



# UNITED INDEPENDENT SCHOOL DISTRICT AGENDA ACTION ITEM

**TOPIC:** Second Reading of Revisions to Board Policy CFC Local – Accounting - Audits

**SUBMITTED BY:** Marta G. Stahl, CPA **OF:** Internal Audit

**APPROVED FOR TRANSMITTAL TO SCHOOL BOARD:** \_\_\_\_\_

**DATE ASSIGNED FOR BOARD APPROVAL:** August 19, 2015

**RECOMMENDATION:**

It is recommended that the Board of Trustees approve the second reading of revisions to Board Policy CFC Local- Accounting – Audits.

**RATIONALE:**

Revisions to Board Policy require Board of Trustees approval.

**BUDGETARY INFORMATION:**

N/A

**BOARD POLICY REFERENCE AND COMPLIANCE:**

Board Policy CFC Local

INTERNAL AUDIT  
PURPOSE

The District shall support an internal audit department as an independent, objective assurance and consulting activity designated to add value and improve District operations.

The internal audit department's primary objective shall be to help the Board and District management accomplish their objectives by bringing a systematic approach to evaluating and improving the effectiveness of risk management, control, and governance processes. To this end, the internal audit department shall furnish the Board and management with analyses, recommendations, counsel, and information concerning activities reviewed.

AUTHORITY

Internal auditing shall be a staff function with no authority over the personnel and activities being audited. Its independence from operating responsibility promotes objectivity. As an independent appraisal function, the internal audit department shall examine and evaluate any activity of the District. To conduct audits, the audit staff is authorized access to all District activities, records (paper or electronic), property, and personnel.

RESPONSIBILITY

The internal audit department shall function under policies established by the Board. The internal auditor shall report functionally to the Board and administratively to the Superintendent. Individual Board members may contact the internal audit director with suggestions of audit focus areas but shall have no individual authority to direct such audits. Any audit suggested by individual Board members shall be reported to the Board. Audit selection shall be based on the internal auditor's professional judgment augmented by the direction of the Board acting as a whole.

Report "functionally" means, but is not limited to, the Board:

1. Approving the charter of the internal audit function.
2. Approving internal audit plans.
3. Receiving communications from the internal auditor on the results of the internal audit activities or other matters that the internal auditor determines necessary.
4. Communicating with the internal auditor concerning internal audit activities.
5. Evaluating the internal auditor's performance.
6. Making decisions regarding the appointment or removal of the internal auditor.

Report "administratively" means the Superintendent providing appropriate structure for the internal audit function within the organization that includes but is not limited to providing:

7. Budget, accounting, procurement, and information technology support.
8. Human resource administration including support in hiring personnel and providing compensation.
9. Adequate working space, furniture, and equipment.
10. Administration of the District's policies and procedures, to include enforcement of time and attendance, travel, and purchasing requirements.

The Superintendent may suggest, but shall not dictate, areas to be audited and shall work cooperatively with the internal auditor to ensure access and removal of impediments to audited areas.

No District employee shall dictate areas to be audited nor what should or should not be included on audit reports.

Internal audits shall be planned and conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and *The Code of Ethics* promulgated by the Institute of Internal Auditors. This shall include:

1. Establishing risk-based plans to determine the priorities of the internal audit activity.
2. Communicating the internal audit plans and resource requirements to the Board for review and approval.
3. Responding to the Board's special requests for audit and consulting services.
4. Communicating results and recommendations to appropriate individuals.
5. Maintaining a system to monitor the disposition of results and recommendations communicated to management.
6. Reporting ~~periodically~~ ~~monthly~~ to the Board on accomplishments relative to the audit plan and special requests. Reporting shall include significant risk, control, and policy issues identified during audits.
7. Coordinating audit efforts with those of the District's external auditors.
8. Continuing professional development of the audit staff.