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Loudoun County School Board, Audit Committee, Wednesday, March 4, 2026

Date	Wednesday, March 4, 2026
Place	Loudoun County Public Schools / School Board meeting (see BoardDocs / LCPS-TV)
Length	1h 3m (video)
- Official meeting video (Vimeo / LCPS-TV): https://player.vimeo.com/video/1170449829?rel=0 - BoardDocs (School Board): https://go.boarddocs.com/vsba/loudoun/Board.nsf/Public	

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Speech-to-text: whisper.cpp, model large-v3-turbo. Produced 2026-10-11. Each paragraph starts with its time [HH:MM:SS] in the meeting video.

[00:00:17] Good evening, everyone. I am Anne Donahue, the at-large member of the Loudoun County School Board and chair of the audit committee. With me are my colleagues, Mrs. Amy Riccardi of the Sterling District and Mr. Jonathan Pepper of the Dulles District. And this is the inaugural first meeting of the new and improved standing audit committee.

[00:00:37] I'm very excited to be here and to be with all of you. So having called this meeting to order, our second item on the agenda will be public comment. I don't believe we have anyone signed up for public comment, so we will be able to move along with our agenda.

[00:00:54] Item number three is minutes, but since this is our first meeting, we do not have any meetings to approve from previous minutes, but we will next time. So we will move that and go right along to number four, which is our discussion items.

[00:01:11] Now, the order of the items on our agenda are a little bit different from what we're used to seeing in our typical committee and full board agendas. But we felt, Mr. Woods and I felt that arranging it this way was in the best interest for this inaugural meeting.

[00:01:30] So we will start with item number 4.01, the purpose of the audit committee. Mr. Woods, the floor is yours. Yes, well, good evening, everyone, and thank you for being here tonight. Right now, I'll just

go over the purpose of the audit committee.

[00:01:46] Some of the things we do in the office, well, the main thing we do in office is perform audits. And one of your key tasks is in approving the annual risk-based audit plan. The annual risk-based audit plan starts in several phases. We start with performing the risk assessment.

[00:02:04] We then provide a universe, a audit universe for members of the committee to review and select those audits. We select those audits based on risk and based on needs of the division.

[00:02:21] Other roles of the committee are to ensure internal audit independence. And so what that looks like is ensuring that our reporting lines are directly to the committee, ensuring our authority to audit, and also performing my functional and administrative duties.

[00:02:44] I'll just take a quick pause, see if there's any questions related to the risk-based audit plan or ensuring audit independent. Chair, I have many questions about this, and I'm sure we're going to get into it.

[00:03:03] So maybe I might just hold my questions until we get – I'm going to let you go through this first, I think. But I do have questions just about the process in general and what the plan is. I know we're going to talk about that as well. Yes. Later on in the agenda, in 503, we do talk about the risk assessment, which leads into the annual audit plan approval.

[00:03:24] Great. I'll wait then. Okay. Any questions related to independence? Also, one of the other roles of the committee is to allow me to report sensitive issues in closed session if need be.

[00:03:42] We haven't had the need to perform one yet, but now that we are a standalone committee, we may have the time to perform such duties. Other roles of the committee are to monitor audit results and findings.

[00:04:01] So upon the completion of an audit report, we will present that audit report, the key findings and recommendations to this committee. At that time, the committee can ask questions related to those audits, and we can have that discussion on follow-up as well.

[00:04:18] Also, because we now have a committee during those meetings to talk about the reports, one of those questions that you may have are root causes of audit findings.

[00:04:34] We may now have the time allotted to actually go into discussion of root causes for certain findings. And I'll pause right there if you have any questions. Another role of the committee is to track corrective actions.

[00:04:53] So once we issue a report, we'll have recommendations. We will then give individuals responsible, or the owners of those processes, time to perform the corrective actions. The follow-up phase, we go in to see if they perform those corrective actions.

[00:05:11] It is those corrective actions that we can come to this committee and discuss have those items been implemented. And if not, for what reasons, or if they need more time, or if it is not an actionable recommendation.

[00:05:29] And so we can also discuss those items here in the committee, and so you are aware of the progress of those recommendations. Another role of the audit committee is evaluating internal audit

performance, or my evaluation, but also the evaluation of is the internal audit, the Office of the Auditor General performing its duties per the policy and also in the public's interest.

[00:05:59] And so we can have those discussions here, but also in private, again, in closed sessions related to the employee evaluation. But again, for the performance of the office, the committee can have those in open discussion. So that's also another role for the art committee.

