



INTERNAL AUDITING IN THE GREAT CITY SCHOOLS



SEPTEMBER
2025

CONTENTS

1	Introduction	10	Fraud
2	The Internal Audit Function	11	What Internal Auditors Do Not Do
3	Internal Audit Reporting Structure	12	Non-Audit Services
4	Audit Committee Roles, Responsibilities, and Membership	13	Follow-up Activities
6	Risk Assessment and Audit Plan	15	Quality Assurance
8	Auditing Standards	16	Appendices
10	Data Analytics and Continuous Monitoring		

About the Council of the Great City Schools

The Council of the Great City Schools is the only national organization exclusively representing the needs of urban public schools. Composed of 81 large city school districts, its mission is to promote the cause of urban schools and to advocate for inner-city students through legislation, research, and media relations. The organization also provides a network for school districts sharing common problems to exchange information and collectively address new challenges as they emerge in order to deliver the best possible education for urban youth.

CHAIR OF THE BOARD

Sonja Brookins Santelises, CEO
Baltimore City Public Schools

CHAIR-ELECT

Valerie Davis, Board Member
Fresno Unified School District

SECRETARY/TREASURER

Jill Baker, Superintendent
Long Beach Unified School District

IMMEDIATE PAST CHAIR

Marcia Andrews, Board Member
The School District of Palm Beach County

EXECUTIVE DIRECTOR

Ray Hart
Council of the Great City Schools

INTRODUCTION

Internal auditing is critical in enhancing an organization's ability to serve the public interest. Internal audit adds value by assessing and improving the effectiveness of risk management, control, and governance processes.

An internal audit function provides school boards and senior management with an independent and objective source of information to help them identify key financial, operational, compliance, and technology risks that may hinder the achievement of organizational goals and student outcomes.

This white paper is intended to describe leading practices in internal auditing and demonstrate the value an internal audit function brings to a school district.

The Council of the Great City Schools and the school internal audit experts who assembled this document suggest that strategically deploying internal audit resources helps districts effectively address high-risk areas affecting urban school districts. This white paper provides important information about the Internal Audit Function, and it describes leading practices for school district internal audit functions and the value of each in the following sections:

- Internal Audit Reporting Structure
- Audit Committee Roles, Responsibilities, and Membership
- Risk Assessment and Audit Plan
- Auditing Standards
- Data Analytics and Continuous Monitoring
- Fraud
- What Internal Auditors Do Not Do
- Non-audit Services
- Follow-up Activities
- Quality Assurance

The U.S. Government Accountability Office (GAO) and The Institute of Internal Auditors (IIA) offer additional resources on internal auditing.



THE INTERNAL AUDIT FUNCTION

According to The IIA, internal audit is “an independent, objective assurance and advisory service designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.”

The role and objectives of internal audit functions vary across the nation’s large urban school districts. This variation predominantly occurs because districts have different needs. Some school district internal audit functions primarily focus on traditional accounting and compliance audits. However, a forward-looking internal audit function aligned with updated auditing standards emphasizes adding value and improving operations. While internal audit functions are sometimes confused with external audit functions, the scope of internal auditing is broader. External auditors typically focus on financial statements, whereas internal auditors assess governance structures, risk management procedures, operations, and internal controls. Internal auditors issue recommendations aimed at continuous improvement opportunities, operational effectiveness and efficiency, and improved educational outcomes.

The focus is on building relationships and working collaboratively with district leadership, departments, and staff to identify opportunities for improvement. Internal auditors may also act as on-staff consultants, advising on a range of issues at management’s request, provided that their independence and objectivity are not compromised. In addition to identifying noncompliance and errors, the internal audit function helps the district navigate challenges, mitigate risks, and optimize its operations to better serve students and the community.

The IIA Global Internal Audit Standards state that appropriate governance arrangements are essential to make the internal audit function effective. They provide guidance that outlines the requirements for the chief audit executives to work closely with the board to establish the internal audit function, position it independently, and oversee its performance. While the chief audit executive is responsible for these requirements, the board and senior management activities are essential to the internal audit function’s ability to fulfill the purpose of internal auditing. These activities are identified as “essential conditions” and establish a necessary foundation for an effective dialogue between the board, senior management, and the chief audit executive, ultimately enabling an effective internal audit function. The essential conditions for board and senior management support include “ensuring the internal audit function’s unrestricted access to the data, records, information, personnel, and physical properties necessary to fulfill the internal audit mandate.”¹

¹ The Institute of Internal Auditors Global Internal Audit Standards published January 9, 2024.

