Authority and Responsibilities of the Office of Internal Audit

The Prince William County School Board has established the PWCS Office of Internal Audit to provide a systematic and disciplined approach to the evaluation and improvement of the School Division operations, risk management, control, and governance processes, which approach is guided by independent and objective scrutiny.

I. Organization and Oversight

The Office of Internal Audit, through the Chief Internal Auditor, shall report functionally to the Internal Audit Committee and administratively to the Associate Superintendent for Finance and Support Services on a day-to-day basis. However, the Chief Internal Auditor shall also report directly to the Prince William County School Board as appropriate.

II. Professional Standards

The Office of Internal Audit shall adhere to the Institute of Internal Auditors’ “International Professional Practices Framework” (IPPF), which shall provide the guiding principles for the operating procedures for the Office. In addition, the Office shall adhere to all PWCS policies and regulations.

III. Access

The School Board has granted authority to the Chief Internal Auditor for direct and unrestricted access to any and all PWCS records, physical properties, and personnel relevant to any function under review, within such limitations as may be imposed by law and/or any applicable professional standards. Such access shall be limited to only that information, documents, properties, or personnel necessary to carry out a bona fide and approved function of the Office, and then only to such employees as the Chief Internal Auditor determines to have “a legitimate need to know” in order to carry out their job duties. Documents and information given to the Office of Internal Audit during a periodic review, or to carry out other approved functions, shall be handled in the same prudent and confidential manner, as is required by federal, state, and local law, and by School Board policies and regulations and the professional standards of the Office.
All employees are required to assist the Office of Internal Audit in fulfilling staff functions. The
Chief Internal Auditor shall also have direct and unrestricted access to the Prince William
County School Board and the Internal Audit Committee. Regulation 361-1.

IV. Independence and Objectivity

All Internal Audit functions shall remain free of influence by any element in the School Division,
including matters of audit selection, scope, procedures, frequency, timing, or report content, in
order to assure that such functions are conducted in an independent and objective manner.

Internal auditors shall have no direct operational responsibility or authority over any of the
activities they review. Accordingly, they shall not develop nor install systems or procedures,
prepare records, manage processes, or engage in any other activity which might normally be
audited.

V. Audit Scope

The scope of any internal audit shall encompass the examination and evaluation of the adequacy
and effectiveness of the School Division’s organizational and operational governance, risk
management process, system of internal control structure, and quality of performance in carrying
out assigned responsibilities to achieve the stated goals and objectives of the School Division. It
includes:

A. Reviewing the reliability and integrity of financial and operating information and the
means used to identify, measure, classify, and report such information.

B. Reviewing the systems established to ensure compliance with those policies, plans,
procedures, laws, and regulations which could have a significant impact on operations
and reports and whether the School Division is in compliance.

C. Reviewing the means of safeguarding assets and, as appropriate, verifying the
existence of such assets.

D. Reviewing and appraising the economy and efficiency with which resources are
employed.

E. Reviewing operations or programs to ascertain whether results are consistent with
established objectives and goals and whether the operations or programs are being
carried out as planned.
F. Reviewing specific operations at the request or with the prior approval of the Internal Audit Committee.

G. Monitoring and evaluating the effectiveness of the School Division’s risk assessment process.

VI. Audit Planning and Annual Report

Annually, the Chief Internal Auditor shall submit to the Internal Audit Committee an Annual Audit Plan containing a summary of the audit work schedule, staffing plan, and budget for the following calendar year and a summary of the results of the preceding calendar year’s Annual Audit Plan. The audit plan is to be developed based on a prioritization of the audit universe, a risk assessment methodology, and input from management and the Internal Audit Committee. The Annual Audit Plan shall be presented to the Prince William County School Board for its approval prior to the commencement of each calendar year. Any significant deviation from the formally approved work schedule shall be communicated to the Internal Audit Committee through periodic activity reports.

VII. Reporting

A written report will be prepared and issued by the Chief Internal Auditor, or designee, following the conclusion of each significant audit and will request a written response from management to address any audit findings and recommendations.

Management’s response shall consist of action plans taken or planned, the planned implementation date, and responsible position for implementation. If management’s action plans do not adequately address the audit finding and any risk(s) it presents, the Chief Internal Auditor, or designee, will make a reasonable effort to work with the appropriate levels of management to reach an agreed upon action plan. In some limited situations, management may decide to accept an audit issue and any risk(s) it presents. When a decision is made to not address an issue and accept the risk, management’s response should include the rationale for that decision including the approval from the appropriate Associate Superintendent.

A Final Report, including management action plans, will be issued by the Chief Internal Auditor, or designee, and distributed to the appropriate levels of management and forwarded to the Internal Audit Committee.
The Office of Internal Audit shall be responsible for appropriate follow-up on audit findings and management’s action plans. Accordingly, management shall notify the Office of Internal Audit 1) upon implementation of action plans, and 2) if modifications are needed to either the action plan or target date along with a rational for the modification. Changes in approved action plans will require the approval of the appropriate Associate Superintendent. All audit findings and action plans will remain open until followed-up/cleared by the Chief Internal Auditor, or by the Internal Audit Committee. Periodically, the Chief Internal Auditor will report to the Internal Audit Committee the status of audit issues and management action plans.

VIII. Periodic Assessment

The Chief Internal Auditor should periodically assess whether the purpose, authority, and responsibility of the Office of Internal Audit, as defined by the School Board in Policy 361, “Office of Internal Audit,” or in this regulation, remains adequate to enable the internal auditing activity to accomplish its objectives. The results of such periodic assessment shall be communicated to the Internal Audit Committee and to the Prince William County School Board as appropriate for any suggested updates.

The Associate Superintendent for Finance and Support Services, or designee, is responsible for implementing and monitoring this regulation.

This regulation and related policy shall be reviewed at least every five years and revised as needed.