
AURORA PUBLIC SCHOOLS
Adopted May 1993
Revised October 2007

APS Code: DIEA*

INTERNAL AUDITS

The internal auditor will complete periodic internal audits at all schools and major departments. The purpose of these audits is to determine compliance with District policies and regulations, and to assist locations in managing financial operations in the most effective manner. Special audits will occur if problems are perceived or if requests are made by the Superintendent or a chief officer.

The internal auditor reports to the Board of Education and the Superintendent of Schools.

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As directed by the Superintendent, all locations within the district are to be audited for compliance with district policies and regulations. The audit is to provide information to the appropriate administrators to maintain proper control over the financial transactions, provide optimal use of the district resources, and to streamline the flow of information to and from the location. The audits will consist of tests and analyses of:

1. Cash receipts and petty cash reimbursements;
2. Imprest checks, check requests and purchase orders;
3. Payroll;
4. Fixed assets (equipment inventory);
5. Nutrition Services;
6. Student count for CDE reporting; and
7. Bookkeeping and record keeping.

An audit will test a sample drawn from 12 months of financial transactions. Locations that process specialized transactions will be audited for controls within these specialized areas. The audit tests and the extent of the tests will be determined by the internal auditor.

School and Major Department Audits

The audit process consists of three steps:

1. **Audit Report**

The first step is initiating, completing and reporting the audit work. School and major department audits will occur as scheduled by the Superintendent. Location supervisors will be notified of an upcoming audit. During the audit work, non-compliance with district policies and regulations and findings related to procedural efficiencies will be discussed with the location's staff. When the audit work is completed, an audit report will be presented to the location supervisor, the Superintendent and appropriate supervisory administrators. This report will present a brief summary of the location's procedures, findings and recommendations pertinent to each of the areas audited. Immediately after the release of the final audit report, an exit interview will be scheduled to discuss the findings with the location supervisor. When significant or critical control findings are noted during the audit work, a draft of the audit report will be made available to the supervisor prior to the release and distribution of the report. The location supervisor may then provide additional information

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or identify other circumstances that may impact the accounting control. This may require further auditing prior to preparation of the report. When supplemental audit tests are completed, the audit report will be distributed to the location supervisor and the appropriate supervisory administrators.

2. Audit Response

The second step is the location supervisor's response to the audit report. During the exit interview, the internal auditor will summarize the findings and address any questions presented by the location supervisor. An audit response letter will then be prepared by the location supervisor indicating her/his concurrence or disagreement with all or selected audit findings. The report will also include the steps to be implemented that address the findings. Any objections or disagreements regarding the audit report are to be included in the response. The response is to be forwarded to the internal auditor in a timely manner, not to exceed 30 days from the date of the audit report. Failure to provide the audit response letter will result in a second request for the letter. If the response is not received within an additional 30 days, notification of failure to provide the response will be forwarded to the appropriate supervisory administrators.

3. Subsequent Limited Audit

The third step is a subsequent limited audit to determine if the location supervisor has addressed the findings cited in the audit report. Within six months of the audit response letter, the internal auditor will complete a limited audit of the location's accounting procedures. When the audit work is finished, the internal auditor will submit a report to the location supervisor and the appropriate supervisory administrators. The follow-up report will provide a summary of the audit findings that have or have not been addressed.

Special Audits

Special audits will be completed if problems are perceived or if requested by the Superintendent or chief officer. All special audit requests will be approved by the Superintendent. These audits will be completed in conjunction with the three-step approach: audit report, audit response and subsequent limited audit. Distribution of these audit reports will be to the appropriate supervisory administrators.

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Special audits that involve allegations or matters of confidentiality will be conducted on consultation with district legal counsel. Distribution and availability of these confidential reports will be at the discretion of legal counsel and the Superintendent.

Yearly Report

The internal auditor will complete a yearly report that summarizes the findings cited in all audits. The report will be used to identify procedure errors or non-compliance issues that occur district wide, and provide an overall measure of the district's progress in maintaining and improving its accounting controls.