

CALIFORNIA HIGHWAY PATROL

GENERAL ORDER 6.8

REVISED APRIL 2025

**QUALITY STANDARDS FOR
AUDITS, INSPECTIONS, EVALUATIONS, AND REVIEWS**

1. BACKGROUND.

a. Auditing. Auditing is a formal, methodical examination and review process of an organization. Internal auditing, as defined by The Institute of Internal Auditors, is “an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.” Typically, audits are characterized as either internal or external.

(1) Internal audits within the CHP are conducted by the Audits and Inspections Section (AIS).

(2) External audits are conducted by various entities outside of the CHP. In order to conform to federal and state auditing criteria, and to have an independent third-party assessment, it may be necessary for outside entities to audit departmental financial and/or business processes. The AIS shall be informed of all audits conducted by outside entities. The AIS shall be requested to attend the entrance and exit conferences, and be included in the report process. Upon conclusion of the audit, a copy of the final report shall be forwarded to the AIS.

b. Inspections. The Department’s Command Inspections Program (CIP) establishes a credible and comprehensive process which allows commanders to identify and solve problems before they become critical issues. The CIP is based primarily on self-assessments and self-inspections with ongoing verification by an independent body. The CIP ensures all levels of departmental operations comply with all legal statutes and departmental policies and procedures. The CIP:

(1) Identifies deficiencies and provides accountability for corrective actions.

(2) Identifies training needs and serves as a catalyst to initiate training programs when required.

(3) Obtains feedback on improving policies and procedures to evaluate possible modifications for current policy and statewide application.

(4) Identifies innovative ideas and best practices developed by commanders for potential statewide use.

2. QUALITY STANDARDS. The AIS has adopted the Quality Standards for Inspections, Evaluations, and Reviews (e.g., staff qualifications, independence, and due professional care) as defined in the Principles and Standards for Offices of Inspector General, and as published by the Association of Inspectors General (AIG). The AIS has also adopted the Standards for the Global Internal Audit Standards issued by The Institute of Internal Auditors.

3. POLICY. The AIS management staff shall ensure audits and inspections are conducted in accordance with existing statutes and established auditing standards which promote independence, objectivity, and timely practice. The AIS management shall ensure findings and observations from audits, inspections, or reviews—whether conducted internally or by external entities—are resolved as expeditiously as possible. Corrective actions shall be monitored for timely and effective implementation.

a. Section 1237 of the Government Code (GC) states all state and local agencies with an aggregate spending of \$50 million or more annually shall consider establishing an ongoing audit function.

b. The AIS audits shall comply with Section 13886.5 of the Government Code by conducting internal audit activities under the general and specified standards of internal auditing as prescribed by The Institute of Internal Auditors or the Government Auditing Standards issued by the Comptroller General of the United States, as appropriate.

c. The AIS is designated as the Office of Primary Interest to ensure compliance with departmental policies and procedures.

d. The AIS is authorized by the Audit Charter and the Audits and Inspections Plan to perform audits, reviews, inspections, and program evaluations of the Department's high-risk areas to promote compliance with departmental policy.

4. AUTHORITY.

a. The Inspector General (IG) and AIS staff are authorized to:

(1) Have full, free, and unrestricted access to any and all Department records,

physical property, and personnel as specified under CHP Intranet ➤ Organization ➤ Deputy Commissioner ➤ Audits and Inspections Section ➤ Authorities and References ➤ Audit Charter.

(2) Allocate resources, determine audit schedules, select subjects, define scopes of work, and apply the techniques required to accomplish audit objectives.

(3) Obtain the necessary assistance of personnel in commands of the organization where they perform audits as well as other specialized services from within or outside the CHP.

(4) Designate through the chain of command which departmental entities may be audited.

b. The IG and AIS staff are not authorized to:

(1) Perform operational duties which conflict with auditing standards.

(2) Initiate or approve accounting transactions external to the AIS.

(3) Audit policies or procedures created or developed by the AIS.

5. ACCOUNTABILITY. The IG is designated the chief audit executive in accordance with auditing standards and the chief internal auditor as articulated in Section 13887(a) GC. In the discharge of their duties, the IG shall be accountable to the Departmental Affairs Division (DAD) Chief to:

a. Provide biennial assessments on the adequacy and effectiveness of the Department's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work.

b. Report significant issues related to the processes for controlling the activities of the Department, including potential improvements to those processes, and provide information concerning such issues until resolution is achieved.

c. Provide information quarterly on the status and results of the annual audit plan and the sufficiency of Department resources.

d. Coordinate with and provide oversight of other control and monitor functions (e.g., risk management, compliance, security, legal, ethical, and environmental).

