

SCHOOL DIVISION ORGANIZATION, PHILOSOPHY, AND GOALS

Philosophy and Goals

Internal Audit Charter

This regulation supersedes Regulation 1420.1.

I. PURPOSE

To establish the purpose, authority, and responsibility for internal auditing in Fairfax County Public Schools (FCPS).

II. SUMMARY OF CHANGES SINCE LAST PUBLICATION

Section V.F. updates the distribution of reports and adds a link to the web site.

III. MISSION

The mission of the Office of Internal Audit is to help the School Board and the school division's Leadership Team effectively discharge their responsibilities. The Office of Internal Audit serves to improve fiscal accountability and operations of the school division. The Office of Internal Audit's activities serve as independent objective assurance and consulting activity designed to add value and improve operations. The Office of Internal Audit can help the school division accomplish its objectives by bringing a systematic, disciplined approach to evaluating the effectiveness of risk management, control, and governance processes. The office, through its work, provides the Superintendent, the Leadership Team, and the School Board with analysis, appraisals, recommendations, and other information concerning the activities reviewed. The Office of Internal Audit shall be considered an essential element in achieving the mission, goals, and objectives of the school division.

IV. APPLICABILITY

All FCPS schools, programs, departments, and functions are subject to audit by internal auditors.

V. OFFICE OF INTERNAL AUDIT CHARTER

A. Introduction

The Fairfax County Superintendent of Schools and the Leadership Team are responsible for the effective and efficient administration of Fairfax County Public Schools. This responsibility encompasses the requirements for accomplishing sound financial management, carrying out adequate reporting, maintaining an effective

system of internal controls, complying with applicable rules and regulations, and maintaining the highest standards of ethical conduct. The Fairfax County School Board is responsible for ensuring compliance with laws and regulations, by visitation or other means, and for ensuring efficient operations (Code of Virginia 22.1-79 and the current version of Policy 1805). The School Board directs the Superintendent in these matters by adopting the budget and establishing School Board policy. Together the Superintendent and the School Board are responsible for attaining the school division's mission. To aid them in fulfilling their responsibilities, the School Board has formed an Audit Committee and has established the Office of Internal Audit, whose reporting responsibility is to the Audit Committee. The Audit Committee shall be composed of two School Board members appointed by the chair and confirmed by the entire School Board. The Superintendent and the deputy superintendent also shall be voting members of the committee. One of the School Board members will serve as chair. The chief financial officer will act as a nonvoting participant, and others may observe or participate as needed.

B. Authorization and Responsibilities

The audit director shall have the authority to conduct audits to include, but not be limited to, financial, performance, and compliance audits or reviews of all departments, offices, schools, activities, and programs under the control of the School Board. As used herein, the various types of audits referenced above are defined by the Government Accountability Office and the Comptroller General of the United States in their most recent publication titled *Government Auditing Standards*.

To properly carry out its responsibilities, the Office of Internal Audit shall be granted the following authority:

- Complete and unrestricted access to all records, documents, files in any form, and personnel.
- Authority to request reasonable assistance from appropriate personnel in acquiring requested records, documents, and files.
- Inspection privileges to all assets owned, leased, or borrowed.
- Ability to request reasonable assistance from appropriate personnel in locating assets.
- Entry privileges to any and all facilities used by the school division.
- Interview privileges, either written or oral, with all school division employees.
- Full, free, and unrestricted access to employees, officials, records, electronic files, vendor contracts, others working on behalf of the school division, and reports.
- Management of its own budget and staff, separate from departmental budgets, to fulfill responsibilities described in this document.

The Office of Internal Audit shall have access to all records of the school division and shall maintain confidentiality of those records in accordance with any overriding laws or regulations.

The Office of Internal Audit may have neither direct responsibility for, nor authority over, any of the activities under review. Office staff members shall maintain independence in attitude and appearance. Nothing herein, however, shall prohibit

the Office of Internal Audit from working in an advisory capacity with the Superintendent and staff members in evaluating internal controls in new or existing systems, training staff members in financial controls and audit principles, or directing staff members to other resources within and outside FCPS who can help improve program controls and operations. Accordingly, internal audit personnel do not develop or write policies or procedures that they may later be called upon to evaluate. They may review draft materials, developed by the Leadership Team, for propriety and/or completeness. However, the ownership of and responsibility for these materials remains with the Leadership Team, not with internal audit personnel.

C. Organizational Reporting

The Audit Committee serves to promote, maintain, and enhance the independence and objectivity of the internal audit function of the school division by ensuring broad audit coverage, adequate consideration of audit or review reports, and appropriate action on recommendations. To this end, the committee shall review the annual audit plan, budget, and staffing needs of the Office of Internal Audit and shall make recommendations to the School Board as necessary. The Audit Committee shall approve changes to the approved annual plan. Requests for additional audits from School Board members, the Superintendent, other members of the Leadership Team, and program staff members shall be directed to the Audit Committee. Requests will be evaluated based on the risks associated with the area and the impact on the current year audit plan. The audit director may conduct minor audit assignments as deemed necessary upon notification to the Audit Committee. If, however, the initial assignment would affect the audit plan, Audit Committee approval would be obtained. Additionally, if the Office of Internal Audit is unable to accept the request, efforts will be made to identify an alternative source, schedule the project at a later time, or include the request as an objective in a routine audit.

