



ADMINISTRATIVE PROCEDURE

CATEGORY: **Fiscal Management, Accounting**

SUBJECT: **Office of Internal Audit**

A. PURPOSE AND SCOPE

1. To outline administrative procedures for internal auditing and to define the function and responsibilities of the Office of Internal Audit.

B. LEGAL AND POLICY BASIS

1. **Reference:** Board policy: D-1000, D-2000, D-3000, D-5000; Education Code Sections 42647, 42810, 48937.

C. GENERAL

1. **Originating Office.** Suggestions or questions concerning this procedure should be directed to the Office of Internal Audit, Office of the Superintendent.
2. **Functions**
 - a. Provide an independent appraisal function in the school district to assist management employees in controlling district operations.
 - b. Evaluate the adequacy and effectiveness of accounting controls, financial systems, information systems, and other financially related operations.
 - c. Provide assurance to district management that internal control, operational policies, district procedures, and requirements relating to fiscal independence as outlined by Education Code Section 42647 are sufficient.
 - d. The Director of Internal Audit reports directly to the Superintendent or designee and plans the development and implementation of an internal audit program designed to examine and evaluate school district activities.
3. **Responsibilities**
 - a. Establish, approve, and submit an annual audit plan for operational audits, information system audits, special education audits, and associated student body financial audits.
 - b. Recommend policies and procedures to school district management to ensure that the school district maintains a comprehensive audit program and complies with all procedures and requirements related to fiscal independence.

- c. Develop and implement comprehensive audit programs to review internal controls in all school district offices and activities.
 - d. Assist district management and staff in the effective discharge of their responsibilities by analyzing and appraising their activities.
 - e. Promote effective control at a reasonable cost to protect the assets of the school district.
 - f. Provide district management with written reports containing audit scope, analyses, appraisals, conclusions, comments, and recommendations concerning the activities reviewed.
 - g. Provide technical assistance in establishing district policy and procedures.
 - h. Participate, when requested, in in-service, job-alike, and staff development training to assist district employees in job performance and understanding of new, modified, or existing regulations and procedures.
 - i. Represent the district in meetings with state officials, external auditors, and outside agencies.
 - j. Participate on steering committees to determine district needs and establish district performance requirements for computer systems, internal controls, and school district policies and procedures.
 - k. Conduct special audits, with the approval of the superintendent or designee, at the request of management employees within their respective areas of responsibility.
 - l. Provide quarterly summaries of department activities to the Audit and Finance Committee.
4. **Access to Records.** In performance of duties, the Office of Internal Audit must have unrestricted access to all district files and records and to management employees and other staff involved in programs and activities subject to audit.
5. **Federal, State, or Local Audit.** District management employees shall notify the Office of Internal Audit immediately when notified by federal, state, or local agencies that an audit or evaluation is to be performed. The Internal Audit Department shall

assist district personnel with any concerns they might have for federal, state, and local audits.

D. IMPLEMENTATION

1. Regularly Scheduled Audits. Internal Audit Department:

- a. Determines activities to be reviewed and prepares an annual audit plan based on following criteria:
 - (1) Risk analysis
 - (2) Frequency of activity
 - (3) Date and results of previous audits
 - (4) Special deadlines
- b. Submits annual audit plan and implements audit schedule.

2. Special Audits

- a. **Management employee** submits written request to the Director of Internal Audit detailing activity or area to be audited, objective of audit, reason for request, and desired date of audit report.
- b. **Director, Office of Internal Audit**
 - (1) Reviews request for special audit with superintendent or designee to ascertain feasibility of audit; determines possible duplication with other audits; estimates time required and ability to meet desired report date; and determines priority of requested audit.
 - (2) Notifies requesting management employee of decision to conduct audit.
 - (3) Schedules and communicates dates for audit; amends audit plan, if necessary.
 - (4) Assigns and/or performs audit.
 - (5) Approves and/or prepares and submits written audit report.

3. Audit Report. Office of Internal Audit:

- a. Reviews findings with management during performance of audit testwork.
- b. Reviews draft version of audit report with management after completion of audit testwork.
- c. Prepares written audit report outlining audit scope and objectives, details of audit findings, conclusions, and recommendations for change.
- d. Issues written audit report to the auditee, Superintendent, Board of Education, Audit and Finance Committee and appropriate management.
- e. Following implementation of recommended changes, performs follow-up to ensure timely management resolution of audit issues.

E. FORMS AND AUXILIARY REFERENCES

F. REPORTS AND RECORDS

G. APPROVED BY



General Counsel, Legal Services
As to form and legality

H. ISSUED BY



Chief of Staff