

Effective 1/24/2018

**Part 4
Internal Audits**

53G-7-401 Definitions.

As used in this part:

- (1) "Audit committee" means a standing committee:
 - (a) appointed by the local school board or charter school governing board with the following number of members as applicable to the local school board or charter school governing board:
 - (i) for a board of a local education agency that consists of seven or more members, three members of that board; or
 - (ii) for a board of a local education agency that consists of six or fewer members, two members of that board; and
 - (b) composed of people who are not administrators or employees of the local education agency.
- (2) "Audit director" means the person who directs the internal audit program.
- (3) "Audit plan" means a prioritized list of audits to be performed by an internal audit program within a specified period of time.
- (4) "Internal audit" means an independent appraisal activity established within a local education agency as a control system to examine and evaluate the adequacy and effectiveness of other internal control systems within the local education agency.
- (5) "Internal audit program" means an audit function that:
 - (a) is conducted by a local school board or charter school governing board independent of the local education agency offices or other operations;
 - (b) objectively evaluates the effectiveness of the local education agency governance, risk management, internal controls, and the efficiency of operations; and
 - (c) is conducted in accordance with the current:
 - (i) International Standards for the Professional Practice of Internal Auditing; or
 - (ii) The Government Auditing Standards, issued by the Comptroller General of the United States.
- (6) "Local education agency" means a school district or charter school.

Renumbered and Amended by Chapter 3, 2018 General Session

53G-7-402 Internal auditing program -- Audit committee -- Powers and duties.

- (1) A local school board or charter school governing board shall establish an audit committee.
- (2)
 - (a) The audit committee shall establish an internal audit program that provides internal audit services for the programs administered by the local education agency.
 - (b) A local education agency that has fewer than 10,000 students is not subject to Subsection (2) (a).
- (3)
 - (a) A local school board or charter school governing board shall appoint the audit director, with the advisement of the audit committee, if the local school board or charter school governing board hires an audit director.
 - (b) If the local school board or charter school governing board has not appointed an audit director and the local school board or charter school governing board contracts directly for internal

audit services, the local school board or charter school governing board shall approve a contract for internal audit services, with the advisement of the audit committee.

- (4) The audit committee shall ensure that copies of all reports of audit findings issued by the internal auditors are available, upon request, to the audit director of the state board, the Office of the State Auditor, and the Office of Legislative Auditor General.
- (5) The audit committee shall ensure that significant audit matters that cannot be appropriately addressed by the local education agency internal auditors are referred to either the audit director of the state board, the Office of the State Auditor, or the Office of Legislative Auditor General.
- (6) The audit director may contract with a consultant to assist with an audit.
- (7) The audit director of the state board and the Office of the State Auditor may contract to provide internal audit services.

Amended by Chapter 293, 2019 General Session