
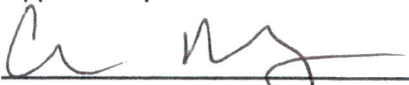


Exhibit A

 <p>THURSTON COUNTY <i>Washington</i> Est. 1852</p> <p>POLICY</p>		Policy Title Internal Auditing			
		Number 160-01	Effective Date 08/22/2023		
		Latest Approval Date 08/22/2023	Approved By  Commissioner Carolina Mejia Chair of the Board		
		Next Review Date 09/01/2026	Policy Owner Title Internal Auditor		
POLICY INTENT					
Purpose	The purpose of this policy is to outline the purpose, authority, and responsibilities of the Thurston County Internal Audit Committee and Internal Audit Function. These distinct yet interrelated roles are outlined in the two major sections of this policy titled Internal Audit Committee Charter and Internal Audit Charter. Collectively these charters provide the foundation for internal auditing of Thurston County's offices and departments.				
Scope	<input checked="" type="checkbox"/> Internal Only <input type="checkbox"/> Direct Impact to Citizens				
Are Office/Department Documents on this subject permitted?	<input checked="" type="checkbox"/> Yes, however Office/Department Documents must be consistent with this County-wide Document.		<input type="checkbox"/> No		
POLICY STATEMENT					
I. INTERNAL AUDIT COMMITTEE CHARTER					
A. PURPOSE					
<ol style="list-style-type: none"> 1. The two primary purposes of the Internal Audit Committee are to enhance Thurston County (County) risk management activities and assure the independence and quality of the Internal Audit function. 2. The Internal Audit Committee, in consultation with the Internal Auditor, sets the priorities of the internal audit function, promotes a strong internal control environment, and evaluates the adequacy of agency responses to risks or weaknesses identified through audits, reviews, or other processes, including those performed by external parties. 3. Committee members are also involved in appraising the value of and assuring sufficient funding for the internal audit function. 					
B. AUTHORITY					
<ol style="list-style-type: none"> 4. In fulfilling the purposes of the Internal Audit Committee, members perform the following duties: <ol style="list-style-type: none"> 4.1. Ensure the independence and objectivity of the internal audit function. 4.2. Ask annually all elected officials and department directors to submit their requests for audits to be considered in the annual audit plan. 4.3. Provide input on the annual risk assessment, which forms the basis of the annual audit plan. 					

- 4.4. Approve the annual audit plan, which sets out the priorities of the internal audit function for the following year.
- 4.5. Evaluate audit findings, recommendations, and planned management improvements considering the risk to the County as whole.
- 4.6. Share perspectives during Internal Audit Committee meetings on the information provided through various internal audit products, external reports, and invited testimony.
- 4.7. Advise elected officials, department directors, and/or the Board of County Commissioners, as appropriate, if in the judgment of the committee, management is assuming an unreasonable level of risk.
- 4.8. Help monitor the quality of the internal audit function.
- 4.9. Approve all contracts for peer review of the internal audit function.
- 4.10. Recommend actions to improve the internal audit function.
- 4.11. Periodically review and approve the Internal Auditing Policy, which is comprised of the Internal Audit Committee Charter and the Internal Audit Charter.
- 4.12. Advocate for adequate budget resources to provide continuing professional education for internal audit staff, periodic peer reviews as required by professional auditing standards, and an adequate level of audit staff.
- 4.13. Participate in the performance appraisal of the internal auditor.
- 4.14. Provide input for the appointment or dismissal of the internal auditor.
- 4.15. Meet with State Auditor's Office staff to ensure the audit process proceeds efficiently and any adverse findings are managed.

C. COMPOSITION

5. The Internal Audit Committee will have three voting members. The voting members include the County Auditor, County Manager, and County Treasurer.
6. At the request of Audit Committee members, additional staff may participate in Internal Audit Committee meetings in an advisory capacity from the Auditor's Office, Treasurer's Office and County Departments.

