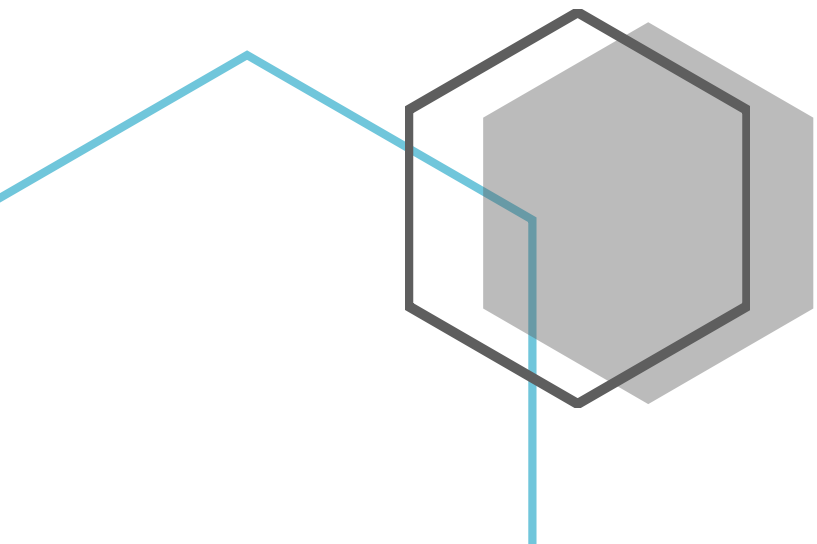


**Prince William County Public Schools
Office of Internal Audit**

**Internal Audit Plan
CY 2022 & 2023**





Introduction

The Office of Internal Audit provides independent and objective audit services to the School Board and Superintendent in a systematic, disciplined approach over the Divisions operations, finances, risk management, control, and governance processes. To maintain independence and objectivity, the Office and its activities reports functionally to the Internal Audit Committee in accordance with PWCS Policy 361, PWCS Regulation 361-1, and IIA Standards. Accordingly, all internal audits, whether conducted directly or through contractual services are conducted under the direct control, oversight, and day to day supervision of the Chief Internal Auditor with the goal of adding value to improve operations through collaboration, transparency, and promoting teamwork in a diverse work environment.

The following pages details the 2022 and 2023 Annual Audit Plans, the audits to be conducted, and a description of those reviews. The Annual Plans were based on the Office of Internal Audit's independent risk assessment and input from the Internal Audit Committee and Superintendent of Schools. The Plans focuses heavily on the Enterprise Risk Management and governance practices of Prince William County Schools as well as the efficiency and effectiveness of operations and internal controls over key processes. The Plans also includes site visits and reviews of select schools within the Division.

To help achieve the completion of the Audit Plans, the 2021-2022 approved budget included the hiring of an additional Internal Audit position to assist the Chief Internal Auditor. It is anticipated that this position will be hired before the completion of the year. Accordingly, the 2022 and 2023 Annual Audit Plans includes the anticipated hire date of this position and accounts for the difference in Total Audit hours between the two years.

Prince William County Public Schools
Office of Internal Audit



Internal Audit Plan (CY 2022 & 2023)								
Activity	2022				2023			
	No. Audits	Hours/Audit	Total Hours	%	No. Audits	Hours/Audit	Total Hours	%
Estimated Available Hours (Excludes leave/holidays)			2800	100.0%			3450	3450 100%
<u>Audit Planning and Administrative Duties:</u>								
Professional Development			80				80	
Audit Procedures Updates			80				20	
Audit Committee Preparation and Meetings			80				80	
Assistance to Others, Presentations/Guidance/Meetings			80				80	
Annual Audit Plan			80				80	
Total Audit Planning and Administrative Duties			<u>400</u>	14.3%			<u>340</u>	9.9%
<u>Risk and Control Assessments:</u>								
Audit Universe Inventory	1	80	80					
Risk and Control Assessment	4	120	480		4	120	480	
Total	<u>5</u>		<u>560</u>	20.0%	<u>4</u>		<u>480</u>	13.9%
<u>School Site Audits (Core High Risk Functions):</u>								
Elementary	10	35	350		11	35	385	
Middle	3	35	105		3	35	105	
High	2	35	70		3	35	105	
Total School Site Audits	<u>15</u>		<u>525</u>	18.8%	<u>17</u>		<u>595</u>	17.2%
<u>Fraud Waste & Abuse Hotline:</u>								
Fraud Waste & Abuse Hotline Reviews	2		100		2		100	
Total Fraud Waste & Abuse Hotline Reviews	<u>2</u>		<u>100</u>	3.6%	<u>2</u>		<u>100</u>	2.9%
<u>Organizational/Operational/Process Reviews:</u>								
Organizational Governance and Enterprise Risk	1	420	420					
Strategic Planning - Tracking & Reporting	1	350	350					
Cybersecurity (contracted)	1	95	95					
Disaster Recovery (contracted)					1	175	175	
Supplier and Vendor Management					1	350	350	
Talent Management					1	325	325	
Payroll					1	335	335	
Construction Management					1	400	400	
Selection from Control Assessments	2	175	350		2	175	350	
	<u>5</u>	<u>1040</u>	<u>1215</u>	43.4%	<u>7</u>	<u>1760</u>	<u>1935</u>	56.1%
Total Audits/Hours	<u>27</u>		<u>2800</u>	100.0%	<u>30</u>		<u>3450</u>	100.0%
Unassigned Hours			0	0.0%			0	0.0%
*Note: CY2023 includes an increase in available audit hours based upon the hiring of an additional FTE that is anticipated to occur by mid year 2022.								