[00:06:21] Another role of the committee is ensuring adequate resources. The committee and also the board approves our budget. But in these committee meetings, we can talk or discuss, do we have the human resources to fulfill our duties?

[00:06:39] Do we have the technology to fulfill our duties? Do we have the expertise to fulfill our duties? And in such cases where we don't, what do we do to gain those expertise? We also can hire or contract out certain internal audits if we do not have the expertise.

[00:07:04] And if you ask, well, why does the internal audit need to hire other auditors? And I'd say as a lawyer, usually they also hire other lawyers in certain instances where others have greater expertise in an area.

[00:07:20] And auditors do the same thing. And so we can have those discussions here in committee as well. Lastly, one of the roles of the audit committee is to review the My Concerns hotline.

[00:07:38] My Concerns Hotline is a Fraud, Waste, and Abuse Hotline, where individuals can submit hotline concerns anonymously if they choose to, and we can follow up those submissions, whether through an audit or an investigation into those concerns.

[00:07:59] In open discussion, we cannot divulge the sensitive areas of those investigations, but if the need be, we can have those discussions in private or closed session. be more accurate so those are a few of the roles uh that i've identified for the committee and i am happy to take any of your discussion or questions many members any questions at this time

[00:08:36] i i neglected to mention when we were getting started which i i like to do just for the record that this meeting is being audio recorded but not video recorded it is not being live streamed but but it will be available for the public to listen to going forward on the LCPS website.

[00:08:55] So with that, if we have completed item 4.01, then we will move on to item 4.02, administrative oversight procedures for the Office of the Auditor. Once again, Mr. Woods, the floor is yours. Yes. So we have a visual for the reporting lines for best practices of an internal audit.

[00:09:25] And you'll see that internal audit reports directly through the board, through audit committee, and we collaborate with senior management. We align our goals with senior management. We follow the policies and regulations of senior management.

[00:09:42] But we report to the governing body, which is the audit committee through the school board. And this is a best practice. It is how we ensure independence. And it is recommended by the Institute of Internal Auditors, which issues the Red Book, which are the standards we follow.

[00:10:04] Now, as initially when we started, we just did the functional part. And the functional is the direct labor, which is performing the audits, performing the risk assessment, issuing recommendations and findings.

[00:10:22] Now we have transitioned to also include the administration side. The administration side is who approves my leave, who approves my travel, who approves my training. This will be done, I think, right now currently.

[00:10:37] It should be the chair of the committee. And so we will just have to determine how that looks like. Because recently I had an incident where on Thursday, I believe, a week ago, I couldn't make it in. And so I had to take a day off because someone had injured themselves in my house.

[00:10:57] So how do I communicate, hey, I will be out this day and I will have sick leave and I need that approved. you do not have access to approve my leave in oracle but you should be made aware of certain events like that especially the long-term leave say a vacation or parental leave those should be approved in written in writing usually by email by the chair of the committee and so that is now

[00:11:30] the administration side that you have oversight over and so anytime i decide to take leave or I am going to take a training that requires travel a travel expense report will be submitted to miss Donahue I can also provide a copy of those to mr.

[00:11:50] Cardi and mr. pepper so you are aware of my whereabouts and the expenses we take on in my office that is now a function of this committee any questions mr. Kari how do you handle your leave and travel with regards to your report and your reporting structure into the board yes I currently through board direction

[00:12:26] provide my leave requested leave for our notification of lead to the board as a matter of practice to all board members but in terms of whether it's going to professional development opportunity I prize the board chair and the board chair has on behalf of the board is delegated with the authority to approve that yes it's the same same model yes mr. pepper thank you manager so mr. woods

[00:13:04] just out of curiosity out of all this I think it's kind of the same thing what was up until now what had been the procedure for you if you needed to take leave yes so prior to this administratively we reported to the superintendent's office so what that looked like is I would submit these I I would submit leave, and the chief of staff or superintendent would approve it, and that's what that looked like.

[00:13:30] Now, technically, they still would have to approve it electronically, but now it will be submitted to the chair, who I would then get approval for, and then when I submit my leave, possibly attach it or email the superintendent's office that it was approved.

[00:13:53] Thank you for that, Mr. Woods, and I hope that the injury in your house was non-serious and that everyone is healthy now. They're healthy, but they're injured. Are we complete with item 4.02, administrative oversight?

[00:14:21] Yes. If there are no further questions, I think we're good to go to the next item. Then we will move on to our information items, starting with 5.01, the role of the Auditor General. Okay, so the Auditor General's role is to oversee all functions inside the internal audit office.