INTERNAL AUDIT REPORTING STRUCTURE

The IIA's International Professional Practices Framework (IPPF) recommends that a Chief Audit Executive (CAE), that is, the internal audit function's executive leader or Director of Internal Audit, report functionally to the organization's board (or through an audit committee) and administratively to the organization's Chief Executive Officer or other appropriate executive.² These reporting lines ensure an auditor's work is independent, impartial, and objective so decision-makers can trust the auditor's findings and recommendations.

To report functionally to an organization's board, the CAE should submit the Internal Audit Charter and Annual Risk Assessment and Audit Plans to the board or audit committee for approval. The CAE should also communicate all results of the internal audit function activity to the board or audit committee. The board or audit committee should appoint and/or remove the CAE, and the board should determine the CAE's salary.

Conversely, administrative reporting entails the relationship within the organization's management structure that facilitates the internal audit department's day-to-day operations.

Following Generally Accepted Government Auditing Standards (GAGAS), internal auditors who report functionally to an entity's management are considered independent for the purposes of reporting internally if the head of the internal audit organization meets the following criteria:³

- Is accountable to the head or deputy head of the government entity or to those charged with governance who are responsible for overseeing the strategic direction and accountability of the entity;
- Reports engagement results both to the head or deputy head of the government entity and to those charged with governance;
- Is located organizationally outside the staff or line-management function of the unit under audit (i.e., a manager or employee is not auditing their own team's work);
- Has access to those charged with governance; and
- Is sufficiently removed from political pressures to conduct audits and report findings, opinions, and conclusions objectively without fear of political reprisal.

Leading Practices

The Council recommends that the Chief Audit Executive and the internal audit function report functionally to the school board, ideally through an audit committee. If functional reporting to the school board is not possible, a less preferable but acceptable reporting structure entails having the Chief Audit Executive report to the Superintendent or Deputy Superintendent, with access to those charged with governance (school board). In either case, the Council recommends school districts maintain an independent internal audit function.

Value

A reporting structure that preserves the internal audit function's independence adds value to a school district by ensuring the auditor's work is impartial and objective so decision-makers and other key stakeholders can trust internal audit findings and recommendations.

² Examples of major urban school districts where the internal auditor reports functionally to the school board include Orange County (Orlando), Columbus, Broward County, Miami-Dade County, Seattle, and others. (The Council conducted a survey of its members to determine which ones have internal auditors and to whom they reported. See appendix).

³ Government Auditing Standards, 2024 Revision, Section 3.56.

AUDIT COMMITTEE ROLES, RESPONSIBILITIES, AND MEMBERSHIP

The primary role of an audit committee is to provide independent review and oversight of the government's financial reporting processes, internal controls, and independent auditors (both internal and external). Audit committees also provide a forum, separate from management, in which auditors and other interested parties can candidly discuss concerns and act as a liaison between the school board and the Chief Audit Executive. Examples of roles and responsibilities of a school district audit committee are included below:

- Reviewing and approving an Internal Audit Charter;
- Providing expertise on risks affecting the school district and approving an internal audit work plan;
- Ensuring that internal auditors have adequate resources and unrestricted access to school district personnel, facilities, vendors, data, and documents;
- Assisting in preventing management from restricting the scope of internal audits, investigations,⁴ or risk assessments;
- Receiving internal audit reports, investigations, and other communications deemed necessary by the Chief Audit Executive;
- Monitoring management's corrective actions to address reported internal audit findings;
- Engaging and overseeing the work of external auditors;
- Reviewing audit findings by state, federal, and other external agencies and monitoring the school district's actions to address those findings;
- Reviewing the effectiveness of systems for monitoring compliance with laws, board policies, and regulations;
- Reviewing and making recommendations to the school board on matters affecting the adequacy of internal controls, accounting procedures, technology systems, and financial reporting in accordance with laws and regulations;
- Approving all decisions regarding the appointment or removal of the Chief Audit Executive;
- Providing input on the Chief Audit Executive's evaluation;
- Approving the annual salary and compensation adjustments of the Chief Audit Executive;
- Serving on behalf of the school board to oversee the internal audit function;
- In conjunction with the Chief Audit Executive, providing an annual report to the school board;
- Performing other oversight responsibilities as assigned by the school board; and
- Reporting on the audit committee's activities to the entire school board.

An audit committee can significantly strengthen the independence, integrity, and effectiveness of a school district's audit activities by providing independent oversight of the internal and external audit work plans and results, assessing audit resources needs, and moderating the auditors' relationship with the school district. Audit committees also ensure audit results are aired and any recommended improvements or corrective actions are addressed.

