



Responsible Office: Internal Audit Department

BOARD POLICY 9170
INTERNAL AUDIT DEPARTMENT

PURPOSE

Through this policy, the Board of Trustees (Board) establishes the authority of the Internal Audit Department of the Washoe County School District (District). The Board recognizes internal auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve operations. The Internal Audit Department assists the District in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's governance, risk management, and internal control.

POLICY

1. Role
 - a. Activities of the Internal Audit Department are established by action of the Board, through the annual approval of an Audit Plan and Schedule.
 - b. The Internal Audit Department's responsibilities are defined by the Board and its Audit Committee as part of their oversight role.
2. Professionalism
 - a. The Internal Audit Department is governed by adherence to the Generally Accepted Government Auditing Standards of the U.S. Government Accountability Office and the Institute of Internal Auditors, to include the definition of internal auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and its mission and core principles.
 - b. Internal Audit will adhere to the District's Board policies and administrative regulations, Internal Audit Department procedures, and any applicable state and/or federal laws and regulations.
3. Authority
 - a. All employees shall, to the extent possible, assist Internal Audit in fulfilling its roles and responsibilities.

- b. For the purpose of fulfilling its duties and responsibilities, Internal Audit, with strict accountability for confidentiality and safeguarding records and information, is authorized access to District records, physical properties, and/or personnel as allowed by applicable state and federal laws and regulations.
 - c. Internal Audit's scope of audit activity extends to those audit activities approved by the Board of Trustees.
 - d. Internal Audit shall have direct communication with and access to the Board of Trustees, the Superintendent, the Audit Committee, and District officials to discuss audit findings.
 - e. Internal Audit shall be accountable as a whole to the Board through the Chief Internal Auditor in order to ensure an unrestrictive audit coverage and appropriate action in response to audit findings.
 - f. Internal Audit shall be free of organizational pressures that limit its objectivity in selecting areas to be examined or in evaluating these areas.
 - g. Internal Audit shall have adequate support from the Superintendent and District leadership to perform its auditing activities.
4. Organization
- a. Chief Auditor. The District's Chief Auditor, as chief officer over the District's internal audit functions and processes, shall:
 - i. Be licensed as a Certified Public Accountant or shall hold, or seek to obtain, a professional certification beneficial to the internal audit activity;
 - ii. Provide recommendations on the efficiency and effectiveness of District processes and operations;
 - iii. Verify on an on-going basis that the District's internal audit function operates appropriately based on a structured process for the analysis and prioritization of key risks of the District;
 - iv. Report regularly to the Audit Committee and the Board on internal audit activities and methods use to assess risk;
 - v. The Chief Auditor shall report functionally to the Board of Trustees, with oversight by the Audit Committee of the Board of Trustees, and administratively to the Superintendent, facilitating organizational independence; and

- vi. The Chief Auditor shall not be a member of an employee association or bargaining unit, and shall be an at-will employee
- b. Audit Committee. The Audit Committee serves to advise the Board of Trustees and Chief Auditor by making recommendations to the Board based on the internal audit activities conducted by the Internal Audit Department.
- c. The Board of Trustees' through its functional oversight of the Chief Internal Auditor shall:
 - i. Set the appropriate "tone from the top" relating to the importance of strong internal controls across the District and the importance of the role of Internal Audit to provide reasonable assurance to stakeholders that controls are in place and operating effectively;
 - ii. Approve the Internal Audit Risk Assessment and related Audit Plan;
 - iii. Receive communications from the Chief Internal Auditor on the results of internal audit activities;
 - iv. Receive internal communications and information flows;
 - v. Receive communications regarding unresolved issues between the Chief Internal Auditor and the Superintendent;
 - vi. Approve the appointment or removal of the Chief Internal Auditor;
 - vii. Conduct an annual evaluation and approving the annual compensation and salary adjustment of the Chief Internal Auditor;
 - viii. Make appropriate inquiries of the Superintendent, Deputy Superintendent, or Chief Internal Auditor to determine whether there is audit scope or budgetary limitations that impede the ability of the internal audit activity to execute its responsibilities; and
 - ix. Assist the Internal Audit Department in gaining cooperation from schools and departments and performing audit work free from interference.
- d. The Superintendent's administrative oversight of the Chief Auditor includes:
 - i. Providing input to the internal audit risk assessment and related audit plan;
 - ii. Providing resources to the Internal Audit Department to ensure the Chief Auditor and staff are able to fulfill their responsibilities as directed by the Board and supported by government auditing and the Institute of Internal Auditors (IIA) standards;

