

Plano ISD
043910

ACCOUNTING:
AUDITS

CFC
(LOCAL)

PURPOSE	The District shall maintain a comprehensive program of internal auditing. The internal auditor shall furnish the Board and administration with analyses, recommendations, counsel, and information concerning reviewed activities. The District shall support the internal audit program as an objective assurance of its operations and shall consider this evaluation in its objectives to improve the effectiveness of all processes.
ROLE	An internal audit department shall be established by the Board, and its responsibilities shall be defined by the Board audit committee as part of its oversight function. The role of the internal audit department is to provide an independent and objective evaluation and assurance activity that assists the Board and District management in accomplishing their objectives by bringing a systemic and disciplined approach to evaluate the organization's risk management, control, and governance processes.
PROFESSIONAL STANDARDS	The internal audit department shall adhere to the Government Accounting Office's <i>Government Auditing Standards</i> as well as the Institute of Internal Auditors <i>Standards for the Professional Practice of Internal Auditing</i>. When these two sets of standards are in conflict, the <i>Government Auditing Standards</i> shall take precedence. Each member of the internal auditing department shall also comply with the Institute of Internal Auditors <i>Code of Ethics</i>.
AUTHORITY	The internal audit department is granted full, free, and unrestricted access to any and all District records, physical properties, and personnel relevant to any function under review. All employees are requested to cooperate with the internal audit department in fulfilling its function. The internal audit department shall also have free and unrestricted access to the Board president and the Board audit committee. Documents and information provided to the internal audit department during a periodic review shall be handled in the same prudent and confidential manner as by those employees

normally accountable for them.

ORGANIZATION The internal auditor shall report functionally to the Board audit committee and administratively to the deputy superintendent and associate superintendent of business services.

For purposes of this policy “report “functionally” means, but is not limited to, the Board operating through its audit committee in:

1. Approving internal audit plans.
2. Establishing resource requirements for the auditor.
3. Communicating with the internal auditor concerning internal audit activities.
4. Making final decisions regarding the appointment or removal of the internal auditor.

Individual Board members shall have no individual authority to direct audits. Audit selection shall be based on the internal auditor’s professional judgment, augmented by the direction of the Board audit committee acting as a whole.

For purposes of this policy, “report administratively” means the deputy superintendent and associate superintendent of business services providing appropriate structure for the internal audit function within the District that includes, but is not limited to:

1. Budget, accounting, procurement, and information technology support.
2. Human resource administration, including support in hiring personnel and providing compensation.
3. Communicating with the internal auditor concerning internal audit activities.
4. Adequate work space, furniture, and equipment.
5. Administration of the District’s policies and procedures, to include enforcement of time and attendance, travel, and purchasing requirements.
6. Evaluating the internal auditor’s performance and setting the annual salary adjustment for the internal auditor.
7. Making recommendations regarding the appointment or removal of the internal auditor.

The deputy superintendent and associate superintendent of

business services may direct areas to be audited and shall work cooperatively with the internal auditor to ensure access and removal of impediments to audited areas.

INDEPENDENCE All internal audit activities shall remain free of influence by any element in the District, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of an independent and objective mental attitude necessary in rendering reports.

Internal auditors shall have no direct operational responsibility or authority over any of the activities they review and shall not develop nor install systems or procedures, prepare records, or engage in any other activity which would normally be audited.

AUDIT SCOPE The scope of internal audit shall encompass the examination and evaluation of the adequacy and effectiveness of the District's governance, risk management process, system of internal controls, and the quality of performance in carrying out assigned responsibilities to achieve the District's stated goals and objectives. It includes:

- 1. Reviewing the reliability and integrity of financial and operating information and the means used to identify measure, classify, and report such information.**
- 2. Reviewing the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on operations and reports and whether the District is in compliance.**
- 3. Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets.**
- 4. Reviewing and appraising the economy and efficiency with which resources are employed.**
- 5. Reviewing operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.**
- 6. Reviewing specific operations at the request of the Board audit committee or District administration, as appropriate.**
- 7. Monitoring and evaluating the effectiveness of the District's risk management system.**
- 8. Reviewing the quality of performance of external auditors and the degree of coordination**

with the internal audit department.

9. Performing consulting engagements at the request of the Board audit committee or District administrative, as long as resources are available and planned audits are not significantly delayed.

AUDIT PLANNING

Internal audits shall be planned and conducted in accordance with the *Government Auditing Standards* promulgated by the Government Accounting Office, as well as the *Standards for the Professional Practice on 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 department.
2. Communicating internal audit plans and resource requirements to the Board audit committee for review and approval.
3. Responding to the Board audit committee's special requests for audit and consulting services.
4. Responding to the deputy superintendent and associate superintendent of business services special requests for audit and consulting services.
5. Communicating results and recommendations to appropriate individuals.
6. Maintaining a system to monitor the disposition of results and recommendations communicated to the administration.
7. Reporting periodically to the Board audit committee on accomplishments relative to the audit plan and any special requests. Reporting shall include significant risk, control and policy issues identified during audits.
8. Coordinating audit efforts with the District's certified public accountants.
9. Ensuring the continuing professional development of the internal audit staff.

REPORTING

A written report shall be prepared and issued by the Internal Auditor following the conclusion of each audit and shall be distributed as appropriate. A copy of each audit report and a summarization shall be forwarded to the deputy superintendent and associate superintendent of business services and the chairperson of the Board audit committee.

All final audit reports shall include the administration's response to each individual finding and recommendation. At a

minimum, this shall include (1) a statement of whether the administration concurs or non-concurs with the finding and recommendation, (2) the name and title of the individual responsible for completing corrective actions, (3) specific corrective actions taken or to be taken in regard to the specific finding and recommendations, and (4) a timetable for anticipated completion of action to be taken.

In cases where a response is not included within the audit report, management of the audited area shall respond, in writing, within thirty days of publication to the internal audit department and those on the distribution list.

The internal audit department shall be responsible for appropriate follow-up on audit findings and recommendations. All significant findings shall remain in an open issues file until cleared by the internal audit department. The internal audit department shall issue periodic status reports to the Board audit committee with copies to the deputy superintendent and the associate superintendent of business services.

Deliverables for consulting engagements shall be defined as a part of the consulting engagement. In most cases, consulting engagement deliverables distribution shall be limited to the requesting department or activity. Investigations regarding allegations of fraud, unethical behavior or illegal behavior shall be reported to the deputy superintendent and the Board audit committee [see policy CAA].

General information on consulting activities shall be included in the periodic status reports issued to the Board audit committee with copies to the deputy superintendent and associate superintendent of business services. These periodic reports shall be limited to requesting department or activity and audit hours spent on the engagement.

**RESOLUTION
OF DISPUTES**

The internal audit department shall make all attempts to resolve at the lowest level any disputes regarding specific findings or recommendation disagreements. In the event the internal audit staff cannot resolve the issue, the matter shall be referred to the deputy superintendent for resolution. In the event the dispute is not satisfactorily resolved or involves the deputy superintendent, it will be referred to the Board audit committee for adjudication.

**AUDIT
DEPARTMENT**

The internal audit department shall maintain a charter and establish local audit procedures. The audit charter shall clearly

**CHARTER AND
LOCAL
PROCEDURES**

define the internal audit function and establish its relationship with the Board and the District administration. The local procedures shall provide written guidance to clarify and augment the professional standards and enhance the department's ability to adhere to these standards.

DATE ISSUED:
LDU
CFC(LOCAL)-
