

**Internal Audit
Purpose**

The district shall support an internal audit department as an independent, objective assurance and consulting activity designated to add value and improve District operations.

The internal audit department's primary objective shall be to assist the Board, the Superintendent, and District management accomplish their objectives by bringing a systematic approach to evaluating and improving the effectiveness of District activities. To this end, the internal audit department shall furnish the Board, the Superintendent, and management with analyses, recommendations, counsel, and information concerning activities reviewed.

Authority

Internal auditing shall be a staff function with no authority over the personnel and activities being audited. Its independence from operating responsibility promotes objectivity. Upon review and approval of the Annual Audit Plan, the audit staff is authorized access to all District activities, records (paper or electronic), property, and personnel.

Responsibility

The internal audit department shall function under policies established by the Board. The internal auditor shall report functionally to the Board and administratively to the Superintendent. Any audit suggested by individual Board members shall be reported to the Board President, and to the Superintendent.

Report "functionally" means, but is not limited to, the Board:

1. Approving the charter of the internal audit function.
2. Approving internal audit plans.
3. Receiving communication from the internal auditor on the results of the internal audit activities.
4. Evaluating the internal auditor's performance.
5. Making decisions regarding the appointment or removal of the internal auditor.

Report "administratively" means the Superintendent providing appropriate structure for the internal audit function within the organization that includes, but is not limited to providing:

1. Budget, accounting, procurement, and information technology support.
2. Administration of the District's policies and procedures, to include enforcement of time and attendance, travel, and purchasing requirements.
3. Attending regularly scheduled Board meetings, District professional development, and scheduled District administrative functions and/or activities.
4. The Superintendent shall regularly schedule meetings to discuss the progress and/or completion of the Audit Plan, and possible audit requests from the Superintendent.

The Superintendent may suggest, but shall not dictate, areas to be audited and shall work cooperatively with the internal auditor to ensure access and removal of impediments to audited areas.

No District employee shall dictate areas to be audited nor what should or should not be included on audit reports.

Internal audits shall be planned and conducted in accordance with the International Standards for the Professional Practice of Internal Auditing and The Code of Ethics promulgated by the Institute of Internal Auditors. This shall include:

1. Establishing risk-based plans to determine the priorities of the internal audit activity.
2. Communicating the proposed internal audit plans to the Superintendent for review and to the Board for approval at a Regular Board Meeting.
3. Responding to the Board's special requests for audit.
4. Communicating results and recommendations to appropriate individuals.
5. Maintaining a system to monitor the disposition of results and recommendations communicated to management.
6. Reporting periodically to the Board relative to the audit plan and special requests.
7. Continuing professional development of the audit staff.

Fraud Policy

Scope

These provisions apply to any irregularity, or suspected irregularity, involving employees, consultants, vendors, contractors, and/or any other parties having a business relationship with the District.

All employees are responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Each administrator shall be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Actions Constituting Fraud

Any irregularity that is detected or suspected shall be reported immediately to the District's internal auditor. All investigations shall be coordinated with the District's legal counsel, in collaboration with the District's internal auditor, administrator's supervisor, the Superintendent, and other affected departments, both internal and external.

Fraud is defined as the intentional false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. The terms defalcation, misappropriation, and other fiscal irregularities refer to, but are not limited to:

1. Any dishonest or fraudulent act;
2. Forgery or alteration of any document or account belonging to the District;
3. Forgery or alteration of a check, bank draft, or any other financial document;
4. Misappropriation of funds, securities, supplies, or other assets;
5. Impropriety in the handling or reporting of money or financial transactions;
6. Profiteering as a result of insider knowledge of District activities;
7. Disclosing confidential and proprietary information to outside parties;
8. Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials

to the District that may be construed to be an attempt to influence the performance of an employee's official duty in the scope of employment for the District;

9. Destruction, removal, or inappropriate use of records, furniture fixtures and equipment; and/or
10. Any similar or related irregularity.

**Investigation
Responsibilities**

Questions as to whether an action constitutes fraud should be referred to the District's internal audit department for clarification. This policy does not apply to properly reported political contributions.

The internal audit department shall have the primary responsibility for the investigation of all suspected fraudulent acts as defined in this policy. Any employee who suspects dishonest or fraudulent activity shall notify the internal audit department immediately. An employee shall not attempt to personally conduct investigations and shall not contact the suspected individual in an effort to determine facts or demand restitution.

Upon completion of its investigation, the internal audit department shall submit a report detailing its findings to the Superintendent, the Board President, and to other administrators, as appropriate. The internal audit department's report may contain a recommendation to refer the matter to the appropriate law enforcement and/or regulatory agencies for independent investigation. The decision to make any such referral shall be made by the Superintendent in conjunction with legal counsel.

Confidentiality

The internal audit department shall treat as confidential all reports of suspected fraud or irregularities and all information obtained through an investigation.

**Authorization for
Investigating
Suspected Fraud**

Investigation results shall not be disclosed or discussed with anyone other than those who have a legitimate need to know. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the internal auditor or the District's legal counsel.

In the course of an investigation of suspected fraud, with proper notification of the appropriate level of management and in the presence of the appropriate administrator, the internal audit department shall have:

1. Free and unrestricted access to all District records, premises, and facilities, whether owned or rented by the District;
2. The authority to interview employees; and
3. The authority to examine, copy, and/or remove all documents, electronic data, files, tapes, disks, computers, and other equipment and storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody of any such items or facilities when it is within the scope of the investigation.