D. MEETINGS

7. The Internal Audit Committee shall meet a minimum of 4 times yearly. An agenda will be prepared in advance and meeting minutes will be documented. The following items will be a standard part of regularly scheduled meetings:
 - 7.1. Review and approval of prior meeting minutes.
 - 7.2. Progress towards completion of the annual audit plan.
 - 7.3. Review and approval of draft audit reports and other formal communications completed since the last Internal Audit Committee meeting.
 - 7.4. Discussion of risks identified by IAC meeting participants.
 - 7.5. Topics that the Internal Audit Charter requires the Internal Auditor to report to the Internal Audit Committee.

II. INTERNAL AUDIT CHARTER

E. PURPOSE

8. The mission of Internal Audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.

9. Internal Audit helps the County accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

F. ORGANIZATION AND REPORTING

10. The Internal Audit Committee has established an Internal Audit function within Thurston County government. An Internal Auditor position has been created to carry out the day-to-day responsibilities of the Internal Audit function.
11. To ensure organizational independence, the Internal Auditor will report administratively to the Chief Deputy in the Auditor's Office and functionally to the Internal Audit Committee.
12. The Internal Auditor will report to the Internal Audit Committee at regularly scheduled meetings held a minimum of four times a year.
13. Between regularly scheduled meetings, the Internal Auditor will have access to Internal Audit Committee members both individually and collectively to carry out the responsibilities of the Internal Audit function.

G. NATURE OF INTERNAL AUDIT ACTIVITIES

14. Internal Audit shall conduct assurance and consulting engagements. These engagements may be of a financial, compliance, performance and/or technological nature.
15. Audits will be performed in accordance with the Institute of Internal Auditor's International Professional Practices Framework (IPPF).
16. The IPPF is comprised of both recommended and mandatory guidance. The mandatory requirements include the Core Principles, Definition of Internal Auditing, Code of Ethics, and the Standards. The recommended guidance is endorsed by the Institute of Internal Auditors and provides practices for effective implementation of the mandatory requirements.
17. Internal Audit will follow all mandatory guidance and make every effort to follow the recommended guidance.
18. Additionally, Internal Audit will follow generally accepted government auditing standards to the extent practical.
19. Internal Audit helps improve County government performance and accountability by:
 - 19.1. Assessing the reliability of financial and operational information, including compliance with applicable laws and regulations.
 - 19.2. Ensuring resources are acquired economically, used efficiently, and adequately safeguarded.
 - 19.3. Evaluating the efficiency and effectiveness of office and department programs.
 - 19.4. Testing the adequacy of Internal controls for preventing the loss, misuse, or abuse of resources.
 - 19.5. Verifying that programs and activities are in compliance with County, State, and Federal laws, rules, and regulations.
 - 19.6. Advising and providing County employees with ways to increase internal control knowledge, awareness, and assessment capabilities.

H. INDEPENDENCE AND OBJECTIVITY

20. The Internal Audit activity must be independent and internal auditors must be objective in performing their work.
21. Independence is the freedom from conditions that threaten the ability of the Internal Audit activity to carry out internal audit responsibilities in an unbiased manner.

22. To achieve the degree of independence necessary to effectively carry out the responsibilities of the Internal Audit activity, the Internal Auditor has direct and unrestricted access to the Internal Audit Committee and County leadership in offices and departments.
23. Internal auditors must maintain objectivity in carrying out their responsibilities. Objectivity is maintained by having an unbiased mental attitude when performing audit engagements. This includes ensuring:
 - 23.1. Quality compromises are not made.
 - 23.2. Outside influences do not inappropriately impact on the audit work product.
 - 23.3. Judgement on audit matters is not subordinated to others.
 - 23.4. Conflicts of interest are avoided.
 - 23.5. Internal auditors are free of operational and management responsibilities that would impair their ability to make independent, objective evaluations of County operations.
24. The Internal Audit Function shall be free from interference in determining the scope of the internal audits, performing work, and communicating results.
25. Internal Audit may examine any County office or department, which receives appropriations from the Board of County Commissioners.
26. Internal auditors may access all records, properties, and personnel of such entities, which are necessary to carry out internal auditing activities.