To accommodate the varying needs and circumstances among school districts, membership of the audit committee can be structured in various ways. Examples of audit committee structures include:

- A committee comprised of individuals who are independent of the school district and possess experience in auditing, finance, information technology, risk management, and governance;
- A committee comprised of select school board members;
- A committee of the whole school board; and
- A combination of board members and community experts.

⁴ It is critical to distinguish the specialized functions of auditing and investigation. An audit is a collaborative process with district leadership, focused on evaluating systems and processes to ensure compliance with established standards. In contrast, an investigation is an independent, often short-term inquiry into a specific incident to determine facts and assign responsibility. Although internal auditors may initiate investigations in response to fiscal irregularities if appropriately trained and, preferably, certified in investigative practices, tasking an audit team with an investigative mandate is a common organizational misalignment, as the required skill sets and approaches are fundamentally different. For this reason, while the internal audit function is essential for financial oversight, it should not be used, for example, to investigate employee misconduct.

Leading Practices

To promote the success of an internal audit function, the Council recommends that school districts establish an audit committee. The committee should ensure that individual school board members, the superintendent, and other school district staff do not impede, prevent, or prohibit internal audit from initiating, carrying out, or completing independent and objective audits, investigations, and risk assessments. To accomplish this, an audit committee should ensure that the internal audit function is free of political pressure and other impediments to independence.

To effectively oversee the internal audit function, the Council recommends that a school district's audit committee be comprised of individuals independent of the school district and collectively have auditing, finance, information technology, risk management, and governance experience. An audit committee of experienced professionals with no authority over the school district's operations or decision-making processes can shield the internal audit staff from actual or perceived pressure that would compromise their objectivity and independence. The IIA also supports this structure.

Value

An audit committee structured with appropriately qualified members will help ensure internal auditors can conduct their work without fear of retaliation, retribution, or political pressure. Thus, the internal audit function will be effective, independent, and objective. Consequently, audit results will be fair and impartial and can be relied upon by the school board, school district management, and the public.





RISK ASSESSMENT AND AUDIT PLAN

The International Professional Practices Framework (IPPF) requires an organization, such as a school district, to “create an internal audit plan that supports the achievement of the organization’s objectives.” It further states that “the chief audit executive must base the internal audit plan on a documented assessment of the organization’s strategies, objectives, and risks.” District internal auditors, following The IIA Standards, must conduct this assessment annually.

Leading Practices

Risk assessments are a collaborative process with district leadership to identify and prioritize potential risks, determine risk-tolerance levels, and align mitigation strategies with strategic goals. Depending on the size and structure of a school district, its internal audit function, and the standards it follows, the Council recommends a comprehensive risk assessment be performed at a minimum of every three years. Regardless of how often an internal audit office conducts it, the risk assessment and audit plan should be modified or updated to reflect new or changing risks affecting the school district.

The risk assessment process should identify risks that prevent achieving district goals and/or objectives. Once risks are identified, they should be ranked on a low-to-high risk scale. The annual plan should focus the internal audit function’s resources on the highest-risk areas.

The risk assessment should cover all district departments and processes. This list of auditable items is usually referred to as the audit universe. The audit plan should reference the risk assessment and audit universe and should detail the method by which the planned audit activities were decided upon. Risk ratings are typically based on the likelihood that a risk event will occur and the impact the risk event would have if it did occur. Other factors used to determine an auditable item’s risk level include:

- Risks to the district’s reputation;
- Time since the last audit;
- Results of the last audit and whether any findings from that audit are still open;
- Results of compliance or monitoring activities performed by other internal departments or external parties;
- Perceived qualities of internal controls;
- Information system changes;
- Process complexity; and
- Requests and expectations of the senior management and the governing board.

The audit plan should describe the audit and non-audit activities (described below) that will be performed, the scope of work, and the resources required to complete the job. An audit plan should be flexible enough to accommodate minor mid-plan adjustments. If a substantial adjustment is needed (e.g., based on a senior management request), the school board and/or audit committee should approve the changes.

Common and emerging areas for audit and non-audit services that might be included in the plan include:

- Performance audits (to assess cost-beneficial internal controls, efficiency, effectiveness, contract oversight, and compliance);
- School internal fund and school-based audits (including, but not limited to, student counts and classifications);
- Charter school audits and fiscal oversight (the IA function is uniquely qualified to add value in this significant and growing sector);
- Audits of third-party relationships;
- Facilities construction and maintenance audits and oversight;
- Contract audits;
- Information technology audits, including cybersecurity and emerging technologies;
- Forensic accounting and investigative audits;
- Acting as a liaison for external audit entities (if all high-risk areas are covered and sufficient resources are available);
- Identifying emerging risks (adding value by alerting the school board and management of audit findings and trends occurring at similar entities); and
- Recurring work such as promoting awareness of fraud policies and internal controls and following up on open findings from previous audits.

