

The Audit Process

In most cases, the audit process will follow a predetermined format, which will include the following items:

- **Engagement Memo** - Before entering an audit area, internal auditors will contact the department head to discuss the intent to audit and the timing of the work to be done. Due to the nature of the audit, there may be little or no advance notice given. Directly following this contact, a formal engagement memo will be sent to the auditee.
- **Opening Conference** - Depending on the type of audit and the amount of audit work planned, an opening conference may be scheduled with the auditee to discuss the purpose of the audit. Alternatively, this may also be accomplished via telephone or e-mail if the auditee agrees. An opening conference serves to acquaint the department head with the general objectives of the audit review. At this time, management has an opportunity to express any concerns or questions.
- **Prioritization** - A prioritization is made to focus audit efforts on the most important or high-risk aspects of the area or scope of the engagement. At this time, management concerns are considered and, if appropriate, incorporated into the audit work program. Since internal audit may not have the resources to review all aspects of an area, the review may be limited to specific high risk and control areas.
- **Program Preparation**-The audit program will formalize the planning part of the audit. Audit programs must be flexible enough to allow for expansion of testing and changes in operations but should be rigid enough to ensure appropriate coverage. The audit program is an internal document and will act as the control mechanism and in some instances, as the reference document for all internal audit work and reporting.

Fieldwork

Fieldwork is the process of completing the steps of the audit program. It will often be necessary for the auditor to review departmental records and conduct interviews with department personnel. The interviews are necessary for the auditor to become familiar with the department's operations and procedures.

The duration of the audit will vary depending on the scope. Limited scope audits may take only a few days, while broad-scope audits may take several months. Direct access to personnel and

records is important for the prompt completion of audit work. The results of the audit may be communicated to the auditee throughout the audit by informal verbal communication and after the audit by a more formal memo. Any proposed recommendations are suggestions intended to benefit TCISD.

An exit conference is held with the auditee to discuss the audit findings. The exit conference is to establish whether the auditee understands and agrees with the conclusions drawn from the audit tests, observations, and inquiries. It also provides an opportunity to resolve any questions or concerns the auditee may have.

A draft of the audit report will be submitted to the auditee so that they are provided the opportunity to formally respond. They may either agree or disagree with the conclusions drawn and may present their own resolutions and estimated implementation dates for each issue noted. Responses are usually due to Internal Audit two weeks after the issuance of the preliminary report.

Final Audit Report

Once responses are received, the final report is then compiled and distributed to the Superintendent and the Audit Committee of the Board of Trustees as well as management of the audited area.

The final audit report will include findings, recommendations, and management's responses. The Internal Audit Department may follow-up on previously reported findings to determine whether corrective action was taken as planned by the auditee.

A follow-up report is then prepared which describes the status of each finding and is issued to appropriate district personnel. It is the responsibility of the department being audited to implement the corrective action necessary to resolve audit findings.

When corrective action cannot be implemented by management within 60 days of the final report, the auditee should provide a timetable as to when they expect to resolve the issues. Quarterly status reports should be sent to the Internal Auditor until corrective action is completed. These reports can be sent by e-mail.

To ensure that Internal Audit provides high quality service to the district, the department will strive for continuous improvement by requesting and acting on feedback from auditees.

At the conclusion of each audit, a client survey will be sent to the department, program or school being audited.