



Canutillo Independent School District Internal Audit

Excellence Through Integrity and Innovation

Internal Audit Charter

Purpose

The Canutillo Independent School District (CISD) has established an Internal Audit function as an independent, objective assurance and consulting activity designed to add value and improve the District's operations.

Internal Audit will assist the Board of Trustees and administration in accomplishing the District's objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The Internal Audit function will further promote an ethical environment based on integrity, fairness, and accountability through open communication, professionalism and expertise. In addition, it will also help foster quality and continuous improvement within the District.

Professionalism

Internal Audit will adhere to The Institute of Internal Auditors' mandatory guidance to the extent possible with available resources including the Definition of Internal Auditing, Core Principles, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards). This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of Internal Audit's performance. In addition, Internal Audit will adhere to the Internal Audit Policies and Procedures.

Authority

With stringent regard for safekeeping and confidentiality, authorization is granted to the Internal Audit Office for full and unrestricted access to any of the District's records (in any form), physical properties, functions and personnel necessary to effectively discharge the responsibilities assigned. With approval from CISD affiliated organizations, Internal Audit may also review the records and activities of affiliated organizations in conjunction with specific assurance services. This Internal Audit Charter is effective until superseded.

Internal Audit is not authorized to: (i) perform any operational duties for the District, (ii) initiate or approve accounting transactions external to the



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internal audit activity, and (iii) direct the activities of any District employee not employed by the internal audit activity, except to the extent that such employee(s) has been appropriately assigned to an auditing team or to otherwise assist Internal Audit.

In response to financial or operational exigencies, the Board of Trustees may temporarily direct Internal Audit to perform duties outside of the Internal Audit function, as deemed necessary. Such events will result in an actual impairment to Internal Audit's objectivity specific to the affected District operations. As a result, Internal Audit may not provide assurance services to the affected operations for a period of no less than one year following the completion of the temporary re-assignment.

Organization

The District's Audit Executive Director shall be selected by and shall report directly to the Board. Administratively, he or she shall report to the Superintendent. On an annual basis, the Board shall conduct the employee performance review of the Audit Executive Director with input from the Superintendent. Staff auditors may be selected by a subset of the Board and shall report directly to the Audit Executive Director. Annual performance evaluations for Internal Audit staff shall be performed by the Audit Executive Director. In lieu of a vacancy for the Audit Executive Director position, the highest level staff auditor shall report directly to the Board and administratively to the Superintendent. Overall, the Internal Audit function is a direct report to the Board. This reporting relationship ensures organizational independence and promotes broad audit coverage.

Organizational Independence is effectively achieved by the Board of Trustees:

- Reviewing and approving the internal audit charter.
- Approving the risk-based internal audit plan.
- Approving the internal audit budget and resource plan.
- Receiving communications from the Audit Executive Director on the internal audit activity's performance relative to its plan and other matters.
- Approving decisions regarding the appointment and removal of the Audit Executive Director.
- Approving the salary of the Audit Executive Director.
- Making appropriate inquiries of management and the Audit Executive



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Director to determine whether there are inappropriate scope or resource limitations.

It will also ensure adequate consideration of audit reports and appropriate and timely action on audit recommendations.

Responsibility: Internal audit encompasses the examination and evaluation of the adequacy and effectiveness of the District's system of internal controls and the quality of performance in carrying out assigned responsibilities. It includes:

- Developing a flexible annual audit plan using an appropriate risk-based methodology to include any risks or control concerns identified by the Board of Trustees and/or administration.
- Implementing the annual audit plan as approved by the Board of Trustees.
- Initiating or implementing new projects not listed on the annual audit plan only with approval by the Board of Trustees.
- Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information.
- Reviewing the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations, which could have a significant impact on operations and reports and whether the District is in compliance.
- Reviewing the means of safeguarding assets, and as appropriate, verifying the existence of such assets.
- Reviewing and appraising the economy and efficiency with which resources are employed.
- Reviewing 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.
- Issuing periodic reports to the Board of Trustees and administration in a timely manner summarizing the results of audit activities through a transparent and objective reporting process.
- Establishing a system to follow-up on reportable conditions in order to ensure that these conditions are satisfactorily addressed and/or resolved by District administration.
- Performing consulting services, beyond internal auditing assurance

3 of 4



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Street Address: 7965 Artcraft Rd. • El Paso, TX 79932 | Mailing Address: P.O. Box 100 • Canutillo, TX 79835

Phone (915) 877-7515 • Fax (915) 877-7415 • www.canutillo-isd.org

The Canutillo Independent School District does not discriminate on the basis of race, color, national origin, gender, age or disability in its employment practices, or in providing education services, activities and programs, including technical education programs



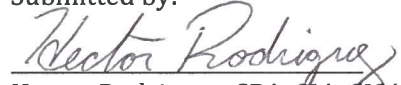
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services, to assist administration in meeting its objectives. Examples may include facilitation, reviewing process design, training, and advisory services.

- Coordinating audit efforts with independent and external auditors, as well as, with any other outside agency.
- Assisting in the investigation of any suspected fraudulent activities within the District.
- Establishing a quality assurance program, to ensure the quality of internal audit operations, as well as to ensure the internal audit function complies with the Institute of Internal Auditors' *Definition of Internal Auditing, Core Principles, Code of Ethics* and *International Standards for the Professional Practice of Internal Auditing* to the extent possible with available resources.
- Keeping Board of Trustees and administration informed of emerging trends and successful practices in internal auditing.
- Annually reviewing and revising the Internal Audit Charter as necessary.

Submitted by:


Hector Rodriguez, CPA, CIA, CISA
Audit Executive Director

1/18/18
Date

Endorsed by:


Dr. Pedro Galaviz
Superintendent of Schools

1/24/18
Date

Approved by:


Rachel Quintana, President
Board of Trustees

1/23/18
Date

4 of 4



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