Value

An objective risk assessment by an internal audit function provides value to the school board and senior management in focusing audit efforts on higher risks associated with the school district's various business and operational functions. An audit plan based upon a comprehensive risk assessment ensures that internal audit resources are strategically allocated to address the most significant and likely risks affecting the school district. Audit results will provide management with actionable recommendations to meet its goals and objectives, and the school board will be provided with valuable information to assist in its governance.



AUDITING STANDARDS

Auditing standards are guidelines auditors must follow to ensure accuracy, consistency, and reliability. They provide a framework for conducting audits and help ensure they are performed objectively, thoroughly, and in a manner that meets regulatory and professional requirements.

The U.S. Government Accountability Office (GAO) and The IIA are two reputable organizations recognized for issuing professional auditing standards that provide a framework for conducting audit work with integrity, competence, and consistency.

Key principles across auditing standards include:

- **Independence and Objectivity:** Auditors must maintain an impartial and unbiased attitude when performing internal audit services and make judgments based on balanced assessments of all relevant circumstances. Auditors must avoid conflicts of interest and must not be unduly influenced by their interests or the interests of others, including senior management and others in positions of authority, or by the political environment or other aspects of their surroundings.
- **Professional Competence and Due Care:** Auditors are expected to have the necessary qualifications and exercise diligence in performing their work. Auditors should also stay updated with changes in auditing standards, regulatory requirements, and industry trends through continuing education and certifications. Specialization and skill enhancement in cybersecurity, data analytics, and forensic accounting are increasingly important in today's audit environment.
- **Planning and Supervision:** Proper planning and supervision are crucial for effective audits.
- **Sufficient Evidence:** Auditors must gather and document adequate evidence to support their findings and conclusions.
- **Clear and Accurate Reporting:** Findings should be reported clearly, and auditors should communicate whether the information aligns with applicable standards.
- **Serve Stakeholders and the Public Interest:** Public interest is the collective well-being of the community of people and entities the auditors serve. The principle of public interest is fundamental to auditors' responsibilities and critical in governmental environments.

Standards generally require that the auditor must:

- Perform the internal audit services in conformance with the auditing standards;
- Maintain independence in both fact and appearance;
- Demonstrate integrity in their work and behavior;
- Exercise due professional care by assessing the nature, circumstances, and requirements of the services to be provided;
- Maintain professional skepticism when planning the audit, performing the audit, and reporting the audit results;
- Be aware of their responsibilities for protecting information and demonstrate respect for the confidentiality, privacy, and ownership of information acquired when performing internal audit services; and
- Provide adequate quality control.



Leading Practices

The Generally Accepted Government Auditing Standards (GAGAS), issued by the GAO and commonly referred to as the “Yellow Book,” articulates requirements for financial audits, performance audits, and attestation engagements in government, including school districts, which receive federal funds.

The IIA has also issued standards in its International Professional Practices Framework (IPPF), commonly referred to as the “Red Book,” which are sometimes implemented along with GAGAS's performance audit requirements.

The Council does not promote one set of standards over another, but recommends that each school district follow a recognized set of professional auditing standards.

Value

By following recognized auditing standards, an internal audit function adds value to its district by ensuring financial integrity, promoting compliance, increasing accountability, enhancing governance, and improving resource management. Senior management and the school board will greatly appreciate an internal audit function that follows prescribed auditing standards.

DATA ANALYTICS AND CONTINUOUS MONITORING

Internal audits can leverage data analytics to mitigate risks more efficiently and complete tasks more confidently. The Association of Certified Fraud Examiners (ACFE), The IIA, and the American Institute of Certified Public Accountants (AICPA) advocate data monitoring and analysis to guide risk assessment. Additionally, data analytics can be employed to complete audit tasks faster and with greater confidence.

Depending on the maturity of the internal audit function, data analytics can also be used as a risk monitoring tool. In this instance, characteristics of high-risk transactions are built and deployed in the client's Enterprise Resource Plan (ERP). An effective continuous monitoring process and a dynamic risk assessment model can position the internal audit function to produce more timely referrals for suspected fraud, waste, or abuse and more impactful audit products addressing contract performance and controls.

Leading Practices

While the degree to which internal audit utilizes data analytics varies among audit organizations, the Council recommends that high-performing units consider and evaluate this technology frequently.

