

IDEA PUBLIC SCHOOLS
BOARD POLICY MANUAL
POLICY GROUP 5 – FISCAL MANAGEMENT

**POLICY IA
INTERNAL AUDITS**

Sec. 1. Purpose of Policy.

The Board of Directors (hereafter, the “Board”) of IDEA Public Schools (“IDEA”) shall endeavor to provide appropriate fiscal oversight of IDEA through an internal audits function. Through this policy, the Board shall address the legal requirements, as applicable, promulgated at:

- (a) Texas Business Organizations Code (“Tex. Bus. Org. Code”) Sections 3.101, 22.201, 22.221 and 22.235;
- (b) Texas Education Code (“Tex. Ed. Code”) Sections 12.115(a)(2)¹ and 12.121; and
- (c) Texas Administrative Code, Title 19 (“19 TAC”), Sections 100.1033 and 100.1101.

Additionally, through this policy, the Board shall address best practices adopted by public schools.

Sec. 2. Authority Over Fiscal Matters.

Sec. 2.1. In accordance with state law, the Board has primary and ultimate authority over fiscal matters. If a matter or decision-making process is not addressed in this or other duly adopted policies of the Board, authority rests with the Board. In the event of a conflict between this policy and any other Board policy, such conflict shall be brought to the Board for resolution. Refer to the Board’s Authority Over Fiscal Matters Policy (the “Controlling Policy”) for requirements applicable to this policy.

Sec. 2.2. Internal Audits, as established in this policy, shall report to the Board any business arrangement or transaction with an individual that is an officer, as defined in Sec. 5 of the Controlling Policy, and any conflicted,² interested³ or related⁴ party, as defined in other Board policy or applicable law. IDEA (and its officers) may not enter into a business arrangement or conduct a transaction in such a manner so as to circumvent this requirement.

Sec. 3. Office of Internal Audits.

The Board authorizes the Audit Committee to establish the office of internal audits (“Internal Audits”) for the purpose of providing independent and objective assurance and consulting services so as to improve the management of risks and the effectiveness of the control environment and governance.

¹ See AU-C Section 550, Related Parties, promulgated by the American Institute of Certified Public Accountants.

² Tex. Ed. Code § 12.1054; 19 TAC §§ 100.1131 through 100.1135

³ 19 TAC § 100.1047(f)

⁴ Tex. Ed. Code § 12.1166

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Sec. 4. Audit Committee Oversight.

The Board's Audit Committee shall oversee and direct the activities of Internal Audits. However, the Board shall have final authority over Internal Audits.

Sec. 5. Charter.

The Audit Committee may adopt a charter for Internal Audits.

Sec. 6. Internal Audit Standards.

The Audit Committee shall require that Internal Audits conducts its work pursuant to the *International Standards for the Professional Practice of Internal Auditing* and other applicable professional auditing standards.

Sec. 7. Access to Personnel, Property, and Records.

IDEA officers and staff shall provide to Internal Audits any and all personnel, property, and records deemed necessary by Internal Audits in the conduct of its work. If an IDEA officer or other employee fails to provide Internal Audits said access, Internal Audits shall report the officer's or other employee's failure to provide access to the Audit Committee. The Audit Committee shall recommend an appropriate disciplinary action to the Board, up to and including termination of employment.

Sec. 8. Recommendations to Audit Committee.

The Delegates or other officers may recommend or submit a request to the Audit Committee that Internal Audits address an area(s) of concern or an opportunity for the improvement of an activity, function, program, service, or organizational unit.

Sec. 9. Prohibited Conduct.

IDEA officers and employees, without exception, are prohibited from demanding or otherwise directing the work undertaken by Internal Audits, including the content of any report or other deliverable prepared by Internal Audits.

Sec. 10. Annual Risk Assessment.

Internal Audits shall conduct an annual risk assessment and present the results to the Audit Committee. The Audit Committee shall prioritize the identified risks that Internal Audits shall then address in the annual audit plan.

Sec. 11. Annual Audit Plan.

