PEER REVIEW REPORT ON THE
EXTERNAL QUALITY ASSESSMENT
OF THE UNITED INDEPENDENT SCHOOL
DISTRICT

INTERNAL AUDIT DEPARTMENT

January 27, 2012

PERFORMED BY:

FLORES AUDITING, PLLC
January 27, 2012

Martha G. Stahl, CPA, Director of Internal Audit
Internal Audit Department
United Independent School District
201 Lindenwood Drive
Laredo, Texas 78045

Dear Mrs. Stahl,

At your request, we conducted an external quality assessment (peer review) of the United Independent School District’s Internal Audit Department as prescribed by the Institute of Internal Auditor's Professional Practices Framework. We conducted the peer review for internal audit operations between December 3, 2010 and June 30, 2011.

We utilized the Institute of Internal Auditors Research Foundation's Quality Assessment Manual for the Internal Audit Activity 6th edition as well as the Institute Auditor's Research Foundation's Professional Practices Framework as primary criteria for performing the assessment. We conducted the assessment in accordance with auditing standards prescribed by the Institute of Internal Auditors.

OVERALL OPINION

Based on the information evaluated during the external quality assessment review, it is our opinion that the United Independent School District’s Internal Audit activity fully complies with the Institute of Internal Auditors’ International Standards for the Professional Practice of Internal Auditing. This opinion means policies, procedures and practices are in place to implement the standards and requirements for ensuring the independence, objectivity and proficiency of the Internal Audit function. Additionally, the Internal Audit activity conforms to the reporting standards issued by the Government Accountability Office (GAO). Nothing came to our attention that caused us to believe the Internal Audit activity did not comply with untested GAO standards.
We found that the internal audit department is independent, objective, and able to render impartial and unbiased judgments on the audit work performed. The staff is qualified, proficient, and knowledgeable in the areas they audit. Individual audit projects are planned using risk assessment techniques, audit conclusions are supported in the working papers, and findings and recommendations are communicated clearly and concisely.

The internal audit department is well managed internally. In addition, the department has effective relationships with the Board of Trustees and is well respected and supported by management. Interviews conducted during the quality assessment indicate that management considers internal audit to be a useful part of the overall district’s operation and finds that the audit process and report recommendations add value and help improve the district’s operations.

ACKNOWLEDGMENTS

We appreciate the courtesy and cooperation extended to us by the Director of Internal Audit, Internal Audit Staff, Board of Trustees, Superintendent, the Management Team, Executive Director of Information Technology and all others who participated in the peer review process. The feedback from the surveys and the interviews provided valuable information regarding the operations of the internal audit department and its relationship with management.

Gigi Flores     January 27, 2012
_______________________________   __________________________________
Gigi Flores, CPA     Date
Partner
Flores Auditing, PLLC
Peer Review Team Leader
REQUIREMENTS

The Institute of Internal Auditors and the GAO Government Auditing Standards require internal audit functions obtain external quality assessments to assess compliance with standards and to appraise the quality of their operations. U.S. Government Auditing Standards require these reviews at least every three years and the Institute of internal Auditors required them every five years. A periodic external quality assessment, or peer review, of the internal audit function is an essential part of a comprehensive quality assurance program.

The first peer review report on the external quality assessment of the United Independent School District Internal Audit Department was dated September 15, 2006 and expressed the highest possible opinion that policies, procedures, and practices were in place to implement the standards and requirements necessary for ensuring the independence, objectivity, and proficiency of the internal audit function. The head of the Internal Audit Department was found to be highly qualified, proficient, and knowledgeable in the areas they audited. The United Independent School District Internal Audit Department was also one of the first school districts in Texas to request its own external quality assessment.
WHAT IS AN EXTERNAL QUALITY ASSESSMENT?

External assessments require an outside team of independent reviewers to evaluate compliance with the Institute of Internal Auditor's Standards, the use of successful practices, and the efficiency and effectiveness of the Internal Audit activity.

The purposes of the external quality assessment are to:

1. Assess the effectiveness of an Internal Audit activity in providing assurance and consulting services to the board, senior executives, and other interested parties.

2. Assess conformance to the Standards and provide an opinion as to whether the Internal Audit activity generally conforms to all of the standards.

3. Identify opportunities, offer recommendations for improvement, and provide counsel to the Chief Internal Auditor and staff for improving their performance and services and promoting the image and credibility of the internal audit function.

DEFINITION OF INTERNAL AUDITING

Internal auditing is an independent, objective assurance and consulting activity 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 risk management, control, and governance processes.

ONGOING EVOLUTION OF INTERNAL AUDITING

The evolution of internal auditing includes its increasing focus on business risk, closer alignment of its activities with management strategies and accountabilities, and its strong emphasis on assisting management through advisory and consulting services, while continuing to provide traditional assurance services.
Board members, senior management, directors and others interviewed and surveyed were complimentary of the professional proficiency, communication, and other skills of the internal audit staff. The following are representative comments from those interviewed and surveyed:

“The Board is very pleased with the Internal Auditor's professional competence and performance.”

“On a scale of 1 to 10, with 10 being the highest, the Internal Audit Department was rated a 9.”

“The Internal Audit Department is performing a very critical function with the requirements of TEA, Federal and State Grants, and the enormity of UISD’s operations.”

“The Internal Audit Department has assisted departments and campuses in mitigating risks through annual audits, trainings and recommendations.”

“A much value-added service provided by the Internal Audit Department was its monitoring of compliance with the provisions from the American Reinvestment Recovery Act. UISD received a sizeable amount of these funds for a construction project.”

“The Internal Audit Department is constantly keeping UISD informed on ever changing rules, regulations, and compliance requirements.”