Value

Performing data analysis is an effective way to help auditors be more proactive in detecting transactions that may need review and for reducing fraud, waste, and abuse. Data analytics can also guide a school district's risk assessment and audit planning processes to ensure the internal audit function resources are directed toward areas with the most significant materiality and risk to the district. With appropriate planning and consultation, school districts can employ technology tools that help their audit staff provide more efficient audit coverage.

FRAUD

The fundamental nature of fraud comes from the specific facts of intent, overt acts, materiality, collusion, willful blindness, and pattern of conduct. On the fraud spectrum, behavior can range from a suspicious mistake to criminal conduct. How a suspected fraud is identified, remediated, and presented is of legal concern. There is a risk of suspecting fraud without reasonable basis, failing to identify a fraud, and mishandling a suspected fraud.

The IIA defines internal auditing as an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. Its role includes detecting, preventing, and monitoring fraud risks and addressing those risks in audits and investigations.

Leading Practices

The Council recommends that fraud risk be considered in the organization's risk assessment and individual audits. Auditors are advised to consider continuing professional education (CPE) that includes fraud identification and analysis. This will arm the auditor with the tools to identify fraud risk and address their organization's effectiveness in mitigating risk during audit work.

While the types and variations of fraud schemes are many, school districts may be more susceptible to these techniques that their auditors may wish to pay particular attention to:

- Benefits fraud;
- Overtime fraud;
- Bid-rigging;
- Falsified invoices;
- Kickback schemes;
- Business email compromise;
- Sale of surplus or untracked assets; and
- Overbilling.

Value

Evaluating fraud risks during annual risk assessments and individual audit engagements will provide greater assurance to school districts that the risk of fraudulent activity is effectively mitigated.

WHAT INTERNAL AUDITORS DO NOT DO

A common theme throughout this white paper is that maintaining independence is imperative for an effective and credible internal audit function. Internal audit functions must avoid even the appearance of a lack of independence by refraining from performing certain functions. Internal Auditors cannot be a part of the management of any function they audit, which means they should not:

- Set policy and strategic direction for the school district;
- Direct or accept responsibility for the actions of school district employees;
- Accept responsibility for designing, implementing, or maintaining internal controls, including the performance of ongoing monitoring activities as part of the control process;
- Take responsibility for the district's financial statements;
- Authorize or execute transactions on behalf of any department other than their own;
- Approve district budgets;
- Prepare or make changes to source documents;
- Assume custody of district assets, including maintenance of bank accounts;
- Supervise employees other than their own in the performance of normal recurring activities;
- Report to the school board on behalf of management;
- Serve as a general counsel;
- Sign payroll tax returns on behalf of their district;
- Approve vendor invoices for payment other than those for their department;
- Design a district's financial management system or make modifications to the source code underlying that system; and
- Hire or terminate employees other than for their department.

This list is not all-inclusive. In short, internal auditors may not assume the role and duties of management or implement anything they will ultimately audit.

In addition, the school district should not expect the internal audit function to:

- Analyze or reconcile accounts;
- "Close the books";
- Locate invoices, etc., for testing;
- Prepare confirmations for mailing;
- Select accounting policies or procedures;
- Prepare financial statements or footnote disclosures;
- Determine estimates included in financial statements;
- Determine restrictions on assets;
- Establish the value of assets and liabilities;
- Maintain permanent records, such as loan documents, leases, contracts, and other legal documents;
- Prepare or maintain minutes of school board meetings;
- Establish account coding or classifications;
- Determine retirement plan contributions; and
- Implement corrective action plans.

Leading Practices

To ensure internal audit functions avoid even the appearance of a lack of independence, the Council recommends that they not engage in activities that are considered management roles and responsibilities or activities they may ultimately audit.

Value

By ensuring that the internal audit function is independent of school district operations, the school board, school district management, and the public can ensure that internal audit results can be relied upon as fair and objective.



NON-AUDIT SERVICES

Non-audit services are advisory and generally performed at the client's request, which could include the school board, the audit committee, senior management, or the management of a particular unit or function within the district. The Chief Audit Executive should consider accepting non-audit service requests based on the activity's potential to improve the management of risks, add value, or improve the district's operations. The IIA International Professional Practices Framework (Red Book) and the Government Accountability Office's Government Auditing Standards (Yellow Book) recommend that an internal audit function maintain its independence and objectivity and not assume management responsibilities when it provides non-audit advisory services. Both groups also recommend that advisory services be performed free of political pressure or perceived conflicts of interest.

