

# Internal Audit Expenditure Envelope Guideline

## Background

Education funding recognizes that school boards need flexibility to decide how best to allocate resources within their budgets. At the same time, there are restrictions on how school boards may use certain components of their allocations. Limitations are applied to items such as special education, administration and governance, classroom expenditures, school renewal and new pupil places. The internal audit grant allocation is also enveloped and protected.

## Enveloping Rules

The Ministry is specifying below the types of spending / allowable costs for which the internal audit allocation may be used and may not be used by the host boards. The host boards, along with other district school boards, may choose to supplement the internal audit allocation with other resources. However, host boards must spend the entire amount of the internal audit grant allocation, as determined by the enveloping provisions of the regulation. Any under spending of the internal audit grant allocation must be placed in a deferred revenue account for future internal audit expenditures.

Allowable costs:

- Recruiting costs for the regional internal audit team (RIAT) (i.e. costs of job advertising, executive search firm)
- Salaries and benefits of the RIAT
- Travel and accommodation costs for the RIAT to perform their audits
- Travel costs for the RIAT members to attend audit committee meetings
- Travel costs for meetings with other regional internal audit managers/teams and/or the Ministry
- Professional development costs for the RIAT (i.e. professional association membership fees, registration fees, associated travel costs)
- Consultant costs for specialized audits, as per the Internal Audit Staffing Guideline, excluding fraud related investigations
- Internal audit software costs

- Directly attributable costs for the RIAT to perform their duties at the board where the staff is permanently located (i.e. laptops, office supplies and long distance charges)
- Incremental costs for RIAT to perform their duties, should additional facility space be required to accommodate the team
- External quality assurance review costs of the internal audit activity (every 5 years)
- Attribution of administration costs , to an annual maximum of 10% of the year's internal audit allocation

Disallowed costs:

- Attribution of administration costs exceeding the maximum threshold stipulated above
- Other audit committee related costs not specifically listed above

*Note 1: Expenditures must be in line with the host board's policies and procedures.*

*Note 2: For purposes of this guideline, attributed administration costs include the following:*

- Human resource, legal and other support for the recruitment and/or termination of regional internal audit team members
- Operations, facility and/or IT support for the RIAT, as required
- Management and administrative support to provide new regional internal audit managers with orientation to the policies and procedures of the host board
- Procurement support where the RIAT seeks to obtain outside services
- Costs to offset the administrative time commitment of the SBO as related to the RIAT (including hiring, termination, performance reviews, other HR matters, expense report review and communication with other boards in the region)
- Does not include the time commitment and support required of these parties as part of an audit