Internal Audits shall prepare an annual audit plan that addresses the prioritized risks provided by the Audit Committee, identifies the assurance and consulting work that it will perform, provides a

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timeline for the conduct of its work, allocates staff, financial, and other resources to the planned work, and discloses the deliverables that it will submit to the Audit Committee and Board.

Sec. 12. Budget.

Internal Audits shall prepare and submit an annual budget to the Audit Committee separately from that prepared by the Delegates under the Board’s Policy governing the Authorization for the Obligation and Expenditure of Funds. Upon review and approval of Internal Audits, the Audit Committee shall submit the proposed budget to the Board for its consideration, revision, and approval. In like manner, Internal Audits shall submit amendments to the initial budget to the Audit Committee and then to the Board for review, revision, and approval.

Sec. 13. Liaison to Independent Auditor.

Internal Audits shall function as the Audit Committee’s and Board’s liaison with the certified public accountant engaged to conduct the annual financial and compliance audit. As liaison, Internal Audits shall coordinate and facilitate the efficient and effective conduct of the annual audit.

Sec. 14. Administrative Support.

The Delegates or designee shall provide administrative support to Internal Audits including, but not limited to:

- (a) an adequate, equipped, furnished, and secure office comparable to all of IDEA’s other offices;
- (b) accounting, fleet, information technology, payroll, purchasing, travel, and other essential administrative services comparable to those provided to all of IDEA’s other offices; and
- (c) talent administration, including the recruitment, onboarding, discipline, promotion, termination, and other personnel related actions.

Sec. 15. Training and Updates.⁵

The Delegates, or designee shall properly train IDEA officers and employees on the requirements of this policy and any administrative procedure(s) adopted to implement this policy. Additionally, the Delegates or designee shall keep IDEA officers and employees informed of any changes to this policy and related requirements.

⁵ 2 CFR § 200.303(a), U.S. Government Accountability Office *Standards for Internal Control in the Federal Government*, 4.02 and 4.05.

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Sec. 16. Administrative Procedures.⁶

The Delegates shall formally adopt administrative procedures as reasonably necessary to properly administer this policy and to adhere to applicable law and rule. In doing so, the Delegates shall not adopt, and are prohibited from adopting, an administrative procedure that conflicts with applicable law or this policy. Accordingly, the Delegates shall confer with the Board and legal counsel before deviating from the requirements set forth in this policy. In the event that a deviation from this policy becomes necessary, the Delegates shall either recommend an amendment to this policy or the Board’s approval of a specific deviation, including the purpose, scope and duration of the requested deviation.

Sec. 17. Date Adopted and Effective.

As set forth in the pertinent minutes to the meeting of the Board, the Board adopted this policy on May 1, 2020, and it became effective on May 1, 2020.

Sec. 18. Retention.⁷

This policy shall be retained until superseded, expired, or discontinued and for five (5) years thereafter in accordance with state law.

CERTIFICATION

The undersigned, being the Secretary of the Corporation, hereby certifies that the foregoing represents a true copy of a Board Policy adopted by the Directors of the Corporation on May 1, 2020, which Policy is in full force and effect and has not been revoked or amended.

DocuSigned by:



Ryan Vaughan, Secretary

5/7/2020

Date

⁶ Tex. Ed. Code §12.115(a)(2); FASRG Module 2; 2 CFR §200.303. Consistent with 19 TAC § 100.1033(b)(14)(C)(iv), the Board has the final authority to adopt policies governing charter school operations, including authorizing the Delegates or designee to adopt an administrative procedure to implement this policy. Moreover, as set forth in IDEA’s Articles of Incorporation and Bylaws and in accordance with Tex. Bus. Org. Code §§ 3.101 and 22.201, the Board is IDEA’s governing authority and, as such, manages and directs IDEA’s business and affairs through Board actions, resolutions and policy.

⁷ Tex. Ed. Code §12.1052; 19 TAC §100.1203; See Record Number GR1000-38 and GR1025-25 in Local Schedule GR: Records Common to All Local Governments, Revised 5th Edition (Effective April 17, 2016) adopted by the Texas State Library and Archives Commission at Texas Administrative Code, Title 13, §7.125(a)(1).