Leading Practices

The Council recommends that the Internal Audit Charter include the nature and extent of non-audit services to be performed by the internal audit function. Accepted non-audit engagements should be included in the annual audit plan. The school board safeguards and protects the objectivity and independence of the internal audit function, in conjunction with the Chief Audit Executive, to ensure requests are suited to and appropriate for the internal audit function. Examples of advisory services that the internal audit function can provide include counsel, advice, facilitation, and training.

For instance, internal auditors can lend their expertise in analyzing risks and internal controls to advise management on better-informed decision-making. Facilitating benchmarking and identifying leading practices as a non-audit service could enhance operational performance. Internal auditors can also support the school district in promoting ethical behavior and employee awareness of and commitment to internal controls.

Value

Performing non-audit services allows an internal audit function to provide just-in-time advice to school district management in cost-effective ways and improve the district's governance, risk management, and control processes. Non-audit services can also improve relations with other district departments and provide internal auditors with greater exposure and enriched career opportunities.

FOLLOW-UP ACTIVITIES

Government Auditing Standards (Yellow Book) and The IIA International Professional Practices Framework (Red Book) set standards for monitoring and determining whether management takes corrective action to address audit issues and findings or accepts the risk of not acting. The standards also set requirements for reporting the results of follow-up activities. Specifically, auditors should:

- Establish a follow-up process to monitor and ensure management actions have been effectively implemented, or senior management has accepted the risk of not acting; and
- Communicate the status of corrective actions taken in response to prior findings. This includes reporting whether the audited entity has taken appropriate steps to address the findings and recommendations or whether management has accepted the risk of not taking corrective action.

Leading Practices

The Council recommends that the Chief Audit Executive collaborate with senior management to determine the timing and nature of corrective actions to address issues and items identified in the audit findings. Regardless of the methods used to monitor and assess the status of these corrective actions, leading internal audit practices use dashboards to indicate the nature of audit findings and/or prepare reports highlighting management's progress toward resolving past audit findings and recommendations. Additional leading practices include the following:

- **Develop a Formal Follow-Up Policy:** Establish a clear policy that defines responsibilities, timelines, and procedures for follow-up activities to ensure consistent and effective monitoring of corrective actions.
- **Create a Tracking System:** Implement a centralized tracking system to document audit findings, management responses, corrective actions, deadlines, and status updates. This system should be accessible to relevant stakeholders to enhance transparency.
- **Engage Stakeholders:** Involve key stakeholders, such as school administrators, finance officers, and board members, in the follow-up process to ensure a comprehensive approach to addressing audit findings.
- **Assign Accountability:** Designate specific individuals or departments responsible for implementing corrective actions and reporting progress. This accountability helps ensure timely and effective resolution of audit findings.
- **Regularly Communicate Progress:** Schedule regular updates to senior management and the school board on the status of corrective actions. This ensures stakeholders are informed of delays, challenges, or risk acceptance decisions.
- **Integrate Follow-Up with Risk Management:** Align follow-up activities with the district's overall risk management framework to prioritize and address high-risk areas identified in audits.
- **Conduct Periodic Reviews:** Periodically review and evaluate the follow-up process's effectiveness to identify improvement areas and ensure that the process remains aligned with best practices and changing organizational needs.



Value

Follow-up activities assure senior management, the school board, and other stakeholders that audit findings are taken seriously, and corrective actions are implemented. Follow-up activities also provide a measure of accountability to the community, ensuring any noted weaknesses are addressed and the district is committed to operating and using public funds efficiently and effectively. The audit follow-up process adds value to a school district in several ways, listed below:

- **Improved Accountability:** Ensures management is held accountable for implementing corrective actions, which can help address issues such as financial mismanagement, operational inefficiencies, or non-compliance with policies and regulations.
- **Enhanced Governance:** Provides school boards and senior leadership with timely and accurate information on the status of corrective actions, enabling informed decision-making and better governance oversight.
- **Risk Mitigation:** Helps the district manage risks effectively by ensuring significant risks identified in audits are either mitigated through corrective actions or consciously accepted by senior management.
- **Continuous Improvement:** Fosters a culture of continuous improvement by ensuring lessons learned from past audits are applied to enhance processes, controls, and overall performance.
- **Resource Optimization:** Helps ensure district resources are used efficiently and effectively by addressing any identified weaknesses in internal controls or operational processes, thereby supporting the district's mission to provide quality education.

