



DIEA-R - INTERNAL AUDIT SERVICES

INTERNAL AUDITOR

Poudre School District may employ an internal auditor to perform internal audit services under the direction and supervision of the District's executive director of finance, as guided by input from the District Audit Committee. The internal auditor shall report directly to the executive director of finance and, as requested, to the controller, superintendent and the Audit Committee. On matters which the internal auditor reasonably believes that reporting to the executive director of finance would create the appearance of impropriety or involve a conflict of interest, the internal auditor shall report directly to the superintendent and/or the President of the Board of Education.

PURPOSE

The internal auditor's purpose shall be to assist the District in safeguarding its resources by promoting an economical, efficient and effective business environment based on sound and practical internal controls. Internal audit services shall be performed to assist the District in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's processes at a reasonable cost. The internal auditor shall provide independent and objective insight, analysis and recommendations to assist the District in constructive change while effectively managing risk. The internal auditor shall be guided by a philosophy of adding value to improve the internal controls and operations of the District.

PROFESSIONAL STANDARDS

In performing internal audit services for the District, the internal auditor shall be governed by The Institute of Internal Auditors' Code of Ethics and International Standards for the Professional Practice of Internal Auditing. The internal auditor shall also adhere to The Institute of Internal Auditors' Practice Advisories, to the extent they are applicable to the internal auditor's services and the District's operations.

ACCESS TO INFORMATION

In performing authorized internal audit services for the District, the internal auditor shall be granted full, free, timely and unrestricted access to any and all District records, physical properties and personnel relevant to any function under review. All District employees are expected to cooperate with the internal auditor in the performance of his/her authorized internal audit services. Documents and information provided for the internal auditor's review shall be handled in the same prudent and confidential manner as is required of those employees normally accountable for them. District

administrators and Finance Department staff are expected to inform the internal auditor, executive director of finance, controller, superintendent or Board of Education in a timely manner of any significant breaches concerning the systems established to ensure compliance with governing laws and District policies, regulations, administrative guidelines and procedures that have a direct relationship to the District's accounting and/or financial activities.

INDEPENDENCE

The internal auditor shall remain free of improper influence from District employees in the performance of his/her authorized internal audit services, including but not limited to matters of audit selection, procedures, frequency, timing or report content. The internal auditor shall have no direct operational responsibility or authority over any of the activities he/she reviews. Accordingly, the internal auditor shall not develop or install systems or procedures, prepare records or engage in any other activity that would normally be audited.

AUDIT SCOPE

The scope and focus of the internal auditor's services shall concern those activities that may have a direct impact on the District's compliance with accounting and financial standards, regulations, procedures and policies. This shall include evaluating the District's control procedures to provide reasonable assurance that: (1) financial statements, reports and underlying financial information is presented with sufficient accuracy to ensure compliance with Generally Accepted Accounting Principles ("GAAP") and federal program compliance requirements; and (2) internal accounting and operational controls are adequate in promoting efficiency and protecting the assets of the District. Matters that exclusively involve District operations not reflected in the District's financial activities are outside the current scope of the internal auditor's function and services. (This regulation shall not be interpreted to in any way limit the District's ability to conduct operational audits and/or contract for services that are outside the scope and focus of the internal auditor's services covered by this regulation.) The current scope and focus of the internal auditor's services includes the following activities:

- Reviewing the reliability and integrity of District financial information and operating systems, and the means used to identify, measure, classify and report on such information and systems.
- Reviewing the systems established to ensure compliance with governing laws and District policies, regulations, administrative guidelines and procedures that could have a significant impact on financial operations and reports, and whether the District is in compliance.
- Reviewing the means of safeguarding District assets and, as appropriate, verifying the existence of such assets.

- Recommending improvements to the District's system of internal controls.
- Reviewing the quality of performance of the District's independent external auditors, and the external auditors' degree of coordination with the internal auditor's services.
- Reviewing the findings and/or opinions of the independent external auditors for purposes of audit planning.
- Assisting, as directed by the executive director of finance, controller, superintendent, legal and policy counsel or their designees, in the investigation of conduct suspected of violating governing laws and/or District policies, regulations, administrative guidelines or procedures.
- Keeping the executive director of finance, controller and Audit Committee informed of emerging trends and developments in internal auditing practices and making recommendations for corresponding revisions to District policies, regulations administrative guidelines and procedures.
- Reviewing employee compliance with governing laws and District policies, regulations, administrative guidelines and procedures having a significant impact on District financial operations and reports.

AUDIT PLANNING

The executive director of finance and controller shall collaborate with the internal auditor to develop an annual internal audit plan for the District , which shall be submitted to the Audit Committee for review and comment. The internal audit plan is to be developed based on a prioritization of the financial audit universe using a risk-based methodology. Any significant deviation from the annual internal audit plan shall be communicated to the executive director of finance and the Audit Committee.

REPORTING

The internal auditor shall prepare reports regarding internal audit activities, which shall be submitted to the executive director of finance on a periodic basis as directed by the executive director of finance. A copy or summary of each such internal audit report shall be provided to the Audit Committee and independent external auditors, which shall include, as applicable:(a) the locations visited by the internal auditor, together with the audit rating and appropriate detail around the more significant findings; (b) the response of the employee(s) responsible for the school, department, activity, grant or fund that was audited; and (c) corrective action taken or to be taken (if any) in regard to the specific findings and recommendations (including, as applicable, a timetable for anticipated completion of any action to be taken and an explanation for any recommendations not appropriately addressed).

The executive director of finance and controller shall collaborate with the internal auditor to determine appropriate follow-up on internal audit findings and recommendations, subject to input from the Audit Committee. Each such follow-up item shall remain in an "open issues" file until the executive director of finance, controller and internal auditor agree that it has been appropriately resolved.

PERIODIC ASSESSMENT

The executive director of finance, controller, internal auditor and Audit Committee shall periodically assess whether the internal audit services continue to be adequate to fulfill the purpose of these regulations. Revisions to these regulations deemed necessary or appropriate for continued fulfillment of that purpose shall be recommended to the superintendent.

Adopted by Superintendent: August 13, 2012
Revised by Superintendent: July 25, 2016