

## **Revenue and Budgeting: District Audit Committee**

### **Appointment—**

The Board of Education shall establish a district audit committee as a standing committee of the board and shall appoint the members of the committee and replace such members from time to time. The committee shall consist of [three] [two] members of the Board of Education and [three] [two] members having appropriate character and qualifications but who are not administrators or other employees of the district. The District website shall post the names of the Board members serving on the audit committee[, the name and contact information of the internal audit director, and a copy of the District's annual audit plan.] *[Districts with seven member boards of education must have three board members on the audit committee and are suggested to have three other members; districts with five member boards of education must have two board members on the audit committee and are suggested to have two other members. Districts who are required to have an internal audit program are required to post the name and contact information of the internal director and a copy of the annual audit plan on the District's website. This note and the nonapplicable bracketed references and language should be deleted when this policy is prepared for adoption by the board.]*

[Utah Code § 53G-7-401\(1\) \(2018\)](#)

*Utah Admin. Rules R277-113-4(3) (November 8, 2021)*

### **Training—**

The president of the Board of Education shall ensure that members of the Board and of the audit committee are provided with training on the requirements of Utah Code Title 53G, Chapter 7, Part 4, Internal Audits and of Utah Admin. Rules R277-113-4 as part of the member on-boarding process. This training shall comply with Utah Code Title 63G, Chapter 22, State Training and Certification Requirements and shall use the online training and informational materials provided by the State Superintendent in accordance with Utah Admin. Rules R277-113-3(3).

*Utah Admin. Rules R277-113-4(1), (2) (November 8, 2021)*

### **Responsibilities—**

The audit committee shall have the following responsibilities:

1. ensure the District obtains all audits, agreed-upon procedures, engagements, and financial reports required by Utah Code § 51-2a-201 and Utah Code § 53G-5-404(4);
2. ensure that corrective action on findings, concerns, issues and exceptions reported by independent external auditors, internal auditors, or other regulatory bodies are resolved in a timely manner by District administration;

3. present, as appropriate, information and reports from the audit committee's meetings to the Board of Education;
4. receive, as appropriate, reports of reviews, monitoring, or investigations conducted by District administration and ensure appropriate corrective action is taken in a timely manner;
5. with regard to engagements completed by an independent external auditor, the District audit committee shall (a) manage the audit procurement and quality process in compliance with the state procurement code (Utah Code Title 63G, Chapter 6a) and Utah Administrative Rules R123-5, (b) ensure that the independent external auditor has access to directly communicate with the audit committee, (c) review disagreements between independent external auditors and District administration, (d) consider District responses to audits or agreed-upon procedures, and (e) determine the scope and objectives of other non-audit services, as necessary;

*[The remaining items in this list only need to be included for school districts with 10,000 or more students]*

6. establish an internal audit program that provides internal audit services for the programs administered by the District;
7. advise the Board of education in the appointment of an audit director or in contracting for internal audit services in accordance with Utah Code § 53G-7-402(3);
8. conduct or advise the Board of Education board in an annual evaluation of the internal audit director or contractors providing internal audit services;
9. prioritize the internal audit plan based on risk, receive regular updates on the internal audit plan and internal audit project progress, receive final internal audit reports from internal auditors or contractors providing internal audit services, and provide an independent forum for internal auditors, internal audit contractors, and other regulatory bodies to report findings of fraud, waste, abuse, non-compliance, or control weaknesses, particularly if District administration is involved;
10. ensure that copies of all reports of audit findings issued by the internal auditors are available upon request to the audit director of the State Board of Education, the Office of the State Auditor, or the Office of Legislative Auditor General;
11. ensure that significant audit matters that cannot be appropriately addressed by the internal auditors are referred to the audit director of the State Board of Education, the Office of the State Auditor, or the Office of Legislative Auditor General; and
12. advise the Board of Education regarding appointment of an audit director (if the Board determines to appoint an audit director) or regarding a contract for

internal audit services (if the Board contracts directly for internal audit services rather than appointing an audit director).

[Utah Code § 53G-7-401\(2\), \(5\) \(2018\)](#)

[Utah Code § 53G-7-402\(3\), \(4\), \(5\) \(2019\)](#)

*Utah Admin. Rules R277-113-4(4), (5), (6) (November 8, 2021)*

### **Internal Audit Program—**

*[This section should be included only by districts with 10,000 or more students]* The audit committee shall establish an internal audit program. An “internal audit program” is an audit function conducted by the Board of Education which is independent of other district offices, objectively evaluates the effectiveness of district operations (including governance, risk management, internal controls, and efficiency of operations), and is conducted in accordance with either the current International Standards for the Professional Practice of Internal Auditing or the Government Auditing Standards issued by the Comptroller of the United States. An “audit director” is an individual who directs the internal audit program. With the advisement of the audit committee, the Board of Education may appoint an audit director. The audit director may not have responsibilities for management or operation of the District. If the audit director contracts with a consultant, the contractual agreement with the consultant must comply with the District procurement policy. Rather than appointing an audit director, the Board of Education may also, with the advisement of the audit committee, contract directly for internal audit services.

[Utah Code § 53G-7-401\(2\), \(5\) \(2018\)](#)

[Utah Code § 53G-7-402\(3\) \(2019\)](#)

*Utah Admin. Rules R277-113-4(3), (6) (November 8, 2021)*