

MEMORANDUM

To: Tucson Unified School District Governing Board

From: Cliff Altfeld, Chairperson
Governing Board Audit Committee



Date: March 4, 2013

Subject: Internal Audit Staffing for TUSD

For the past several years the Audit Committee has made recommendations to the Governing Board concerning the re-establishment of an Internal Audit staff within TUSD. Because the Governing Board will be considering its Budget priorities over the next several months, this seems like the time when your Audit Committee should again make a recommendation regarding Internal Audit Staff.

As we did previously, and after discussing with Superintendent Pedicone and Chief Finance Officer Awwad, the Audit Committee unanimously recommends the Governing Board re-establish an Internal Audit Staff at an estimated annual cost of \$95,000 and a one-time startup cost of approximately \$2000. That staff could begin with one person and expand as its benefits become apparent. We believe that such a staff would, over time, pay for itself. For example, TUSD has borne the expense of a special audit of its Procurement practices over the past few years. While that special audit will soon end, using Internal Audit staff to continue monitoring this area could prevent a recurrence of the problem and associated costs.

Internal Auditors traditionally perform the following activities:

1. Assesses risk while planning and performing audits.
2. Gathers and analyzes financial data.
3. Determines if the organization has adhered to specific compliance requirements and reports observations and recommendations to management.
4. Determines if internal control structures/processes are designed and implemented and identifies areas requiring management attention.
5. Conducts assessment of departments and schools to determine if TUSD policies are implemented and enforced.
6. Determines whether a department or school is acquiring, protecting and using its resources in compliance with relevant laws, rules and standards.
7. Maintains security and confidentiality of information.
8. Performs automated system reviews to determine if adequate internal controls exist and identifies areas requiring management attention.
9. Makes reports on all observations and recommendations to management.

We believe the above examples of traditional Internal Audit activity illustrate the many areas that could generate potential cost savings to the District and will justify the creation of this staff.

The Audit Committee recommends that the Internal Audit staff report directly to the Governing Board and be part of the Board Office staff. Management observations and recommendations should be sent to the Board and Superintendent.

The Audit Committee itself can be a valuable resource in helping the Internal Audit staff set priorities for Audit and reviewing observations and recommendations either before or after they are sent to the Superintendent and Governing Board. In this regard, it is important to remember, that just as the Governing Board, the Audit Committee meets publicly so information presented to the Committee or Governing Board is public.

The Audit Committee is prepared to assist District Staff in developing necessary job descriptions and members are available and interested in serving on any Committee charged with screening applicants for such positions.

The members of the Audit Committee are available to answer any questions members of the Governing Board or District Staff may have and render any other assistance needed.