

 Tucson, Arizona GOVERNING BOARD POLICY	POLICY TITLE: Internal Audits Procedures
	POLICY CODE: DIEA-R

Chapter 1 Audit Announcement

1. The **internal auditor** will:
 - a. Provide an audit announcement letter via email to inform the auditee (Superintendent Leader Team (SLT) member) of the audit objectives and audit scope.
 - b. Provide a date that the internal auditor plans on beginning the audit.
 - c. Ask the auditee to schedule an in-brief.
Note: Please note that surprise cash counts and surprise inventories will not be outlined on the announcement letter.

2. The audited (**SLT**) member will:
 - a. Read over the audit objectives to gain a brief understanding of the audit objectives.
 - b. Respond to the auditor's request for an audit in-brief and schedule the in-brief. (in-briefs typically last about 15 minutes)
 - c. Invite the individual who will be the internal auditor's primary point of contact to the in-brief and any additional person the member of the SLT feels needs to be at the in-brief.
 - d. In the case of surprise cash counts or surprise inventories the member of the SLT who is over that function will have someone escort the internal auditor to the cash handler, so that the cash handler will know that is okay for the internal auditor to perform the cash count. While the internal auditor is performing the cash count, the cash handler and the escort must monitor the internal auditor.

3. If the audit is announced for specific schools, the responsible member of the SLT will notify the principal of the school of the upcoming audit.

Chapter 2 Audit In-brief

4. The **internal auditor** will:
 - a. Discuss the audit objectives and ask whether there are any concerns.
 - b. Obtain any initial documents that the auditee provides.
 - c. Answers any questions that may arise during the in-brief.
 - d. Ask for a small working place. (if necessary)

5. The **SLT member** will:
 - a. Introduce the auditor to the primary point of contact that he will be working with during the audit fieldwork.
 - b. Provide any initial insight that he/she feels will be of importance to the internal auditor while performing the audit.
 - c. Express any concerns, especially any concerns where the SLT member feels audit resources are needed.
 - d. Ask any questions that may arise during the in-brief and ask TUSD members in the room if there are any additional questions.

6. If the audit is for specific schools, the auditor will notify the principals at those schools and have an additional in-briefs with those principals. The purpose is to inform those principals that the internal auditor will be at their school.

Chapter 3 Audit Fieldwork

7. The **internal auditor** will:
 - a. Conduct interviews, collect documents, gather documents, read regulations, access systems, and any other actions necessary to complete the fieldwork.
 - b. Work with the primary point of contact to gain an understanding of the audit subject.
 - c. Perform data analyses, computations, and other auditing techniques to reach audit conclusions.
 - d. Document audit results in audit work-papers that will be maintained by the internal auditor.
 - e. Update the primary point of contact and the responsible member of the SLT of audit findings periodically.
 - f. Provide the audit client with the opportunity to make management corrective action during fieldwork (if possible).
 - g. Conduct a root cause analysis with the primary point of contact to determine why the positive or negative condition occurred.
 - h. Coordinate with the primary point of contact and the member of SLT to determine recommendations that could be made to help correct conditions identified.
 - i. At the conclusion of the fieldwork, conduct a preliminary out-brief, to discuss the conditions, causes, management corrective actions, and recommendations.

8. The **primary point of contact**:
 - a. Will assist the auditor in obtaining the necessary documents to complete the audit.
 - b. Provide the auditor with training necessary to understand systems, operations, or financial data.
 - c. Assist the auditor in determining the root cause of the condition identified.
 - d. Work on management corrective action during the audit, when possible.

- e. Assist the auditor in making recommendations to help correct the condition identified.

9. The **SLT member**:

- a. Receive periodic updates of the audit findings.
- b. Will hold the preliminary out-brief.

Chapter 4 Report Writing

10. The **internal auditor** will:

- a. Write an audit report that contains a:
 - i. Background to provide a brief overview of the audit subject.
 - ii. Condition statement, which describes the positive or negative event.
 - iii. Cause statement, which is the root cause on why the condition occurred.
 - iv. Management Corrective Action statement, this is to show any action that management took during the audit to correct a negative condition and eliminate the need for a recommendation.
 - v. Recommendation this is to correct the condition identified by the internal auditor.
- b. Conduct a final out-brief discussing the report.
- c. Issue a “Corrective Action Plan” asking the SLT member to fill in each blank. Specifically, the document will have:
 - i. “The finding”- Filled by auditor.
 - ii. “*The recommendation*”- Filled by internal auditor.
 - iii. “The action that will be taken to correct the finding”- Filled by SLT member or designated employee.
 - iv. “*Estimated completion date*”- Filled by SLT member or designated employee.
 - v. “*Who will take the action*”- Filled by SLT member or designated employee.
 - vi. “*Actual completion date*”- Filled by SLT member or designated employee.
 - vii. “*Who verified that the action taken corrected the finding*”- Filled by SLT member or designated employee.
 - viii. “*Methodology for verifying the correction*”- Filled by SLT member or designated employee.
 - ix. “*When was the correction verified*”- Filled by SLT member or designated employee.
- d. Include the signed “Corrective Action Plan” in the final audit report.

11. The **SLT member** should:

- a. Complete and sign the “Corrective Action Plan” within 30 days of receiving the plan from the internal auditor. (See Section 10c i – ix, to see what the SLT member should complete). If the actual completion takes longer than 30

days provide bi-weekly updates to the internal auditor until the action is complete.

Chapter 5 Audit Closeout

12. The **internal auditor** will:

- a. Maintain electronic copies of the work-papers and the final audit report at least 5 years as required by the Arizona State General Records Retention Schedule
- b. Insert recommendations into a Recommendation tracker until he is informed all recommendations were CLOSED.
- c. Provide a monthly audit status report during audit committee meetings.
- d. Out-brief the Governing Board and the Superintendent quarterly of audit reports completed, if necessary.

13. The audited **SLT member** will receive updates on all recommendations from his/her staff until all recommendations have been CLOSED.

Chapter 6 Follow-Up

14. The **internal auditor** will track all internal and external audit findings. Once the internal or external auditors are notified that findings or deficiencies are corrected, the internal auditor will inform the audit committee of the corrections. Then, based upon discussion with the audit committee, the auditor will perform a surprise audit at the appropriate time.

15. If the same findings are identified during the follow-up, this will be reported to the audit committee and the Governing Board as a report with "repeat findings".