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REVISED POLICY - VOL. 20, NO. 1

6835 - INTERNAL AUDITS OFFICE

The Chief Auditor shall report functionally to the School Board and administratively to the Superintendent. To enhance the objectivity and effectiveness of the function, reports, audit findings, and recommendations emanating from the Internal Audits Office (hereinafter referred to as the "Office"), are submitted to the Board, the Board's Auditor Selection~~Audit and Finance~~ Committee (the "committee") established under Policy 6840 (Auditor Selection Committee), and the Superintendent at the same time.

[OPTION - Must select if the District receives annual Federal, State, and local funds in excess of \$500 million or if the Board desires to employ an internal auditor.]

[.] The District shall employ an internal auditor whose scope of practice shall not be restricted and shall include every functional and program area of the school system. The internal auditor's duties include, but are not limited to, the following:

- A. Performing ongoing financial verification of the financial records of the District, a comprehensive risk assessment of all areas of the school system every five (5) years, and other audits and reviews as the Board for determining:
 - 1. the adequacy of internal controls designed to prevent and detect fraud, waste, and abuse;
 - 2. compliance with applicable laws, rules, contracts, grant agreements, Board-approved policies, and best practices;
 - 3. the efficiency of operations;
 - 4. the reliability of financial records and reports;
 - 5. the safeguarding of assets;
 - 6. financial solvency;
 - 7. projected revenues and expenditures;
 - 8. the rate of change in the general fund balance.
- B. The internal auditor shall prepare audit reports of his/her findings and report directly to the Board or its designee.
- C. Any person responsible for furnishing or producing any book, record, paper, document, data, or sufficient information necessary to conduct a proper audit or examination which the internal auditor is by law authorized to perform is subject to the provisions of F.S. 11.47(3) and (4).

[END OF OPTION]

Purpose of the Internal Audits Office

Internal auditing is an independent appraisal activity within the organization for review of the operations as a service to management. The objective of internal auditing is to assist the Superintendent and its administration, the committee, and the

Board by reviewing and appraising the activities of the School District, the integrity of its records, and the general effectiveness of its operations.

Internal Audits Office

The Office is responsible for providing the internal audits function [.] at the direction of the internal auditor [END OF OPTION].

A. Objectives

1. Perform examinations of the financial records in accordance with generally accepted auditing standards.
2. Ascertain the reliability and adequacy of accounting and reporting systems and procedures.
3. Perform an independent appraisal of the adequacy and effectiveness of internal controls.
4. Assure compliance with the policies and procedures established by the Board and the administration, and with the State and Federal laws and regulations.
5. Improve the efficiency of the administration of the School District's operations by providing recommendations in audit reports.
6. Ascertain the extent to which the assets of the school system are accounted for and safeguarded from loss through the audit process.

B. Responsibilities

1. Perform examinations of the financial records and supporting information for determining their accuracy and conformity with generally accepted accounting principles.
2. Perform investigative audits by applying various audit techniques and procedures for the purpose of detecting fraud or as a deterrent to fraud.
3. Review and evaluate the existence and effectiveness of adequate controls on existing electronic data processing systems or under development.
4. Undertake comprehensive and constructive examinations of functional units within the School District, including plans and objectives, control methods, and use of human and other resources.
5. Keep the Superintendent, the committee, and the Board informed on audit plans and activities and assist them by providing analysis, pertinent comments, and recommendations concerning the activities reviewed.
6. Coordinate the internal auditing activities through the development of a yearly audit plan to be presented to the committee, the Board, and the Superintendent.
7. Keep abreast of new developments by attending the Board meetings and meetings of school system-wide committees.
8. Act as liaison between the School District and external auditors (Federal, State, or independent), and monitor responses provided to auditing findings and recommendations made by them.
9. Bring to the attention of the Superintendent, the committee, and the Board material items of concern.
10. Participate in continuing professional development to maintain required professional certifications.
11. [.] Perform any other functions at the direction of the internal auditor. [END OF OPTION]

C. Policies

1. Authority

- a. The Office shall have full and unrestricted access to all records and personnel in the School District who can provide information on the function under review.

