

HUMBLE INDEPENDENT SCHOOL DISTRICT, INTERNAL AUDIT DEPARTMENT
INTERNAL AUDIT CHARTER

Introduction

Internal Auditing is an independent, objective assurance and consulting activity that is guided by the philosophy of adding value to improve the operations of Humble Independent School District. Internal Audit activities are established and defined by the Audit Committee of the Board of Trustees and the Superintendent.

Purpose

The purpose of the Internal Audit function is to provide independent, objective assurance and consultation designed to add value and improve the District's operations. Internal Audit assists the District in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal controls, and governance processes. All internal audit endeavors are to be conducted in compliance with District objectives and policies as well as the Code of Ethics and the Standards for Professional Practice of Internal Auditing, which are promulgated by the Institute of Internal Auditing.

Organization

In accordance with Board Policies BAA(LLEGAL) and DC(LLEGAL), the Board shall select the Internal Auditor. The Internal Auditor shall report directly to the Board (Texas Education Code § 11.170). The Internal Auditor meets periodically with the Audit Committee of the Board of Trustees. Internal Audit reports functionally to the Board of Trustees and administratively to the Superintendent. The Audit Committee of the Board of Trustees and the Superintendent shall:

- Approve the internal audit charter;
- Review the risk-based internal audit plan, which is performed annually;
- Review the internal audit budget and resource plan;
- Receive communications from Internal Audit on internal audit activity and performance relative to the department.

Authority

Internal Audit shall have access to all the District's records, facilities, properties, and personnel relevant to the department or system under review, and is free to review and appraise policies, plans, procedures, and records as deemed necessary. Internal Audit shall use discretion in the review of the records and assume the confidentiality of all matters that arise.

Internal Audit shall have no direct responsibility or authority of financial, compliance, or operational issues that may be subject to review. The independence of the internal audit function shall not be deemed adversely affected by determining and recommending standards of control to be applied to the development of the departments, systems, and procedures being reviewed.

Scope of Work

Internal Audit will develop an annual work plan based on a risk assessment of all District activities. The internal audit plan shall encompass financial, operational, and compliance issues. Specifically, Internal Audit reviews will help ensure:

- Risks are appropriately identified and managed;
- Significant financial, managerial, and operating information is accurate, reliable, and timely;
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations;
- Resources are acquired economically, used efficiently, and adequately protected;
- Programs, plans, and objectives are achieved; and
- Quality and continuous improvement are fostered with the District's control processes.

In addition, Internal Audit will assist management in mitigating the risk of fraud, identifying and assessing risks in their departments, and providing suggestions for improving and streamlining processes.

Audit Plan

An annual audit plan will be submitted to the Superintendent and Audit Committee of the Board of Trustees for approval and review by July 1 of each year or as soon thereafter as practicable. The schedule will list all departments, programs, and activities subject to review within the next fiscal year.

Standards of Audit Practice

Internal Audit will meet the standards for the Code of Ethics and the Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. Internal Audit will also abide by generally accepted government auditing standards and applicable District policies and procedures.

Reporting and Monitoring

A written report may be prepared and issued by the Internal Audit Director 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 of the Board of Trustees, the Superintendent, and other pertinent staff where deemed appropriate.

The Internal Audit Department will be primarily responsible for all fraud investigations and appropriate follow-up on prior audit findings and recommendations in accordance with best practices for identifying and deterring fraud as identified by the Yellow Book's Generally Accepted Government Auditing Standards, the Association for Certified Fraud Examiners, and the Institute for Internal Controls.