Description of Reviews

Risk & Control Assessments:

- A. Update Audit Universe (Inventory of Auditable Activities/Processes). Based on the updated inventory of PWCS processes, Internal Audit will be able to develop a comprehensive multi-year audit plan identifying areas for review.
- B. From the above audit universe, a sample of key areas will be selected for review. Internal Audit will partner with process owners to examine process documentation (if any), identify key risks, mitigating controls, and the internal control design effectiveness of the areas under review. The review will conclude with a Risk and Control Matrix deliverable to the process owner that they can use to self-monitor their processes on a go-forward basis.

On-Site School Audits (Elementary, Middle, & High Schools):

- A. Cash Receipts (Fees, donations, sales)
- B. Cooperative Organizations (PTA/PTO/Boosters)
- C. Purchase Cards
- D. Computer Inventory
- E. Time and Leave

Organizational/Operational/Process Reviews:

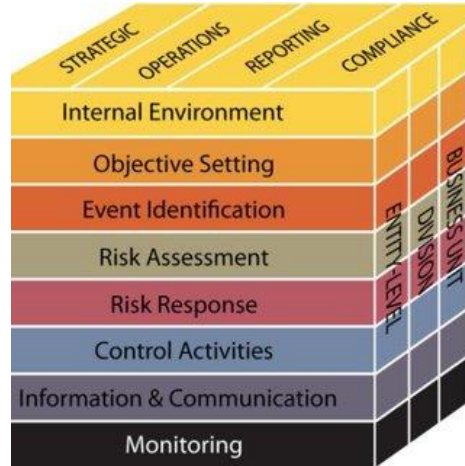
- A. Organizational Governance and Enterprise Risk:

This audit involves a holistic view of two important and related areas of any organization, governance, and enterprise-wide risk management.

- Governance is defined as the overarching set of policies, procedures, and relationships that enable an organization to establish objectives, set ethical boundaries, monitor the achievement of objectives, reward successful achievement, and address unsuccessful or inappropriate attempts to meet those objectives, in order to keep the organization aligned with the needs and interests of its primary stakeholders. This portion of the review will benchmark PSCS governance activities against the 8 Guiding Principles of Corporate Governance developed jointly by the Institute of Internal Auditors (IIA) and the Neel Corporate Governance Center at the University of Tennessee's Haslam College of Business. The Neel Corporate Governance Center conducts and disseminates on an annual basis nationally recognized research on corporate governance with a focus on public policy. This model does not prescribe a one-size-fits-all approach as organizations are diverse and need to find their own best practices based on the organization's age, size, complexity, and nature of its operations.
- Enterprise-wide risk management includes the strategic, operational, financial, and reputational risks of an organization. This portion of the review focuses on the practices utilized by the Board and Administration to identify and mitigate risks that contribute to



the achievement of organizational goals and the preservation of value, transparency, and effective stewardship. The review will utilize the COSO framework of internal control, the gold standard for governments and businesses in their evaluation of enterprise risk management. The ERM cube below is taken from the COSO framework and will be used as a reference during the review.



B. Strategic Planning – Tracking and Reporting:

This review examines PWCS's strategic plan process and will benchmark PWCS's strategic plan against the strategic plans of top school districts in the nation. In addition, the review will examine the processes to track, monitor, and report the achievement of those goals and measurements.

C. Cybersecurity:

This review examines the data security of our IT and includes penetration testing and review of the security measures we have in place to protect us from those risks. This review will be outsourced to a private contractor.

D. Disaster Recovery: This review examines PWCS's plan to recover from an event that negatively affects the systems of business operations and the methods that would be enabled to regain use of critical systems and IT infrastructure, recover data, restore critical applications, and continue operations as soon as possible if an interruption of services were to occur. This examination also includes the testing of the Disaster Recovery Plan to ensure that it works as designed. This review will be outsourced to a private contractor.

E. Supplier and Vendor Management:

This review examines the relationships with PWCS external suppliers and vendors and the ability to identify and maintain our supply chain of critical needs.



F. Talent Management:

This review involves the practices and processes to identify, acquire, upskill, and retain an effective workforce. It includes the ways PWCS addresses current challenges such as the increased need and acceptance of remote conditions, on-site requirements, and redefining how work gets done so that organizational goals are achieved.

G. Payroll:

This review examines the controls governing the processing and monitoring of payroll data.

H. Construction Management:

This review examines the adequacy of internal controls and construction management processes of major capital projects including the bidding and award process, change order execution, compliance with any funding restrictions and requirements, oversight and monitoring of construction while in process, compliance with insurance/bonding/ licensing requirements, compliance with construction documentation, oversight of in process payments, and project conclusion.

I. Selection from Risk and Control Assessments:

These reviews will be based upon a selection of completed Risk and Control Assessments. The reviews will expand the examination of these areas to include operational effectiveness of the processes under review in addition to their design effectiveness.