

WHAT DOES INTERNAL AUDIT (IA) DO?

Mission and Vision: AEIOU and Y (Why)

The Internal Audit Department’s mission is:
Analyzing Education Independently and **Objectively** for **Utah**.

WhY (Internal Audit’s Vision): To ensure the achievement of the Board’s strategic mission.

IA REPORTING STRUCTURE

As required by the Utah Internal Audit Act, IA is independent of daily operations and reports directly to the Board, through the Audit Committee.

The Audit Committee generally meets on a monthly basis. Items discussed during Audit Committee may include on-going internal and external audits, consultations, and investigations as well as updates on hotlines, risk management, governance, and internal controls. Members of the USBE Audit Committee are listed here (<https://schools.utah.gov/board/utah/committees>).

AUDITS & CONSULTATIONS IN-PROCESS

2020											
JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
School Fees Consultation Project											
Internal Control Audit							PROSTART Audit				
				Use of State Special Education Funds							

Internal Control Audit

Audit Manager: Kevin John, (801) 538-7703

School Fees Consultation Project

Audit Manager/Project Lead: Tamy Dayley, (801) 538-7718

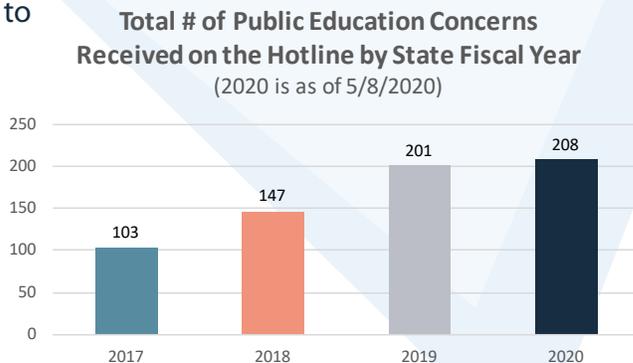
Use of State Special Education Funds

Audit Manager: Kevin John, (801) 538-7703

HOTLINE INFORMATION

Public Education Hotline - Have a concern? Fill out our [Report a Concern Form](#) or call our office at (801)538-7813.

We’re here to help you.



HOT TOPICS FOR LEAs

Assurance Services

There is a famous book about an intrepid elephant who keeps his word “100%”. This elephant agrees to climb a tree and sit on an egg.

Before our elephant hero climbs the tree, he evaluates the problem; then, after analyzing the risk it poses to keeping his word, the elephant adds **the assurance** of a stabilizing branch to prop up the tree and ensure achievement of his objective.

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Year-end is coming, which means the time for audits is coming. What assurance does an audit report provide?

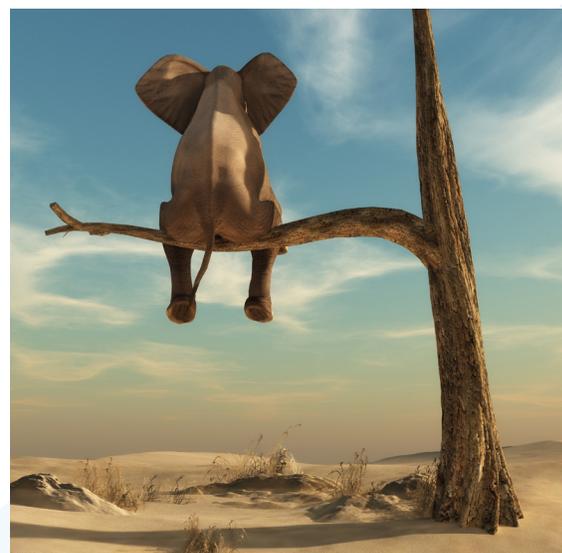
Assurance services, such as audits and monitoring, are designed to help identify risks that could impact achievement of your objectives.

Required Annual Audits

Each year LEAs are required by law to have the following audits:

- ▶ Financial Statement (F/S) Audit
- ▶ Single (Federal Compliance) Audit (if >\$750K in fed expenses)
- ▶ State Compliance Audit

These audit reports must be submitted to the Office of the State Auditor as part of the Annual Audit Reporting Package (i.e., Reporting Package). See our info doc for further explanation (<https://www.schools.utah.gov/file/ee61695c-1633-4549-9fea-991610a797b7>).



How long can the elephant last without the assurance of a stabilizing branch?

Audit opinions and reports include very specific language about the assurances they provide, so it is important to read them closely. For example, the independent auditor's report on the F/S provides an opinion - as assurance - that generally reads:

*"In our opinion, the basic F/S referred to above **present fairly, in all material respects, the respective financial position** of the [entity, activities, funds] as of June 30, 20xx..."*

The independent auditor will also provide a report on internal control over financial reporting and on compliance. This report indicates that the auditor is NOT providing an opinion on the effectiveness of the LEA's internal controls and is NOT providing an opinion on the LEA's compliance with law, though both are considered to a limited extent in order to provide the opinion on the financial statements above.

The American Institute of Certified Public Accountants provided the following clarity regarding a financial statement audit: "The auditor's report is not a "clean bill of health." Although an unmodified (or clean) opinion from the auditor states that the financial statements - including the entity's...disclosures, - are fairly presented, it is not an opinion about the entity's policy decisions, effective use of assets, or programmatic outcomes and outputs."

(<https://www.aicpa.org/InterestAreas/NotForProfit/Resources/GovernanceManagement/DownloadableDocuments/not-for-profit-do-i-need-an-audit.pdf>)

How can your LEA provide assurance that it is healthy?

For stakeholders to have confidence in the "health" of your LEA (i.e., your ability to meet your objectives), assurances through various methods are necessary. Examples of these methods are included in the figure below.

The combination of these assurance services will provide a comprehensive picture of your LEAs performance and compliance; a picture that provides assurance that you are achieving your objectives.

Want more information about the various types of audits and monitoring? Check out the Assurance Services document here (<https://schools.utah.gov/file/e92f0f1c-0c5b-4a9f-b1fc-73728d0fc087>).

