

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

INTERNAL AUDIT DEPARTMENT

September 15, 2006

PERFORMED BY:

FARIAS & FLORES, PLLC

OVERALL OPINION

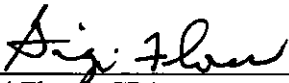
Based on the information received and evaluated during this external quality assessment, it is our opinion that the United Independent School District's internal audit department "fully complies" with The Institute of Internal Auditors' (IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)*, the United States General Accounting Office (GAO) and *Generally Accepted Auditing Standards*). This opinion, which is the highest of the three possible ratings, means that policies, procedures, and practices are in place to implement the standards and requirements necessary for ensuring the independence, objectivity, and proficiency of the internal audit function.

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 internal auditor, internal audit staff, the chairman of the business committee, the assistant superintendent, and the associate superintendents, who participated in the interview process. The feedback from the interviews provided valuable information regarding the operations of the internal audit department and its relationship with management.



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9-15-06

Date