



**ITEM ID:** 2026-162-0

**TRANSMITTAL DATE:** March 20, 2026

**MEETING DATE:** March 27, 2026

**TO:** Board of Directors

**FROM:** Elisabeth Lazuardi, Director, Audit

**SUBJECT:** Internal Audit Charter Update

**Issue**

The Southern California Regional Rail Authority’s (SCRRA) Internal Audit Department (IA) has updated its Internal Audit Charter to align with the revised auditing standards.

**Recommendation**

It is recommended that the Board approve the Internal Audit charter update.

**Strategic Commitment**

This report aligns with the Strategic Business Plan commitment of:

- **Modernizing Business Practices:** We will improve our operational efficiency, through transparency, objective metrics, and streamlined governance, reducing reliance on subsidy while bringing our system into a state of good repair and investing in the development of our employees. Internal Audit Charter was updated to align with the auditing standards. Internal Audit’s compliance with the auditing standards contributes to its effectiveness for the Authority.

**Background**

The Internal Audit Charter establishes the Internal Audit Department’s purpose, authority, and responsibilities. The initial Internal Audit Charter was approved by the Board on May 9, 2014.

It was subsequently updated on October 9, 2015, to clarify IA's reporting structure and to add the appointment of Chief Audit Executive, and again on October 27, 2017, to reflect changes in the auditing standards and address External Quality Control Review recommendations.

## **Discussion**

IA follows two sets of auditing standards, which were recently updated:

- Government Auditing Standards (updated in 2024)
- International Standards for the Professional Practice of Internal Auditing (updated in 2024 and retitled the Global Internal Audit Standards)

The Internal Audit Charter was updated to incorporate changes in the auditing standards and other general housekeeping. In summary, the key changes are as follows:

- **General Housekeeping:** Refined language for clarity, updated titles of 2024 auditing standards, and specified the frequency of communications to the Board and CEO.
- **Ethics and Professionalism:** Incorporated a dedicated section as required by the 2024 auditing standards.
- **Expanded CAE Responsibilities:** Added three new responsibilities as recommended by the 2024 auditing standards, including the requirement to consider trends and emerging issues that could impact SCRRA.
- **Quality Assurance:** Formalized the annual reporting requirement on the results of the Quality Assurance and Improvement Program (QAIP), which includes internal and external assessments.

## **Next Steps**

Upon Board approval, the updated Internal Audit Charter will go into effect.

Prepared by: Andrew Hong, Senior Auditor

Approved by: Elisabeth Lazuardi, Director, Audit

## **Attachment(s)**

[Attachment A - 2026 Updated IA Charter RED LINE](#)

[Attachment B - 2026 Updated IA Charter CLEAN](#)

[Presentation - Internal Audit Charter Update](#)