- b. The Office shall have direct communication and free access to the Superintendent and staff, members of the committee, and Board members to discuss audit findings.
- c. The Office shall be accountable as a whole to the Board through its committee to ensure an unrestricted audit coverage and appropriate action in response to audit findings.
- d. The Office shall be free of organizational pressures that limit its objectivity in selecting areas to be examined and evaluating those areas.
- e. The Office shall have adequate support from School District officials to discharge its duties.

2. Professional Standards

- a. The Office staff shall comply with professional and the School District's standards of conduct.
- b. Internal auditing activities shall be performed with proficiency and due professional care.

3. Personnel

- a. The Office shall be adequately staffed and the staff shall possess adequate technical proficiency and educational background and skills in human relations and communication.
- b. The auditors shall maintain their technical competence through continuing education.
- c. The committee shall provide recommendations to the Board on the person to fill the position. Any recommendations and reasons to remove or transfer the Chief Auditor shall be brought before the committee, who will then transmit it to the Board.

D. Procedures

The Chief Auditor will submit to the committee, the Superintendent, and the Board for their review and input a comprehensive proposed Audit Plan for the coming fiscal year. The Audit Plan shall identify the scheduled examinations and their overall audit scope, both in financial and nonfinancial areas, as well as available auditing resources. Audit reviews, as requested by the Superintendent, the Board, and the committee, will be included to the degree feasible in the Audit Plan. Said Audit Plan shall be presented to the Board for final approval.

1. Scope of Auditing Activities

The scope of the internal auditing activities encompasses the examination and evaluation of the adequacy and effectiveness of the internal controls, risk management processes, structures for internal controls and the quality of performance in carrying out assigned responsibilities to achieve the District's goals and objectives.

- a. The Office shall review the reliability and integrity of financial and operational information and the means used to identify, measure, classify, and report such information.
- b. The Office shall review the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations that could have a significant impact on operations and reports, and shall determine whether the School District is in compliance.
- c. The Office shall review the means of safeguarding assets and verify the existence of those assets.
- d. The Office shall appraise the economy and efficiency with which resources are utilized.
- e. The Office shall review business and financial operations and controls to determine whether results are consistent with established objectives and goals and whether the operations or programs are carried out as planned.
- f. The Office shall review and evaluate the existence and effectiveness of electronic data processing systems in existence or under development, resources permitting.

- g. The Office shall review specific operations at the request of the Board, the Superintendent, or the committee as appropriate.

2. Performance of Auditing Activities and Communication of Results

The Chief Auditor will make an annual report to the committee, the Board, and the Superintendent on the results of auditing activities vs. the approved Audit Plan. Said report shall summarize the audit services for the year and major variances explained. Periodic reports will be made to the committee. This report shall include the progress made in executing the Audit Plan and any major findings and recommendations not implemented.

The Office will issue an internal audit report at the conclusion of the performance of an audit and review.

- a. The audit report shall be objective, clear, concise, constructive, and timely.
- b. The audit report will present the purpose, scope, result of the audit, and applicable recommendations.
- c. The responses from the School District officials to the audit findings and recommendations will be included in the audit report.
- d. Periodic progress reports will be made to determine corrective actions taken to prevent the deficiencies again. The committee may request periodic reports from audited schools, departments, offices, etc., regarding said corrective actions.

Pursuant to F.S. 119.07(3, ~~y~~), work papers, notes, and preliminary or draft audit reports shall be held confidential and exempt from public records disclosure until the audit is completed and submission of the final draft of the report to the Board.

E. Independence

All internal audit activities shall remain free of influence by any element in the School District, including matters of audit scope, procedures, frequency, timing, or report content.

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Legal F.S. 1001.42(12)(I)

Cross References po6840V1 - AUDIT COMMITTEE
po6840V2 - AUDIT COMMITTEE