6. RESPONSIBILITIES. The AIS has a responsibility to:

- a. Develop a flexible Audits and Inspections Plan using appropriate risk-based methodology, including any risks or control concerns identified by Executive and Top Management, and submit the plan to the DAD for review and approval.
- b. Implement the Audits and Inspections Plan as approved, including any special tasks or projects requested by the DAD or the Office of the Commissioner.
- c. Maintain a professional audit staff with sufficient knowledge, skill, experience, and professional certifications to meet the requirements of the Department.
- d. Establish a quality assurance program wherein the IG ensures the operation of internal auditing activities.
- e. Perform consulting services, beyond internal auditing assurance services, to assist management in meeting its objectives. Examples may include facilitation, process design, training, and advisory services.
- f. Evaluate and assess significant merging, consolidation of functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- g. Issue periodic reports to the Office of the Commissioner, through the DAD, summarizing results of audit activities.
- h. Inform the Office of the Commissioner, through the DAD, of emerging trends and successful practices in internal auditing.
- i. Provide a list of significant measurement goals and results to the Office of the Commissioner, through the DAD, annually.
- j. Assist in the investigation of significant suspected fraudulent and/or abusive activities within the Department and through the DAD notify the Office of the Commissioner of the results.
- k. Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of eliminating redundancy and providing optimal audit coverage to the organization.

7. INTERNAL AUDITS AND INSPECTIONS PROCEDURES.

- a. At least 30 days prior to the start of an audit or inspection of a command or program (those to be audited or inspected), AIS staff will send the commander an engagement memorandum and preliminary list of documents needed for the audit. A copy of the memorandum is sent up to the next level of the chain of command.

b. The AIS auditor or inspector will conduct an entrance conference with the commander and/or designated staff to be audited to explain the nature of the audit, time period to be covered, and what will be audited.

NOTE: Although not required, the commander or designee is encouraged to be present at this conference along with the designated personnel.

c. During the course of the audit or inspection, the AIS auditor or inspector will communicate with the audited regarding observations or issues discovered.

d. At the conclusion of the fieldwork, an exit conference will be conducted to summarize the observations and preliminary findings with a disclaimer that preliminary findings are subject to change through the review process and to answer any questions (using professional judgment on sensitive questions).

e. Internal Audit and Inspection Report.

(1) A draft report is issued to the audited or inspected with instructions to respond to the audit findings within a specified period of time.

(2) The audited or inspected submits their written response through the chain of command addressing the findings and their plan for corrective action.

(3) The chain of command reviews the response for transmittal to the AIS.

(4) The AIS auditor or inspector evaluates the response.

(a) The auditor or inspector analyzes each response by referencing it to each finding.

(b) Based on the auditor or inspector's review, auditor or inspector's comments may be written to clarify or address information within the audited or inspected responses.

(c) The audited or inspected responses and comments will be included within the final report, if applicable.

(5) The complete report will then be forwarded to the commander of the AIS for final approval. Once the report is signed, it will be sent to the DAD Chief with copies to be distributed, as appropriate.

(6) The AIS is responsible for confirming the implementation of the recommendations or action plans to mitigate the findings identified in the initial audits. The AIS may use the following methodology to assess whether the audited has corrected the findings:

- (a) Inquire about progress on the implementation.
- (b) Perform follow-up assessment using a risk-based approach.
- (c) Update the status of corrective actions in a tracking system.

8. EXTERNAL AUDIT PROCEDURES.

a. Upon notification of an external audit or review, the command shall immediately inform AIS through their chain of command. At a minimum, the notification should include the following:

- (1) Name of auditing entity.
- (2) Topic of the audit.
- (3) Date of the entrance conference, if applicable and known.
- (4) Copy of the engagement letter, if applicable.

b. Once the external audit/review has started, the audited must notify the AIS through their chain of command of the following:

- (1) Any future requests for conferences from the audit/review entity (e.g., date, time, and location).
- (2) Any preliminary findings when such findings are shared with the Department by the auditing/reviewing entity.
- (3) A copy of the draft report from the audit/review entity (when available).
- (4) Necessary information needed for a departmental response (when available), which AIS staff will complete.

c. When the audit/review is completed, the audited shall provide a copy of the final report to the AIS.

- (1) The audited will submit quarterly progress reports to the AIS through its chain of command until the findings have been fully corrected.

OFFICE OF THE COMMISSIONER

OPI: 036