



# California Public Utilities Commission

## Audit Committee Charter

### Purpose

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The Audit Committee (Committee) shall assist the California Public Utilities Commission (CPUC) in fulfilling its oversight responsibilities for the system of internal controls, the internal audit process executed by the Office of Internal Audit Services (IAS), and the CPUC's process for monitoring compliance with laws and regulations.

### Composition

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The Committee shall be comprised of two Commissioners. At least one member of the Committee shall have a familiarity with fiscal, programmatic, and auditing issues. Committee members shall have other such qualities as the Commissioners determine appropriate. The appointed Committee members shall serve on the Committee until replacement, with or without cause, by the Commission President.

### Meetings

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The Committee shall meet monthly or as frequent as their responsibilities dictate. Meetings may be conducted in person or virtually. The Committee may invite members of management, staff, internal or external auditors, or others to attend meetings and provide pertinent information, as necessary. In accordance with applicable laws, the Committee may also hold executive sessions or private meetings with the internal auditors. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared for review and approval.

### Authority and Responsibilities

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The Committee has authority to approve assurance, advisory, or investigative services into any matters within its scope of responsibility.

To establish, maintain, and ensure that IAS has sufficient authority to fulfill its duties, the Committee shall carry out the following oversight responsibilities:

#### **System of Internal Control**

- Consider the effectiveness of CPUC's internal control system, including information technology security practices and governance.



- Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain report on significant findings and recommendations, together with management's response.

### **Internal Audit Process**

- Have full access to CPUC's IAS, management, staff, and internal/external audit reports as necessary to carry out its responsibilities.
- Discuss with the Chief Internal Auditor and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.
- Ensure the Chief Internal Auditor has unrestricted access to and communicates and interacts directly with the Committee, including in private meetings without senior management present.
- Receive, at least annually, confirmation from the Chief Internal Auditor of the independence of the IAS and its activities.
- Discuss with the Chief Internal Auditor and senior management other topics that should be included in the Internal Audit Charter.
- Participate in discussions with the Chief Internal Auditor and senior management about the "essential conditions," described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Approve the Internal Audit Charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review the Internal Audit and Audit Committee Charters annually with the Chief Internal Auditor to consider changes affecting the organization.
- Review and approve the risk-based internal audit plan, and all major changes to the plan.
- Provide input to the internal audit function's resources and budget to fulfill its mandate and accomplish the audit plan.
- Make appropriate inquiries of senior management and the Chief Internal Auditor to determine whether scope or resource limitations are inappropriate.
- Provide input to the Commission on the appointment and removal of the Chief Internal Auditor, ensuring adequate competencies and qualifications and conformance with the Global Internal Audit Standards.
- Provide input to the Commission on the Chief Internal Auditor's performance.
- Receive communications from the Chief Internal Auditor about the internal audit function including its performance to the audit plan.
- Ensure a quality assurance and improvement program has been established and review the results annually.



- Be informed of the results of internal audit reports, reviews, assessments, and management letters, including any difficulties encountered. As necessary, meet with IAS management and internal auditors for clarification.
- Be informed of the status of corrective actions taken to address audit findings.
- May retain independent counsel, accountants, subject matter experts, or others to advise the Committee or assist in the conduct of an investigation.

### **Reporting**

- Report, at least annually, to the Commissioners about Committee activities, issues, and related recommendations.

### **Approval**

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Approved by the Audit Committee on December 6, 2024.