

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS

Internal Audit Committee Meeting Minutes

May 2, 2012, 4:30 p.m.

Edward L. Kelly Leadership Center

14715 Bristow Road

Manassas, Virginia 20112

Room 1132

Committee Members Present:

Milton Johns, Chairman, School Board Representative

Gilbert Trenum, School Board Representative

Dave Cline, Associate Superintendent for Finance & Support Services

Alternates Present:

Lisa Bell, School Board Representative

Rae Darlington, Deputy Superintendent, School Division Member

School Board Members Present:

Betty D. Covington, School Board

Staff Present:

Vivian McGettigan, Chief Internal Auditor

James Fagan, Division Counsel

John Wallingford, Director of Financial Services

Deborah Urban, School Board Clerk (minutes only)

I. Call to Order

The meeting was called to order at 4:30 p.m. The record reflects that a quorum was present.

II. Approval of Minutes

Minutes were approved unanimously for the February 6, 2012 meeting.
(Motion - Dave Cline, Second - Gil Trenum)

III. Regulation Changes

Mrs. McGettigan presented the proposed changes to Regulation 361-1, which included the removal of the reference to management directing requests of Internal Audit and to add the requirement to obtain prior approval of the Internal Audit Committee. In addition, to reduce confusion related to the reference to Internal Audit reviewing the “risk management system” which in the PWCS environment may be confused with the Office of Risk Management and Security Services, “risk management system” has been replaced with “risk assessment process.” As directed by the Committee in the February 2012 meeting, Mrs. McGettigan coordinated these changes with Mr. Fagan.

The committee members agreed with the proposed changes to the regulation and directed Mrs. McGettigan to work with senior management to initiate these changes.

IV. Internal Audit Status Report

Mrs. McGettigan discussed the report format and a few of the specific items.

- School Audits (three)

She mentioned that she has performed the first five Unannounced School Audits based on the 2012 Audit Plan emphasizing that the results have been outstanding. She has been very positively impressed by all five principals' emphasis on creating an environment where adhering to financial guidelines is clearly a high priority. An extraordinarily high level of cooperation was received during the audits and the conversations were all open and positive. The first two reports are included in this audit committee packet: Cedar Point Elementary School which had no findings and Henderson Elementary School which had one finding. The other three reports which are in process have minimal findings.

Mrs. McGettigan also mentioned that the Potomac Middle School audit report which was conducted as part of the 2011 Audit Plan is included in the packet.

- School Age Child Care (SACC) Report

Mrs. McGettigan mentioned that the SACC report presents an outstanding story of teamwork resulting in efficiencies and cost savings from the team approach which transitioned the SACC program from the County to PWCS. She mentioned this because the format of the audit report does not always allow for sharing the informal stories which shape the internal control environment at each school or department and the SACC transition project is a success story.

- Status of Other Projects in 2012 Audit Plan

Mrs. McGettigan mentioned that the Status Report provides brief updates on the Position Control Project, coordination actions with the Internal Control Advisory Council on specific projects, and three presentations prepared for the SWAP Study Committee, Procurement Card Subcommittee, and the Booster Club Financial Guidelines Subcommittee. These projects are covered in the 2012 Audit Plan under the “Coordinating Global Audit Findings and Recommendations” project. One of the key components of PWCS’ internal audit process in the early years of the program is to review the internal audit findings with an emphasis on addressing the common findings with enhanced communications. These presentations are one of the communication steps.

V. Update on Brentsville High School Audit Report

Mrs. McGettigan stated that professional standards require that she communicate the audit findings on a timely basis which involves updating the Committee on the progress on audit reports that have not been finalized. Because the Brentsville High School Audit Report which was sent to senior management for final review and response in January has not been finalized, she mentioned that the memo summarizes the eight audit findings for timely communication to the Committee.

VI. Internal Control Advisory Council (ICAC) Update

Mr. Wallingford presented an update on three of the projects covered in the memo that the ICAC has been working on over the past few months which included the Position Control Project, the Procurement Card Subcommittee, and the Cooperative Organization Guidelines Subcommittee. In addition, he mentioned to the Committee that Positive Pay has now been implemented for PWCS. The Positive Pay initiative reduces risk related to unauthorized checks being paid from PWCS bank funds. He has been working with the County for several years to establish this process which represents a significant enhancement to the internal control environment.

VII. Presentation of Audit Reports:

Mrs. McGettigan presented the following reports which had been discussed during the Status Report update:

- Potomac Middle School
- School Age Child Care
- Cedar Point Elementary School
- Henderson Elementary School

VIII. Motion to Enter Closed Session 5:10 p.m.

Mr. Trenum made a motion, seconded by Mr. Cline, to go into closed session to discuss the performance of specific employees pursuant to the personnel exemption at Section 2.2-3711(A)(1) of the Virginia Freedom of Information Act of the Code of Virginia.

Recorded Vote: Yes, Unanimous

IX. Open Session

At 6 p.m. the meeting was reconvened in open session by order of the chair.

X. Closed Session Certification

Mr. Trenum made a motion, seconded by Mr. Cline, that, pursuant to Virginia Code Section 2.2-3712, the Closed Session of the Prince William County School Board Internal Audit Committee meeting of May 2, 2012 be certified by adopting the following resolution:

NOW THEREFORE, BE IT RESOLVED that the Prince William County Public Schools' Internal Audit Committee hereby certifies that, to the best of each member's knowledge, (1) only public business matters lawfully exempted from open meeting requirements were discussed in the closed meeting which this certification resolution applies, and (2) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed, or considered by the Prince William County Public Schools' Internal Audit Committee.

Recorded Vote: Yes, Unanimous

XI. Upcoming Meeting

September 19, 2012, 4 p.m. (Tentative)

There being no further business, the meeting was adjourned.