

AUSTIN INDEPENDENT SCHOOL DISTRICT

INTERNAL AUDIT CHARTER

PURPOSE

The purpose of the Internal Audit Department (the "Department") is to provide independent and objective appraisals of financial, data processing, and other relevant matters within the District in order to assist management and employees in the effective discharge of their responsibilities by furnishing them with analyses, appraisals, recommendations, and pertinent comments concerning the activities reviewed.

AUTHORITY, RESPONSIBILITIES, AND INDEPENDENCE

- a. The authority and responsibilities of the Department are established by the Board of Trustees. The Director of Internal Auditing reports to the Superintendent for administrative purposes and to the Board of Trustees.
- b. The Department has a responsibility to inform and advise management and the Board of Trustees as to significant deficiencies or other substantive issues noted in the course of its activities.
- c. The Department has unrestricted access to all records, properties, functions and personnel necessary to effectively discharge its responsibilities. All activities of the District may be subject to audit periodically by the Department.
- d. In performing its functions, the Department shall have no direct responsibility or authority over any of the activities reviewed. It shall not design and install procedures, prepare records, or engage in any other activity that it would normally review and appraise and that could reasonably be construed to compromise its independence and objectivity.
- e. The Department's objectivity is not adversely affected, however, by recommending standards of controls to be applied in developing systems and procedures, or by evaluating existing or planned financial and operating systems and related procedures and making recommendations for modification and improvements thereto in order to improve controls and/or enhance operational effectiveness.

SCOPE OF WORK

The authorized scope of the Department's activities encompasses (1) the examination and evaluation of the adequacy and effectiveness of the District's risk management, internal control and governance systems and (2) the quality of performance in carrying out assigned responsibilities. This can include:

- a. reviewing and appraising the soundness of controls and the reliability and integrity of financial, managerial and operating data;
- b. ascertaining compliance with the District's policies and procedures;

SCOPE OF WORK (Cont.)

- c. evaluating asset safeguards and accountability;
- d. evaluating the economy and efficiency with which resources are employed;
- e. reviewing operations or programs to assess whether they are being carried out as planned and whether results are consistent with established objectives;
- f. monitoring and evaluating governance processes;
- g. monitoring and evaluating the effectiveness of the district's risk management processes;
and
- h. reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Board.

The Department has complete independence with respect to the units under audit and, consequently, is not subject to restriction in the scope of its work by operating unit or staff management. Further, District management does not place any restrictions on the scope of the audits. However, it is recognized that District management and the Board of Trustees provide general direction as to the scope of work and the activities to be audited, and may request the Department to carry-out special reviews or audits.

AUDIT RESPONSES

The need for a written response to an audit report will be specifically indicated in the report. Normally a time limit to respond to audit findings and recommendations will be included in the audit report when a response is required.

If management response to any audit finding is not considered adequate, the Internal Auditing Department personnel shall consult with the management of the function being audited and attempt to reach a mutually agreeable resolution. If an agreement is not reached, the Internal Auditing Department shall pursue the matter through channels to appropriate members of management for resolution.

PROFESSIONAL STANDARDS AND PRACTICES

The operating practices and procedures of the internal audit department will be in accordance with the Internal Standards for the Professional Practice of Internal Auditing and the Code of Ethics, established by the Institute of Internal Auditors, as well as the district's policies and procedures.

INTERNAL AUDIT PLAN

Each year the Director of Internal Audit will submit a confidential audit plan to the Board of Trustees for review and approval.

The internal audit plan will be developed based on a prioritization of the audit universe using a risk-based methodology, including input of senior management and the board. Any significant deviation from the approved internal audit plan will be communicated to senior management and the Board through periodic activity reports.

QUALITY ASSURANCE

The Director of Internal Audit will periodically report to senior management and the Board on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to its plan. 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.

In addition, the Director of Internal Audit will communicate to senior management and the Board on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments.

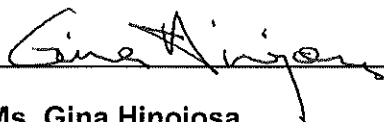
APPROVED



**Dr. Paul Cruz
Superintendent**

DATE





**Ms. Gina Hinojosa
Board President**

APPROVED AS TO LEGAL FORM
11/20 9/11/15