

Book	Board Policy Manual
Section	1. Governance & School Board Operations
Title	Standing Committees - Audit Committee - Internal Audit Activity Charter
Code	BBF-R(6)
Status	Active
Adopted	October 5, 2020

The responsibility of the Audit Committee is to assist the Superintendent and the Board in ensuring that management promotes accountability, integrity and efficiency throughout the organization. The Audit Committee is to independently determine whether financial and other reports are being provided that disclose fairly, accurately, and fully all information that is: (a) required by law, and regulation; (b) necessary to ascertain the nature and scope of programs and activities; and (c) necessary to establish a proper basis for evaluating the results of programs and activities including the collection of, accounting for, and depositing of revenues and other resources.

The Internal Audit Charter for the Office of Internal Compliance at Atlanta Independent School System (“APS”) clarifies the purpose, authority, and responsibility of the Office of Internal Compliance (“the Office”), as established by the Charter of the Atlanta Independent School System. The Internal Audit Charter establishes the Office’s position within the organization; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of work of the Office.

The Office is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of Atlanta Public Schools (“APS”). It assists APS in accomplishing its objectives by providing guidance and recommendations for consideration by APS to improve the effectiveness of the District’s governance, risk management, and internal control.

ROLE

The Office is established by the Atlanta Board of Education (hereafter referred to as the Board) as mandated by Georgia state law (Senate Bill 204, 2003; as amended by House Bill 241, 2013 and House Bill 1075, 2020). The Office’s responsibilities are defined by the Board as part of their oversight role.

PROFESSIONALISM

The Office will govern itself by adherence to The Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, 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 the Office’s performance.

The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, the Office will adhere to Atlanta Public Schools’ relevant policies and procedures and the Office’s standard operating procedures manual.

AUTHORITY

In tandem with state statute and strict accountability for confidentiality, the Office is authorized full, free, and unrestricted access to any and all of APS' records, physical properties, and personnel pertinent to carrying out any engagement. All officers and employees are required to assist the Office in fulfilling its roles and responsibilities. The Office will also have free and unrestricted access to the Board.

ORGANIZATION

The Executive Director of Internal Compliance ("EDIC") will report functionally to the Board and administratively (i.e. day to day operations) to the Superintendent.

The Audit Committee will

- Approve the Internal Audit Charter;
- Approve the risk based internal audit plan;
- Approve the internal audit budget and resource plan;
- Receive communications from the EDIC on the Office's performance relative to its plan and other matters;
- Approve decisions regarding the appointment and removal of the EDIC;
- Approve the remuneration of the EDIC; and
- Make appropriate inquiries of management and the EDIC to determine whether there is inappropriate scope or resource limitations.

The Executive Director of Internal Compliance will communicate and interact directly with the Audit Committee, including in executive sessions and between Audit Committee meetings as appropriate.

INDEPENDENCE AND OBJECTIVITY

The Office will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

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 internal auditor's judgment.

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.

The EDIC will confirm to the Board, at least annually, the organizational independence of the Office.

RESPONSIBILITY

In accordance with state statutes, the Office will be charged with, but not limited to, the following duties and responsibilities:

1. To conduct performance and financial audits of the school system and its departments, offices, and activities in order to determine independently whether:
 - A. Activities and programs being implemented have been authorized by the Board, state law, or applicable federal law or regulations and the activities and programs are being conducted and funds expended in compliance with applicable laws;
 - B. The department, office, or agency is acquiring, managing, protecting, and using its resources, including public funds, personnel, property, equipment, and space, economically, efficiently, and effectively and in a manner consistent with the objectives intended by the authorizing entity or enabling legislation;
 - C. The organization, programs, activities, functions, or policies are effective, including the identification of any causes of inefficiencies or uneconomical practices, such as inadequacies in management information systems, internal and administrative procedures, organization structure, use of resources, allocation of personnel, purchasing policies, and equipment;
 - D. The desired results or benefits are being achieved;
 - E. Financial and other reports are being provided that disclose fairly, accurately, and fully all information that is required by law, that is necessary to ascertain the nature and scope of programs and activities, and that is necessary to establish a proper basis for evaluating the results of programs and activities including the collection of, accounting for, and depositing of revenues and other resources;
 - F. Management has established adequate operating and administrative procedures and practices, systems, or accounting internal control systems and internal management controls; and,
 - G. Indications of fraud or abuse or illegal acts are present. If fraud or abuse by a Board member is present, the matter shall be put before the Ethics Commission;
2. To submit an annual report to the Board indicating audits completed, major findings, corrective actions taken by administrative managers, and significant findings which have not been fully addressed by management; and

3. To perform such other duties and responsibilities as provided for by the Charter of the AISS or directed by the Board.

INTERNAL AUDIT PLAN

At least annually, the EDIC will submit to the Audit Committee an internal audit plan for review and approval. The internal audit plan will consist of budgeting and resource requirements for the next fiscal/calendar year. The EDIC will communicate the impact of resource limitations and significant interim changes to the Audit Committee.

The internal audit plan will be developed based on a prioritization of the audit universe using a risk-based methodology, including input of senior leadership and the Audit Committee. The EDIC will review and adjust the plan, as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls. Any significant deviation from the approved internal audit plan will be communicated to senior leadership and the Audit Committee through periodic activity reports. The vast majority of audits are planned; however, that does not preclude internal audit from conducting unplanned audits as situations arise.

REPORTING AND MONITORING:

A written report will be prepared and issued by the EDIC 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.

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.

The Office will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared.

The EDIC will periodically report to senior leadership and the Audit Committee on the Office'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 leadership and the Audit Committee. Undue influence and/or potential conflict of interest concerns involving an Audit Committee member will be escalated to the Chair of the Board of Education.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

The EDIC will develop and maintain a quality assurance and improvement program that covers all aspects of the Office. The program will include an evaluation of the Office's conformance with the Definition of Internal Auditing and the *Standards* and an evaluation of whether internal auditors apply the

Code of Ethics. The program also assesses the efficiency and effectiveness of the Office and identifies opportunities for improvement.

The EDIC will communicate to senior leadership and the Audit Committee on the Office's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years.

First Adopted: 10/5/2020

See also:

Board Policy AA	School District Legal Status (the statutory charter of the Atlanta Public Schools)
	Board Policy
BBF	Standing Committees
Board Regulation BBF-R(1)	Standing Committees – Audit Committee