QUALITY ASSURANCE

Internal auditing is a value-added proposition providing high-quality deliverables to its stakeholders through assurances, advisory services, and analyses. With so many parties invested in the outcome of this important work, it must be performed with the utmost quality. Accordingly, successful internal audit departments establish strategies and maintain quality assurance and improvement processes. The most effective quality assurance and improvement practices include well-understood procedures for performing and supervising internal audit work with fidelity, periodic self-assessments, and periodic external peer reviews. A key feature of department procedures involves developing performance indicators to measure and monitor performance against department objectives. The value-added proposition can be calculated from a quantitative and qualitative perspective.

Leading Practices

The Council recommends that internal audit departments use balanced scorecards to track key performance indicators (KPIs), measure performance, and provide information to stakeholders. Examples of KPIs may include:

- School district dollars saved or recouped as a result of internal audits;
- Customer (Board, Management, Auditees) satisfaction survey results;
- Adherence to auditing standards;
- Peer review results;
- Number and quality of reports over time;
- Percentage of recommendations accepted by management;
- Percentage of recommendations implemented by management;
- Budgeted hours vs. actual hours;
- Cycle time from fieldwork to report;
- Completion of mandated coverage;
- Timely disclosure of audit issues;
- Percentage of the audit plan completed;
- Risk coverage;
- Percentage of staff with professional certifications; and
- Training hours.

Value

KPIs for an internal audit function can provide the school board, senior management, and the public with information to evaluate whether the internal audit function is meeting its objectives and helping the school district accomplish its mission.

APPENDIX

Task Force Members

The Council of the Great City Schools greatly appreciates the work of the Task Force which produced this report. Contributing members included:

Chair

Andrew Medina, CPA, CFE, LPEC, Director of Internal Audit & Ethics Officer
Seattle Public Schools

Members

- Linda J. Lindsey, CPA, CGAP, School Board Chief Internal Auditor
Orange County Public Schools (Florida)
- Connie Brown, CPA, CIA, CRMA, Executive Director, Office of Internal Compliance
Atlanta Public Schools (Georgia)
- Jon Goodman, CPA, CFE, Chief Auditor
Miami-Dade County Public Schools (Florida)
- Mayria Porter CFE, CIA, Internal Audit Director
Jefferson County Public Schools (Kentucky)
- MaSheila Rosell-Kirchner, MBA, Internal Audit Manager
Cleveland Metropolitan School District (Ohio)
- Janise Hansen, CIA
Portland Public Schools (Oregon)
- Amanda O'Hara, Senior Internal Auditor
Seattle Public Schools (Washington)

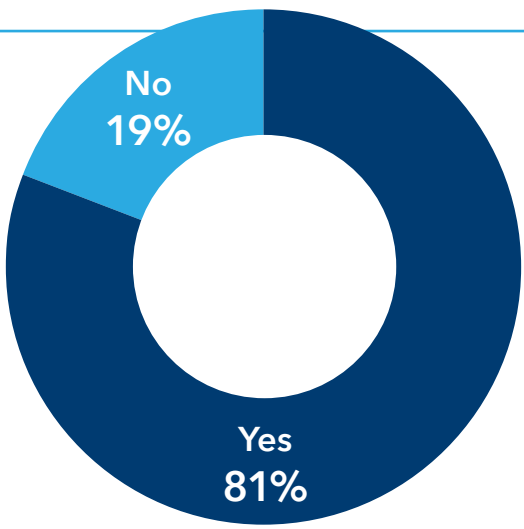
Staff Lead

Willie Burroughs, Director of Management Services
Council of the Great City Schools

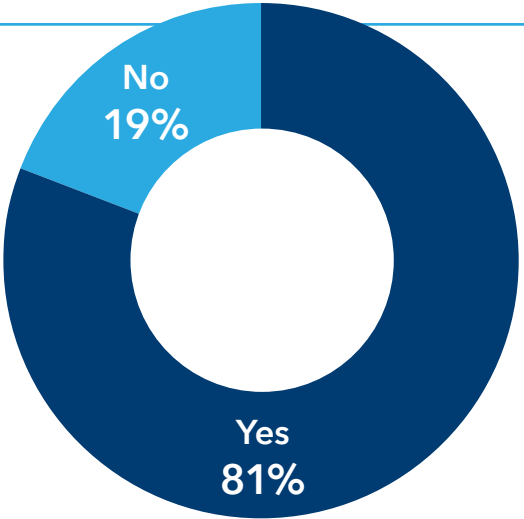
Benchmarking Data

The following charts illustrate support for the leading practices identified in this white paper. The information is based on self-reported data from 31 school districts as of January 2025 and has not been audited.