I. CONFIDENTIALITY

27. Internal auditors will respect the value and ownership of information received and will not disclose information without appropriate authority unless there is a legal or professional obligation to do so. In upholding the Institute of Internal Auditor's Code of Ethics, internal auditors shall exhibit the following conduct:
 - 27.1. Be prudent in the use and protection of information acquired during audit activities.
 - 27.2. Not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization.

J. INTERNAL AUDIT RESPONSIBILITIES

28. Manage the Internal Audit activity to ensure it achieves the purpose and responsibilities as outlined in this policy.
29. Perform and document an annual risk assessment for the purpose of developing the annual audit plan.
30. Develop policies and procedures to guide the internal audit activity.
31. Implement a quality assurance and improvement program.
32. Share information, coordinate activities, and consider relying upon the work of other internal and external quality assurance service providers to ensure proper coverage and minimize duplication of efforts.
33. Communicate with the Internal Audit Committee as required in this policy.
34. Communicate audit engagement objectives, scope, methodology, overall conclusions and recommendations to management and any other appropriate party.
35. Monitor management's progress towards implementing recommendations.

36. Inform management and the Internal Audit Committee of any instance where a decision to not implement a recommendation presents an unacceptable risk to the County, as concluded by the Internal Auditor.
37. Maintain the integrity of the Internal Audit function by not auditing any activity that the Internal Auditor had responsibility for, without disclosing the impairment to management and the Internal Audit Committee.
38. Liaise with the State Auditor's Office and support County offices and departments through the external audit process.
39. Internal Audit is responsible for reporting the following to the Internal Audit Committee:
 - 39.1. Any interference in determining the scope of internal auditing, performing work, and communicating results.
 - 39.2. Any impairments to independence or objectivity.
 - 39.3. The results of the quality assurance and improvement program, including the results of any internal or external assessments.
 - 39.4. The results of the annual risk assessment and the proposed audit plan for approval.
 - 39.5. Ongoing progress of the annual audit plan and discussion of any additional projects.
 - 39.6. Each engagement's objectives, scope, methodology, overall conclusions, and recommendations.
 - 39.7. Any instance where management has chosen not to implement a recommendation that in the internal auditor's conclusion presents an unacceptable risk to the County.

K. COUNTY OFFICE AND DEPARTMENT RESPONSIBILITIES

40. County offices and departments have the responsibility to participate in the audit process and to objectively consider each recommendation as presented.
41. Offices and departments also have the responsibility to respond in writing to audit recommendations.
42. The response must specify agreement or disagreement with the recommendation, actions taken in response to the recommendation or reason for not taking action, and the anticipated completion date.

DEFINITIONS AND ACRONYMS

Assurance Services	An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization. Examples may include financial, performance, compliance, system security, and due diligence engagements.
Code of Ethics	The Code of Ethics of The Institute of Internal Auditors (IIA) are Principles relevant to the profession and practice of internal auditing, and Rules of Conduct that describe behavior expected of internal auditors. The Code of Ethics applies to both parties and entities that provide internal audit services. The purpose of the Code of Ethics is to promote an ethical culture in the global profession of internal auditing.
Conflict of Interest	Any relationship that is, or appears to be, not in the best interest of the organization. A conflict of interest would prejudice an individual's ability to perform his or her duties and responsibilities objectively.
Consulting Services	Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organization's governance, risk management, and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation, and training.

