



BPC Policy No. 035

SUBJECT: POWERS AND FUNCTIONS OF THE PORT AUDITOR

PURPOSE: To delineate policy on the exercise of powers and functions of the Port Auditor.

POLICY STATEMENT:

1. The Port Auditor shall be directly responsible to the Board of Port Commissioners (Board).
2. The Port Auditor shall act as an independent, objective assurance and consulting provider to the Board and District Management. The Office of the Port Auditor shall assist the Board and members of the organization in accomplishing its goals and objectives by bringing a systematic disciplined approach in evaluating and improving the effectiveness of control, risk management, and governance processes.
3. The Office of the Port Auditor shall govern itself by adherence to the Mandatory Guidance of the Institute of Internal Auditor's (IIA) International Professional Practices Framework (IPPF), which includes the Core Principles for the Professional Practice of Internal Auditing, and the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing. The IIA's Mandatory Guidance constitutes the fundamental requirements for the professional practice of internal auditing and the principles against which to evaluate the effectiveness of the Office of the Port Auditor's performance.
4. The Port Auditor shall serve as the chief audit officer for the District. The Port Auditor shall lead, plan, organize, and direct the activities of staff of the Port Auditor's office in relation to financial, performance, contract, and information technology audits as well as consulting (advisory) activities.
5. The Port Auditor shall be responsible for the appointment of auditors and staff. In addition, the Port Auditor shall obtain as necessary the services of external professional experts to assist in the discharge of the audit plan.
6. The Port Auditor shall have unrestricted access to all District records (both manual and electronic), property, information, and personnel relevant to any area being reviewed. During the course of any audit, the Port Auditor shall

maintain the record's confidentiality as appropriate.

7. The Office of the Port Auditor shall have no management responsibility for or authority over, any of the activities reviewed. Nor shall it implement any improvements in operations, procedures, or controls.
8. The Port Auditor shall discuss audit results with the Board, Audit Oversight Committee and District Management and monitor the implementation of the Port Auditors recommendations as required. Unresolved audit issues of a significant nature shall be referred to progressively higher levels of Executive Management, the Audit Oversight Committee, and/or the Board until the Port Auditor is satisfied that the issues have been addressed in a manner that adequately mitigates risk to the District.
9. The Port Auditor shall be responsible for keeping the Board and the Audit Oversight Committee informed on the status of audit activity and applicable standards affecting the District. If the Port Auditor becomes aware of fraud or illegal acts or indications of such acts that could affect the District, he/she will report the irregularities to the Chair of the Audit Oversight Committee, the Chief Executive Officer/President and the General Counsel. Where one or more of the aforementioned persons is or is believed to be responsible or culpable party, the Port Auditor shall report the matter to the full Board in accordance with the requirements of the Ralph M. Brown Act.
10. The Port Auditor shall prepare for approval by the Board an Audit Plan to be performed during the fiscal year. The plan shall include all auditable activities necessary to provide reasonable assurance regarding (1) the integrity of the District's finances, (2) the District's compliance with legal and regulatory requirements, and (3) the effectiveness of the District's internal control system. The plan may be amended throughout the year at the discretion of the Port Auditor based on further risk analysis and discussions with stakeholders (e.g., the Board, senior management, etc.).
11. The Port Auditor shall recommend to the Audit Oversight Committee for referral to the Board the external certified public accounting firm who will conduct annual certified financial statement audits as specified by the San Diego Unified Port District Act. The Port Auditor, on behalf of the Board, shall coordinate annual external financial audits for the District with the independent certified public accounting firm approved by the Board.
12. The Port Auditor shall support the Audit Oversight Committee as directed by the Board. In addition, the Port Auditor shall be responsible for administering

the District's hotline that is available to District employees and the public in general.

RESOLUTION NUMBER AND DATE: 2017-028, dated March 14, 2017 (Supersedes BPC Policy No. 035, Resolution No. 2016-45 dated April 14, 2016; BPC Policy No. 105 Resolution 2000-109, dated June 13, 2000; Resolution 81-328, dated October 6, 1981; and Resolution 68-298, dated December 3, 1968)