

Annual Independent Audit

Board Policy CFC (Legal) – The Board shall have a District’s fiscal accounts audited annually at District expense by a Texas certified or public accountant holding a permit from the State Board of Public Accountancy. The audit shall be completed following the close of each fiscal year, and shall meet at least the minimum requirements and be in the format prescribed by the State Board of Education, subject to review and comment by the state auditor.

The audit is to be performed in accordance with generally accepted auditing standards and generally accepted government auditing standards.

The financial statement audit is to determine whether (1) the financial statements present fairly the financial position, results of operations, and cash flows or changes in financial positions in accordance with generally accepted accounting principles, and (2) whether the District has complied with laws and regulations for those transactions and events that may have a material effect on the financial statements. The financial related audit will also include determining whether (1) financial reports and related items are fairly presented, (2) financial information is presented in accordance with established or stated criteria, and (3) the school district has adhered to specific financial compliance requirements.

In addition to the state-mandated annual audit, federal regulations require that grantees to have a Single Audit in addition to and in conjunction with the annual independent audit. During a Single Audit, the auditor examines:

- the District’s financial statements and schedule of expenditures of federal awards,
- compliance with laws, regulations, and the provisions of contract or grant agreements that have a direct and material effect on each of the District’s federal programs,
- the effectiveness of internal control over federal programs in preventing or detecting noncompliance.

Auditors must present the findings, if any, in a written report in sufficient detail for the District to prepare a corrective action plan and take corrective action, and for TEA or other awarding agency to arrive at a management decision.

The auditor assembles the report in accordance with *2 CFR Part 200, Subpart F* and submits the audit package to the Board of Trustees for approval. A copy of the full audit report, including the required annual audit, and the Single Audit or program-specific audit, is submitted to TEA as the pass-through entity. The auditor must also complete a data collection form which the District submits the form and a copy of the complete audit package to the [Federal Audit Clearinghouse](#) operated on behalf of OMB.

TEA audit staff review the audit report and issue a management decision within six months of receiving the package. The management decision (written letter) must inform the District whether or not the finding by the auditor is sustained, the reasons for the decision, and the expected action to repay disallowed costs, make financial adjustments, or take other corrective action. The District is responsible for follow-up and must prepare a corrective action plan for all audit findings, along with the anticipated completion date for each action and who is responsible.

TEA is required to follow up to ensure the District resolved the corrective actions. The audit in the subsequent year will include a follow up to ensure the District implemented the corrective actions.

Auditors are selected via Request for Qualifications and are evaluated based on audit experience in Texas school districts, size and structure of the firm, experience and qualifications of the lead professional to be assigned to the Alief team, general direction and supervision to be exercised over the audit team by the firm's management personnel, realistic time estimates for each staff level, peer reviews and public or private reprimand, references, level of assistance expected from the District, and oral interviews, etc.

The Board of Trustees expressly reserves the right to reject all bids, to review the relationship on an annual basis and to formally approve each year's extension. The fee for the annual audit services will be negotiated by the District's Assistant Superintendent of Finance subject to approval by the District's Board of Trustees.

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