Exhibit A

Control	Any action taken by management, the board, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organizes, and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.	
Control Processes	The policies, procedures (both manual and automated), and activities that are part of a control framework, designed and operated to ensure that risks are contained within the level that an organization is willing to accept.	
Core Principles for the Professional Practice of Internal Auditing	The Core Principles for the Professional Practice of Internal Auditing are the foundation for the International Professional Practices Framework and support internal audit effectiveness.	
Governance	The combination of processes and structures implemented by the board to inform, direct, manage, and monitor the activities of the organization toward the achievement of its objectives.	
Impairment	Impairment to organizational independence and individual objectivity may include personal conflict of interest, scope limitations, restrictions on access to records, personnel, and properties, and resource limitations (funding).	
Independence	The freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner.	
International Professional Practices Framework	The conceptual framework that organizes the authoritative guidance promulgated by the IIA. Authoritative guidance is composed of two categories – (1) mandatory and (2) recommended	
Objectivity	An unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others.	
Risk	The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.	
RELEVANT LAWS AND OTHER SUPPORTING INFORMATION		
County Code State Law State Rule Other Sources	NA	
Superseded Documents	POL-1010 FPC: THURSTON COUNTY INTERNAL AUDIT COMMITTEE 1010 – IA CHARTER	
Supporting Documents	NA	
Related Documents	NA	
Communication and Implementation Strategy	The Policy Owner will: <ul style="list-style-type: none">Send a County-wide email describing the new policy;Work with the Internal Auditor to present the policy at the Elected Official meeting, Executive Management meeting, and other meetings as applicable.	
POLICY ADMINISTRATION		
Contact Person Title	Internal Auditor	
Roles and Responsibilities	NA	NA

Exhibit A

REVISION HISTORY								
Effective Date	Approved By	Modifications						
##/##/####	_____ Name/Title	Policy Created						
	_____ Name/Title							
	_____ Name/Title							
Reviewers of the Current Revision	<table border="1"> <tr> <td>_____ Name/Title</td> <td>_____ Name/Title</td> </tr> <tr> <td>_____ Name/Title</td> <td>_____ Name/Title</td> </tr> <tr> <td>_____ Name/Title</td> <td>_____ Name/Title</td> </tr> </table>		_____ Name/Title	_____ Name/Title	_____ Name/Title	_____ Name/Title	_____ Name/Title	_____ Name/Title
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FURTHER INFORMATION								
This section is not published on the final PDF document. It is for website purposes only								
Keywords for search engine	Audit, Audit Committee, Charter							

RESOLUTION NO. 14295

A RESOLUTION adopting the Internal Auditing policy.

WHEREAS, by motion on April 13, 2021 the Board of County Commissioners recognized that Thurston County is committed to adopting a consistent, transparent, and standardized approach to the development, review, and repeal of policies, standards, procedures, and guidelines.; and

WHEREAS, the Board of County Commissioners recognizes that the Government Finance Officers Association recommends that county governments establish an Internal Audit Function and Audit Committee as a best practice to assist the County Commissioners in the oversight of public funds; and

WHEREAS, the Board of County Commissioners desires to provide clear policy direction regarding the purpose, authority, and responsibilities of the Thurston County Internal Audit Committee and the Internal Audit function; and

WHEREAS, the Board of County Commissioners realizes the need for increased transparency and accountability of public funds, and that the County Commissioners are ultimately responsible for ensuring that management is meeting its internal control and financial reporting responsibilities;


WHEREAS, the policy has passed review by the policy review committee, any applicable specialty committees, department directors and other elected officials; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THURSTON COUNTY COMMISSIONERS that the Internal Auditing Policy as provided for in Exhibit A, attached hereto, is adopted effective August 22, 2023.

ATTEST:

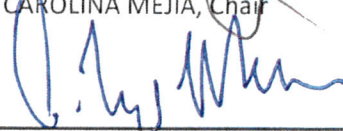

Clerk of the Board

BOARD OF COUNTY COMMISSIONERS
Thurston County, Washington


CAROLINA MEJIA, Chair

APPROVED AS TO FORM:
JON TUNHEIM
PROSECUTING ATTORNEY


Deputy Prosecuting Attorney


TYE MENSER, Vice-Chair


GARY EDWARDS, Commissioner