

C.1.2 (Policy) Audit Services

Responsible Department: Vice Chancellor for Finance and Administration

Board Adoption: 8-18-09

Last Board Action: 1-17-17

External Audits

The Board shall select an auditing firm for a designated period through a Request for Proposal (RFP) or an engagement letter that outlines the Board's expectations for the annual audit and ensures that the audit firm follows the guidelines and standards of the American Institute of Certified Public Accountants (AICPA), the Governmental Accounting Standards Board (GASB), and the Government Accountability Office (GAO).

The purpose of the annual audit is to:

1. Assess whether Alamo Colleges' financial statement present fairly, in all material respects, the financial position of the District.
2. Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Alamo Colleges.
3. Determine Alamo Colleges' compliance with requirements described by the U.S. Office of Management and Budget (OMB).

A comprehensive annual financial report (CAFR), including opinion letters from the engaged external auditor, shall be submitted annually to the Board. A copy of the independent audit shall become a part of the Board's official minutes and shall be available to the public for inspection during regular office hours.

Periodically, the Chancellor shall submit reports to the Board evaluating the work of the College District's external auditor.

The CAFR for the fiscal year ending August 31 shall be filed with the Coordinating Board on or prior to January 1, following the close of the fiscal year for which the audit was made. Three copies of the annual report shall be submitted to the Coordinating Board. Additional copies shall be submitted to other governmental agencies, as required.

Internal Audits

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve District operations. The Internal Audit Department will help the District accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes.

The Internal Audit activity is established by the Board of Trustees and its responsibilities are defined by the Board as part of their oversight role. The overall role and responsibilities of the Internal Audit function shall be outlined in the Internal Audit Charter, which must be reviewed with and approved by the Board of Trustees annually.

Internal Audit shall conduct its duties in accordance with the Institute of Internal Audit's Definition of Internal Auditing, the Code of Ethics, and the International Standards for

C.1.2 (Policy) Audit Services

Responsible Department: Vice Chancellor for Finance and Administration

Board Adoption: 8-18-09

Last Board Action: 1-17-17

the Professional Practice of Internal Auditing, as well as Generally Accepted Government Auditing Standards.

Internal auditors shall have full, free and unrestricted access to Alamo Colleges' records (manual and electronic), physical properties, and personnel relevant to Internal Audit planned projects, investigations, process reviews, or activities requested by the Board or management. When possible, Internal Audit shall be granted necessary access to systems and/or folders to obtain documentation directly. If direct access is not possible, Internal Audit shall coordinate with management to request and receive information and documentation directly from the employee(s) responsible. Internal Audit shall keep management apprised of documents and information requested and/or collected. Management shall not alter, filter, omit or limit information provided to Internal Audit. Documents and information given to internal auditors during a review shall be handled in the same prudent manner as by those employees normally accountable for them.

Internal auditors shall have no direct responsibility or any authority over any activities or operations they review. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair the internal auditor's judgment.

Audit findings and recommendations related to efficiency and effectiveness of processes, adequacy of internal controls, and compliance with legal, regulatory and policy requirements shall be included in a written report to be provided to applicable members of management and the Board. An annual report on Internal Audit activities shall be approved by the Board and published on the Alamo Colleges website in accordance with the Texas Internal Auditing Act.

Internal Audit will follow up on findings and recommendation and report status to the Board on a periodic basis. In addition, Internal Audit will maintain a quality assurance and improvement program.

The District Director of Internal Audit is authorized to notify the appropriate regulatory, law enforcement, and legal authorities of any potential criminal audit findings. The Chancellor and the Board shall be notified prior to such action. Any instances when it is suspected or confirmed money was lost, misappropriated, or misused or that other fraudulent or unlawful conduct has occurred should be reported to Internal Audit and Legal for consideration for reporting to the State Auditor's Office in accordance with Tex. Gov. Code § 321.022.

All internal audits shall be conducted in accordance with the procedures for internal audit services in C.1.2.1 (Procedure) Internal Audit Protocol.

C.1.2.1 (Procedure) Internal Audit Protocol

Legal Reference - TACC Policy Reference Manual

CDC(LEGAL) - Accounting: Audits