, educator, and provider of standards, guidance, and certifications
- Established in 1941
- Serves more than 200,000 members from more than 170 countries and territories (www.theiia.org)
- Sets the standards for the way internal auditing is practiced around the world

Audit Department Charter: Section 6451

Professional Internal Audit Standards



Global Internal Audit Standards

- Effective January 2025
- Standard 6.2

Audit Department Charter: Section 645l

Item Overview

- Significant revisions to Administrative Code
- Codification of existing practices
- No additional resources required

Audit Department Charter: Section 6451

Recommended Charter Updates

1. Subsection (a) Purpose
 - Rename subsection
 - Replace Mission with the Purpose of Internal Auditing
2. Subsection (b) Accountability
 - Minor update
3. Subsection (c) Professional Standards
 - Update to conform to new Standards references
 - Update internal auditor responsibilities

Audit Department Charter: Section 6451

Recommended Charter Updates (con't)

4. Subsection (d) Authority

- Move Authority to this section
- Update to specify express authority granted by the Board
- Clarify prohibited Audit Department activities

5. Subsection (e) Role

- New section - Scope of Work now internal audit services
- Clarify role of the Audit Department
- Add items

Audit Department Charter: Section 6451

Recommended Charter Updates (con't)

6. Subsection (f) Responsibilities

- Clarify the existing list
- Add items

7. Subsection (g) Independence

- New section
- Affirm direct reporting relationship to the Board
- Define the General Auditor's functional and administrative reporting

Audit
Department
Charter:
Section 6451

Recommended Charter Updates (con't)

8. Subsection (h) Communications

- New section
- Define specific instances requiring communication to the Board and management

9. Other minor, non-substantive changes

Audit Department Charter: Section 6451

Future Updates

- Audit Committee (Section 2421)

Audit Department Charter: Section 6451

Board Options

- Option #1
Approve amendments to the Metropolitan Water District Administrative Code Section 6451 regarding the Audit Department Charter
- Option #2
Do not approve amendments to the Metropolitan Water District Administrative Code

Audit Department Charter: Section 645l

Staff Recommendation

- Option #1
Approve amendments to the Metropolitan Water District Administrative Code Section 645l regarding the Audit Department Charter

Audit
Department
Charter
Review

Questions?

