

FINANCIAL AUDITS

In accordance with state law, a financial audit shall be performed annually by a certified public accountant holding a firm license from the Texas State Board of Public Accountancy. The financial audit shall be conducted in accordance with generally accepted auditing standards as outlined in the Texas Education Agency's *Financial Accountability System Resource Guide (FASRG)*.

The audit shall be conducted on an organization-wide basis, including all fund types and account groups that are the accounting responsibility of the District.

SELECTION OF  
EXTERNAL  
AUDITOR

The Board shall select an external auditor to conduct an annual financial audit for a one-year period with an option to renew annually for up to three additional years. In accordance with prudent business practices, the District shall conduct a formal request for qualifications after the third renewal for these services. A firm will be selected based on demonstrated competence and qualifications and fair and reasonable prices as required by state law.

CHIEF INTERNAL  
AUDITOR

SELECTION

The Board retains the authority to employ the chief internal auditor for the District. The Superintendent is authorized to provide administrative support to assist the Board in employing a chief internal auditor. Administrative support shall include posting of the position, providing applications to the Board, and arranging interviews of applicants by the Board.

The chief internal auditor shall be a contract employee. Only the Board may terminate or reassign the chief internal auditor.

JOB DESCRIPTION

The Board shall determine a job description for the chief internal auditor and shall, as conditions warrant, recommend revisions to the job description subject to the review and approval of the Board.

CERTIFICATIONS

The chief internal auditor shall have either a Certified Internal Auditor (CIA) or a Certified Government Auditing Professional (CGAP) certification.

YEARLY  
EVALUATION

The formative and summative evaluation for the chief internal auditor shall be completed by the Board in December and June, respectively.

INTERNAL AUDIT  
DEPARTMENT

PROFESSIONAL  
STANDARDS AND  
PRACTICES

The operational practices and procedures of the internal audit department shall be in accordance with the standards for the professional practice of internal auditing and code of ethics, established by the institute of internal auditors, as well as the District's policies and procedures.

REPORTING BY  
CHIEF INTERNAL  
AUDITOR

The chief internal auditor shall **COMMUNICATE WITH AND INTERACT DIRECTLY WITH THE BOARD AS OUTLINED IN THE INTERNAL AUDIT CHARTER [SEE CFC(EXHIBIT)]**. ~~provide a~~

~~periodic (typically monthly, although high risk issues shall be reported immediately) report to the Board summarizing activities of the Internal Audit Department. This report shall be submitted by the chief internal auditor directly to Board members and to the Superintendent simultaneously. The chief internal auditor shall also provide specific reports to the Board of any investigations conducted by the Internal Audit Department concerning suspected fraud or financial impropriety, as those terms are defined in CAA(LOCAL), as well as noncompliance/wrong doing of a nonfinancial nature. These reports shall be submitted by the chief internal auditor directly to Board members and to the Superintendent simultaneously, except in those cases where the Superintendent has been the subject of the investigation. The chief internal auditor shall also report directly to the Board on those matters where the Board requests a specific investigation and a report from the chief internal auditor.~~

When the Board requests a specific investigation for suspected fraud or financial impropriety, such may be discussed in closed meeting, when legally appropriate, with participation by the administration at the Board's discretion.

PLAN OF WORK  
AND CHARTER

The Board President, in cooperation with the chief internal auditor, develop an annual audit plan. This plan shall be submitted to the Board for approval in April of each year. Any addition or change to this plan shall be submitted to the Board for review and approval. Additionally, each April as the District begins its budget development for the coming fiscal year, the Board and the chief internal auditor shall review the Internal Audit Department's organization, assigned personnel, proposed budget, this policy, and charter [see CFC(EXHIBIT)].

ORGANIZATION AND  
ASSIGNMENT OF  
PERSONNEL TO  
THE INTERNAL  
AUDIT  
DEPARTMENT

Without specific approval by the Board, the Internal Audit Department shall not engage in any activities that could reasonably be construed to compromise its independence. In a like manner, no additional duties or responsibilities shall be assigned to the Internal Audit Department without specific approval from the Board. **THE CHIEF INTERNAL AUDITOR SHALL DETERMINE JOB DESCRIPTIONS, HIRE APPROVED BUDGETED POSITIONS, AND CONDUCT EVALUATIONS FOR** individual personnel assigned to the Internal Audit Department. ~~and their duties shall be recommended by the chief internal auditor and brought to the Board for review and approval.~~

Individuals applying for positions within the Internal Audit Department must disclose familial and close personal relationships with other District employees if they are on the list of finalists. The chief internal auditor will consider any potential impairments of objectivity based on the position held before making the hiring decision.

BOARD AUDIT  
COMMITTEE

The role of the audit committee shall be to assist and advise the Board on issues related to the District's Internal Audit Department. However, the ultimate oversight responsibility for the Internal Audit Department remains with the full Board. The audit committee shall be composed of two members for a five-member Board or three members for a seven-member Board.

The audit committee members shall have no conflicts of interest and shall act in the best interest of the District as a whole. Audit committee members should possess or acquire the knowledge needed to understand and evaluate the Internal Audit Department's activities. Preferably, committee members should have knowledge of internal controls, accounting, financial reporting, school district finance, and financial compliance and management/operational audits.

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