



ADMINISTRATIVE PROCEDURE

SAN DIEGO UNIFIED SCHOOL DISTRICT

NO: 2370

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CATEGORY: **Fiscal Management, Accounting**

EFFECTIVE: **11-06-75**

SUBJECT: **Internal Audits**

REVISED: **7-18-03**

A. PURPOSE AND SCOPE

1. To outline administrative procedures for internal auditing and to define the function and responsibilities of the Internal Audit Department.

B. LEGAL AND POLICY BASIS

1. **Reference:** Board policy: D-1000, D-2000, D-3000, D-5000; Education Code Sections 42647, 42810, 48937.

C. GENERAL

1. **Originating Office.** Suggestions or questions concerning this procedure should be directed to the Internal Audit Department, Office of the Superintendent.
2. **Functions**
 - a. Provide an independent appraisal function in the school district to assist management employees in controlling district operations.
 - b. Evaluate the adequacy and effectiveness of accounting controls, financial systems, information systems, and other financially related operations.
 - c. Provide assurance to district management that internal control, operational policies, district procedures, and requirements relating to fiscal independence as outlined by Education Code Section 42647 are sufficient.
 - d. The internal audit director reports directly to the chief of staff and plans the development and implementation of an internal audit program designed to examine and evaluate school district activities.
3. **Responsibilities**
 - a. Establish, approve, and submit an annual audit plan for operational audits, information system audits, special education audits, and associated student body financial audits.
 - b. Recommend policies and procedures to school district management to ensure that the school district maintains a comprehensive audit program and complies with all procedures and requirements related to fiscal independence.

- c. Develop and implement comprehensive audit programs to review internal controls in all school district offices and activities.
 - d. Assist district management and staff in the effective discharge of their responsibilities by analyzing and appraising their activities.
 - e. Promote effective control at a reasonable cost to protect the assets of the school district.
 - f. Provide district management with written reports containing audit scope, analyses, appraisals, conclusions, comments, and recommendations concerning the activities reviewed.
 - g. Provide technical assistance in establishing district policy and procedures.
 - h. Participate, when requested, in in-service, job-alike, and staff development training to assist district employees in job performance and understanding of new, modified, or existing regulations and procedures.
 - i. Represent the district in meetings with state officials, external auditors, and outside agencies.
 - j. Participate on steering committees to determine district needs and establish district performance requirements for computer systems, internal controls, and school district policies and procedures.
 - k. Conduct special audits, with the approval of the superintendent, at the request of management employees within their respective areas of responsibility.
4. **Access to Records.** In performance of duties, the Internal Audit Department must have access to all district files and records and to management employees and other staff involved in programs and activities subject to audit.
 5. **Federal, State, or Local Audit.** District management employees shall notify the Internal Audit Department immediately when notified by federal, state, or local agencies that an audit or evaluation is to be performed. The Internal Audit Department shall assist district personnel with any concerns they might have for federal, state, and local audits.

D. IMPLEMENTATION

1. Regularly Scheduled Audits. Internal Audit Department:

- a. Determines activities to be reviewed and prepares an annual audit plan based on following criteria:
 - (1) Risk analysis
 - (2) Frequency of activity
 - (3) Date and results of previous audits
 - (4) Special deadlines
- b. Submits annual audit plan and implements audit schedule.

2. Special Audits

- a. **Management employee** submits written request to internal audit director detailing activity or area to be audited, objective of audit, reason for request, and desired date of audit report.
- b. **Internal audit director**
 - (1) Reviews request for special audit with superintendent or designee to ascertain feasibility of audit; determines possible duplication with other audits; estimates time required and ability to meet desired report date; and determines priority of requested audit.
 - (2) Notifies requesting management employee of decision to conduct audit.
 - (3) Schedules and communicates dates for audit; amends audit plan, if necessary.
 - (4) Assigns and/or performs audit.
 - (5) Approves and/or prepares and submits written audit report.

3. **Audit Report. Internal Audit Department :**

- a. Reviews findings with management during performance of audit testwork.
- b. Reviews draft version of audit report with management after completion of audit testwork.
- c. Prepares written audit report outlining audit scope and objectives, details of audit findings, conclusions, and recommendations for change.
- d. Issues written audit report to superintendent for distribution to management.
- e. Following implementation of recommended changes, performs follow-up to ensure timely management resolution of audit issues.

E. FORMS AND AUXILIARY REFERENCES

F. REPORTS AND RECORDS

G. APPROVED BY



Chief of Staff, Terrance L. Smith
For the Superintendent of Public Education