Percentage of Internal Audit Departments that Report to the School Board

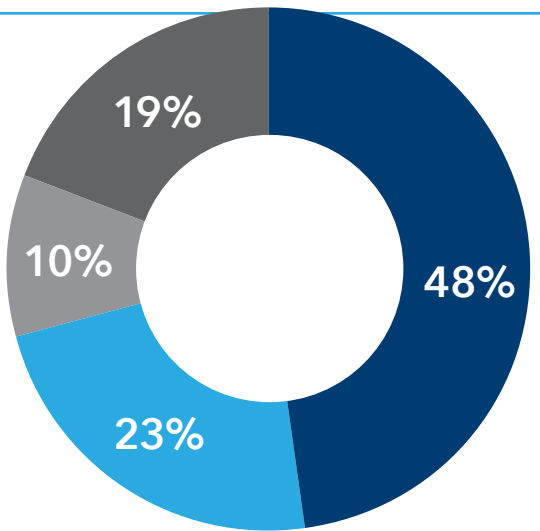


Percentage of Districts with an Audit Committee



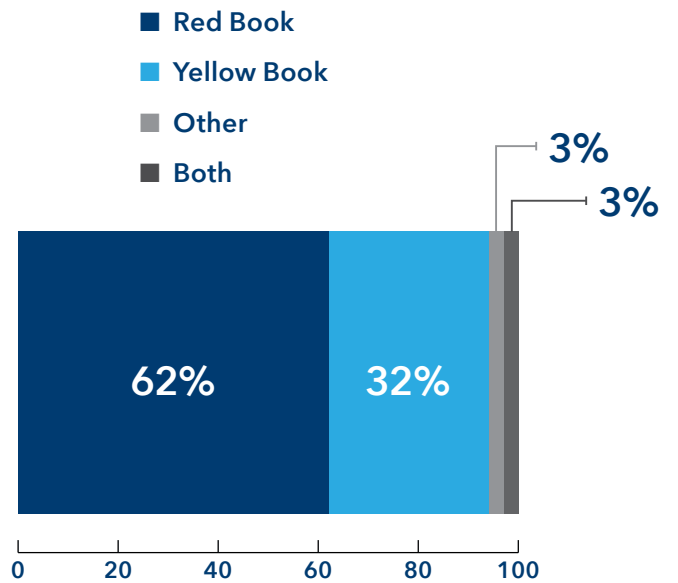
Data has been reported by individual school districts and has not been audited.

Audit Committee Composition

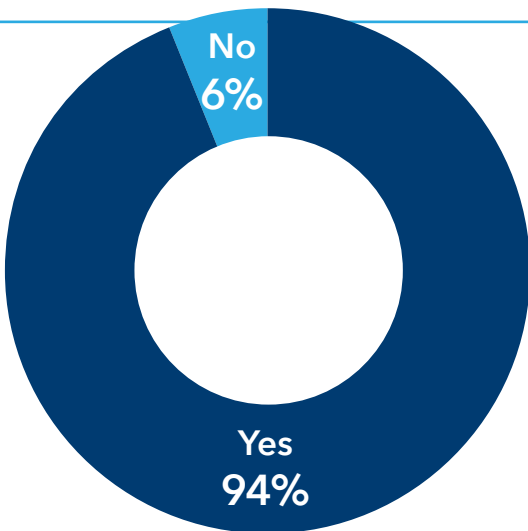


- Board Member Only
- Mix of Board Members and Community Advisors/Volunteers
- Community Advisors Only
- No Audit Committee

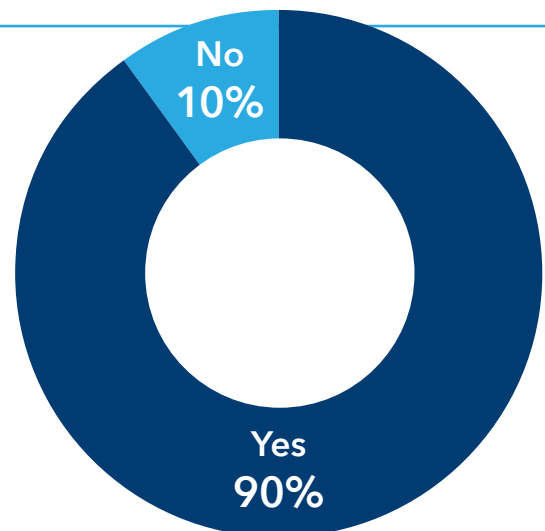
Professional Auditing Standards Followed



Percentage of Districts Completing a Risk Assessment



Percentage of Districts Monitoring and Validating Recommendation Implementation





1331 Pennsylvania Avenue, NW, Suite 1100N
Washington, DC 20004
(202) 393-2427 | cgcs.org