- iii. Overseeing administration of the operating procedures of the Internal Audit Department; and
 - iv. Assisting the Internal Audit Department in gaining cooperation from schools and departments performing audit work free of interference.
 - e. Staff. The Internal Audit Department will have a staff as approved by the Board of Trustees through the budgeting process.
 - i. The Chief Internal Auditor, and internal audit staff, will complete quality educational programs annually which will be designed to maintain a high level of proficiency in the auditing discipline and to meet or exceed continuing professional education requirements. Continuing professional education may include, but not necessarily be limited to, compliance with the requirements of:
 - 1. The Nevada State Board of Accountancy;
 - 2. The Generally Accepted Government Auditing Standards of the U.S. Government Accountability Office; and/or
 - 3. The Institute of Internal Auditors.
5. Independence and Objectivity
- a. Internal Audit will remain free from interference by any element in the District that would hinder the implementation and progress of an audit, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.
 - b. Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair the internal auditor's judgment.
 - c. Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.
 - d. The Chief Internal Auditor will confirm to the Board, at least annually, the organizational independence of Internal Audit.

6. Responsibility

- a. The scope of internal auditing includes, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the District's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the District's strategic plan. This may include:
 - i. Evaluating risk exposure relating to achievement of the District's strategic plan.
 - ii. Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information.
 - iii. Evaluating the systems established to ensure compliance with those District policies, regulations, and procedures, and state and federal laws and regulations which could have a significant impact on the District.
 - iv. Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
 - v. Evaluating the effectiveness and efficiency with which resources are employed.
 - vi. Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
 - vii. Monitoring and evaluating the effectiveness of the District's governance, risk management, and control processes.
 - viii. Evaluating the quality of performance of external auditors and the degree of coordination with Internal Audit.
 - ix. Performing consulting and advisory services related to governance, risk management, and control as appropriate for the District.
 - x. Reporting periodically on Internal Audit's purpose, authority, responsibility and performance relative to its plan.
 - xi. Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Audit Committee or the Board of Trustees.
 - xii. Evaluating specific operations at the request of the Audit Committee, Board of Trustees or Superintendent, as appropriate.

7. Internal Audit Plan

- a. At least annually, the Chief Internal Auditor will submit to the Superintendent, the Audit Committee, and the Board of Trustees an Internal Audit plan for review and approval. The Audit Plan will consist of a work schedule as well as budget and resource requirements for the next years. The Chief Internal Auditor will communicate the impact of resource limitations and significant interim changes to the Superintendent, the Audit Committee, and the Board of Trustees.
- b. The Audit Plan will be developed using a risk-based methodology that includes input of the Superintendent, the Audit Committee, and the Board of Trustees. The Chief Internal Auditor will review and adjust the plan, as necessary, in response to changes in the District's business, risks, operations, programs, systems, and controls. Any significant deviation from the approved Audit Plan will be communicated to the Superintendent, the Audit Committee, and the Board of Trustees at subsequent Audit Committee meetings.

8. Reporting and Monitoring

- a. A written report will be prepared and issued by the Chief Internal Auditor or designee following the conclusion of each Internal Audit engagement and will be distributed as appropriate. Internal Audit results will also be communicated to the Audit Committee and the Board of Trustees.
- b. The Internal Audit report may include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response, whether included within the original audit report or provided thereafter (i.e. within thirty days) by management of the audited area should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.
- c. Internal Audit will be responsible for appropriate follow-up on engagement findings and recommendations until fully implemented or no longer applicable. The status of audit recommendations will be presented to the Audit Committee within six months after the Audit Committee releases the final audit report and annually thereafter until all recommendations are implemented.
- d. The Chief Internal Auditor will periodically report to senior management, the Audit Committee, and the Board of Trustees on Internal Audit'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, the Audit Committee, and the Board of Trustees.

9. Quality Assurance and Improvement Program

- a. Internal Audit will maintain a quality assurance and improvement program that covers all aspects of Internal Audit activity. The program will include an evaluation of Internal Audit's conformance with the Generally Accepted Government Auditing Standards (GAGAS or Yellow Book), the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing, and the District's policies and procedures. The program also assesses the efficiency and effectiveness of Internal Audit and identifies opportunities for improvement.
- b. The Chief Internal Auditor will communicate to senior management, the Audit Committee, and the Board of Trustees Internal Audit's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every three years.

LEGAL REQUIREMENTS AND ASSOCIATED DOCUMENTS

- 1. This policy reflects the goals of the District's Strategic Plan and aligns with the governing documents of the District, to include:
 - a. Board Policy 9155, Audit Committee
- 2. This policy complies with Nevada Revised Statutes (NRS) and Nevada Administrative Code (NAC) to include:

REVISION HISTORY

Date	Revision	Modification
3/14/2017	1.0	Adopted
1/12/2021	2.0	Revised for consistency to Board Policy 9070 and to make changes for clarity