

Administrative Procedures for Office of Auditing Services (Attachment for Policy 1100)

Purpose

The purpose of the Administrative Procedures is to detail and clarify the role and responsibilities of OAS and the audit investigation process.

Procedures

Professionalism

OAS shall adhere to the Generally Accepted Government Auditing Standards of the U.S. Government Accountability Office and the Institute of Internal Auditors and the [Employee Code of Ethics](#). OAS will conduct itself in conformity with Board policies and administrative procedures, and any applicable state and/or federal laws and regulations.

Responsibility

The scope of OAS includes, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the District's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the Board's Goals and Guardrails and District's strategic plan. This may include, but is not limited to:

- Assisting the Board in assessing effectiveness of organizations that it has granted rights and/or funds to.
- Evaluating risk exposure relating to achievement of the Board Goals and Guardrails District strategic plan.
- Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information.
- Evaluating the systems established to promote compliance with those Board policies, procedures, protocols, and state and federal laws and regulations which could have a significant impact on the District.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluating the effectiveness and efficiency with which resources are employed.
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.

- Monitoring and evaluating the effectiveness of the District's governance, risk management, and control processes.
- Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Board.
- Evaluating specific operations at the request of the Board, as appropriate.

Audit Plan

Every Spring, the OAS will develop an audit plan to identify which areas of the District will be audited in the following fiscal year. Identified audit activities will then be conducted from July 1 to June 30 and may carry across fiscal years, if necessary. The activities of OAS are systematically planned to officially probe, examine, and review practices and processes of the Board and District, as well as compliance with Board Policies and Administrative Procedures and accepted legal and business practices.

OAS should indicate which activities it will conduct with employees and whether it must arrange for the appointment of a third party contractor as an official to perform the audit investigation. OAS will follow Board Policy with regard to engagement of such services. OAS may also consult with the Office of General Counsel (OGC) when formulating the audit plan and/or the scope of audit investigations. OAS may conduct audit investigations at the direction of OGC or outside counsel for the purpose of aiding legal advice to the Board and/or District.

OAS and the Board's Chief of Staff, or their designee, will review the audit plan periodically and modify it as needed. At least annually, a summative briefing should be provided from OAS to the Board on key findings and activities. This report should also inform future audit activities.

Audit Process

All employees shall, to the extent possible, assist OAS in fulfilling its roles and responsibilities.

For the purpose of fulfilling its duties and responsibilities, OAS, with strict accountability for confidentiality and safeguarding records and information, is authorized access to District records, physical properties, and/or personnel as allowed by applicable state and federal laws and regulations and executed agreements with the District.

OAS shall have direct communication with and access to the Board, the Superintendent, and District officials to discuss audit investigation findings.

Auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair OAS judgment.

Auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

These below procedures outline the high level audit activities that the OAS will implement in the course of conducting its work. Note that the below process might change slightly depending on the specific audit being completed.

Planning: OAS will review any relevant prior audits and will research policies, statutes, and other relevant materials to prepare an audit program to follow.

Notification: OAS will notify the entity or office being audited regarding the upcoming audit and its purpose, at which point an opening meeting and fieldwork will be scheduled.

Opening Meeting/Fieldwork: This phase includes OAS and the relevant leadership from the entity or office involved being audited. The audit's purpose and objective will be discussed as well as the audit program. The audit program may be adjusted based on information obtained during the opening meeting. The necessary interviews with appropriate personnel and testing will then take place.

Closing Meeting: The audit report and responses will be reviewed and discussed. This is the time for questions and clarifications from the entity or office involved being audited.

Report Drafting: The report is then drafted. The report includes such areas as the objective and scope of the audit, relevant background, and the findings and recommendations for correction or improvement. The draft report may be shared with the entity or office involved being audited for any final feedback.

Audit Report Distribution: After the report is drafted and any final feedback is incorporated, the final audit report is distributed to the relevant entity or office involved in the audit and the Board.

Reporting and Monitoring

A written report will be prepared and issued by OAS following the conclusion of each audit investigation engagement and will be distributed as appropriate. The report may include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations.

The Superintendent, or designee, will be responsible for appropriate follow-up on engagement findings and recommendations until fully implemented or no longer applicable.

Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Board.