INTERNAL AUDIT

Background

The Board believes that internal audit contributes significantly to improving the way the school district operates and helps senior management to achieve Board and district objectives.

The internal audit function is established to conduct independent reviews that provide objective information, advice, and assurance to senior management and the Board. Internal audit will promote accountability and best practices in school district operations.

Internal audit has two primary tasks.

- The first is to review and independently assess the management practices associated with the school district's key financial, administrative, and operational activities.
- The second is to recommend to management where improvements can be made.

The scope of internal audits may include assessing whether:

- Transactions and activities comply with applicable accounting standards, Administrative Procedures, and Board policy.
- Assets are sufficiently safeguarded.
- Money has been expended with due regard to economy and efficiency.
- Cost effectiveness of school district activities.
- Satisfactory procedures have been established to measure and report the effectiveness of programs and activities.
- Other effects Internal Audit produces through its work are:
  - objective assurance on matters found to be satisfactory and unsatisfactory
  - deterrence of fraud, dishonesty, and theft of assets

Procedures

1. Internal Audits will be conducted periodically by Corporate and Financial Services staff.

2. Audits will be performed on school based accounting activities as follows;
   2.1. Secondary Schools – at least annually

   2.2. Middle Schools – at least annually

   2.3. Elementary Schools – at least once every two years.

3. Access to Information

   3.1. The Internal Auditor is entitled to access, at all convenient times, to information that relates to the fulfilment of his/her responsibilities.

3.2. He/she is also entitled to require and receive from employees of the school district such information, reports and explanations he/she deems necessary for that purpose.

4. Reporting

4.1. A report will be produced for each audit conducted and the audit findings reviewed with the Administrator/Department Manager and assigned staff individual.

4.1.1. The Administrator and assigned staff individual must respond to each of the individual findings, in a timely manner, and return a signed copy of the report to the Finance Department.

4.1.2. A copy of the completed report will be sent to the respective Assistant Superintendent responsible for the Administrator/Department.

4.2. Annually, a report will be presented to the Finance and Audit Committee of the Board which summarize audit findings and highlight items of significance and the more frequent areas requiring corrective action.

4.3. Internal Audit reports will be available to the external auditor in their entirety on an annual basis.

4.4. Corporate and Financial Services staff will support Administrators/Department Managers in the implementation of recommendations.

5. Performance Auditing

5.1. Senior Management or the Board may request information on the financial performance of district programs or activities.

5.2. Performance auditing, is an approach to auditing that examines management practices, controls and reporting systems and addresses the following main questions:

5.2.1. Are programs and activities run economically and efficiently?

5.2.2. Does the school district have the means to measure their effectiveness?

5.3. There are three phases to a performance audit: planning, examination, and reporting. Audit criteria for evaluating the matters subject to audit are identified during the planning phase and shared with management directly responsible for the area being audited. Sufficient and appropriate audit evidence is obtained during the examination phase to afford a reasonable basis to support the content of the audit report. Audit results are discussed with management directly responsible for the area being audited during the reporting phase.

6. Fraud

6.1. Sound systems of internal control are the prime vehicle for preventing and detecting fraud. Internal Audit will maintain an awareness that will permit an adequate inspection of internal control. However, Internal Audit is not responsible for preventing and detecting all fraud.

6.2. The appearance that public funds have been improperly retained or used by any person, shall be reported immediately to the Secretary - Treasurer.

6.3 A follow-up investigation may occur and may result in disciplinary action, up to and including termination.

Last reviewed: June 2021