Operationally, the Office of Internal Audit shall report to the Audit Committee and administratively to the Superintendent or deputy superintendent for coordination and authorization of leave, approval of payrolls, authorization of travel, etc. Employees of the Office of Internal Audit shall be granted all benefits and rights offered to other employees of the school division.

The appointment or removal of the audit director shall be in accordance with the school division's personnel regulations and confirmed or approved by the Audit Committee. The annual performance review of the audit director shall be performed by the Audit Committee.

Every effort should be made to adequately staff the Office of Internal Audit, within financial constraints, in order to perform its auditing activities. Office of Internal Audit personnel shall maintain their technical competence through continuing education, and provisions shall be made in the Office of Internal Audit's budget to help them.

D. Audit Standards and Ethics

The Office of Internal Audit will carry out its responsibilities in accordance with this charter and the professional standards and codes of ethics promulgated by the comptroller general of the United States (*Government Auditing Standards*).

Office of Internal Audit personnel are expected to consistently demonstrate high standards of conduct and ethics as well as appropriate judgment, independence, and discretion.

Audits will be performed by auditors who collectively possess the knowledge, skills, and disciplines necessary to properly complete the engagements. The Office of Internal Audit shall have authority, when necessary, to employ the services of a consultant in order to acquire appropriate audit expertise.

E. Audit Planning

The audit director shall submit an annual work plan reflecting scheduled audits and nonaudit activities to the Audit Committee for review and approval. The work plan shall be developed after consultation with the Audit Committee and acquisition of input from the Superintendent and other Leadership Team members and shall be based on an organizational risk assessment of the school division. Any additions, deletions, or deferrals to the approved audit plan shall be approved by the Audit Committee. The approved plan shall be submitted to the School Board for final approval. The audit director may initiate and conduct any other audit or review deemed necessary for potential illegal acts, fraud, abuse, or misuse of funds. Reasonable notice shall be given to appropriate personnel of intent to audit in their areas except when conditions warrant an unannounced audit.

F. Audit Reporting

A preliminary written report will be prepared and issued by the audit director following the conclusion of each audit. The head of the audited activity or department will prepare a written response to the preliminary report within 21 days of issuance. The response shall indicate what actions were, or will be, taken in regard to the specific findings and recommendations noted in the preliminary report, who is responsible for taking action, and the anticipated date of completion for each planned action. The person responsible for the audited activity or department may include other comments as deemed appropriate. The written response will become an integral part of the final report. If no response is received, the auditor will note that fact in the transmittal letter and will prepare the final report. Any subsequent responses shall be distributed to those who received the audit report. The final audit report will be addressed to the Audit Committee. Copies will be provided to the affected department head, the Superintendent, applicable Leadership Team members, and the School Board. Reports will be made available to the public via the internal audit web site www.fcps.edu/supt/internalaudit.

G. Audit Follow-Up

The audit director may request periodic status reports from audited departments, offices, and schools regarding actions taken to address reported deficiencies and audit recommendations. The Office of Internal Audit shall perform a follow-up review to verify implementation of recommendations and publish a written report addressing the results of the review.

H. Investigations, Fraud

All investigations will be conducted in accordance with Regulation 1410. The audit director shall be notified in all cases of irregularity or suspected irregularity, involving not only employees, but also vendors, agents, volunteers, and external organizations doing business with the school division. The audit director will coordinate, with the internal investigator in the Department of Human Resources, all actions taken in investigating suspected fraud.

I. Quality Assurance

The Office of Internal Audit shall establish an internal quality control system to enable continuous improvement in work products, ensure compliance with *Government Auditing Standards* (GAS), and promote professionalism. In addition, in accordance with GAS, the Office of Internal Audit shall be subject to an external quality assurance review at least once every three years. Such reviews shall be conducted by individuals possessing appropriate professional knowledge and abilities and must be independent of the school division. A copy of the written report of this independent review shall be furnished to the audit director, the Audit Committee, and the Superintendent. The school division shall provide for the cost of the review as part of the budget for the Office of Internal Audit.

In an effort to continually improve the internal audit function, the Office of Internal Audit shall be encouraged to maintain professional relationships with other internal audit departments outside FCPS. In addition, audit personnel shall be encouraged to maintain membership in and attend meetings of local, state, and national organizations that serve to promote the practice of auditing.

Legal Reference: Code of Virginia, Section 22.1-79

See also the current versions of: Regulation 1410, Procedures for Reporting and Investigating Fraud and Embezzlement
Policy 1805, Duties, Responsibilities, and Authority of School Board Members and Officers
Directive Web Site www.fcps.edu/Directives