[00:14:40] We name that office the Office of the Auditor General. My role is to oversee the annual audit plan, which is developed based off our annual risk assessment. Also, my role is to govern the office.

[00:14:55] We have a fairly small office with two auditors and one administrative assistant. My role is to perform audits that are approved by this board and report the audits and their audit findings and recommendations to the board and follow up.

[00:15:15] It is also to promote transparency and accountability within our division through the work we do performing audits and then presenting those audits here in public forum. And so that's really the main role of my office.

[00:15:33] Another role of the office is overseeing the My Concerns hotline, which is, again, our fraud, waste, and abuse hotline, and then performing investigations that are submitted to us or referring those submissions to those who are more suited to perform those.

[00:15:54] And I say that because sometimes we will get a submission that is really not in our realm. An example is a parent letting us know that a student didn't get their grades issued in time and they need to submit their grades for a deadline for a scholarship.

[00:16:12] That's not really the role of my office is to investigate why your grades or why the grades weren't issued in time. And so we do get those types of submissions as well. And so overseeing the fraud, waste, and abuse hotline, we defer those to those individuals who have ownership of something like that.

[00:16:32] But those are the main roles, is performing audits, managing the office, and performing investigations that are submitted through the fraud, waste, and abuse hotline. Are there any questions? Status of the Office of the Auditor General?

[00:17:01] Yes. Moving on to item 5.02. Great. So now we are getting into the work and what the committee is basically structured for, and that is the oversight of our office.

[00:17:20] And as such, we will give you a current status of our current audits and go through also the structure of the office. Next slide, please. So the office is comprised of four employees, myself as the Auditor General, and two internal auditors, and an assistant, an administrative assistant.

[00:17:51] Collectively, we have well over 40 years of experience and hold various certificates. And so that is the structure of our office. In the future, we may have, or this committee may have, questions for the Auditor General, is this staffing level appropriate?

[00:18:15] If you ask me now, I would say it's appropriate given the status of uncertainty. And that is enrollment numbers, recalculation of state funds. And so as such, I would not recommend any changes to parent staff until those types of things settle down.

[00:18:40] And the big one really being enrollment rate as opposed to a one-time recalculation of state allocated funds to our school district. And I'll pause real quick if you guys have any questions.

[00:18:57] related to the staffing, the office. Mrs. Riccardi, so I'm not tracking exactly on the last part of this, which was about the enrollment numbers and needing to level off in the state funding.

[00:19:13] So could you clarify a little bit more about that? I mean, I know we, obviously I know the enrollment numbers are declining. I get that. Can you explain a little bit more about what you meant? Yeah, so I'll just briefly touch on birth rates first. So birth rates are declining nationally. Immigration is declining nationally.

[00:19:32] those are two growth drivers in population which would feed into schools we don't know the future of those enrollment numbers right now funding is dictated on enrollment and so being a school division our first job is to educate students we are a support service as such we probably shouldn't be the individuals driving fiscal responsibilities in the office and so our needs in wanting to grow

[00:20:08] aren't as important as first allocating those resources to the school and to those who support directly to the school. So that's from the enrollment side. Recently, I just read an article that the state senate has drawn legislation to recalculate how they allocate funds to school districts, which could result in millions of dollars being removed from our division based on

[00:20:44] them including computer equipment into how property taxes are allocated or garnered or gained in the county and so that could be another burden on the county where they have to allocate that 31 million dollars themselves and because of these situations and the uncertainty that they pose i think our staffing currently as it sits is is probably the best possibility for right now

[00:21:19] And the reason I bring that up is because I would love to have an IT auditor, but we just don't know what the future funds are. So right now, I think staffing is okay. If I can make sure that I'm understanding, I think what I'm hearing from you, Mr. Woods, is you would love to have more staff if we had unlimited funds.

[00:21:46] But because we don't have limited funds, what I'm hearing from you right now is you can make do with the staff that you have right now, but may want to expand in the future if we have more available funding.

[00:22:01] That is correct. Follow-up, Mr. Gardner. Next slide, please. As new members of the audit committee, I just want to go through our audit process.

[00:22:25] And so after we have an audit plan and we are performing the actual audit, there are four or three phases during the audit. Phase one is planning, phase two is field work, and phase three is reporting.

[00:22:41] So in phase one of planning, the audit has already commenced, and we are meeting with stakeholders and process owners to go over their duties and responsibilities for us to gain an understanding of their tasks and their job duties.

[00:22:58] The planning section, it says planning, but it is actual audits in progress. It is not us gearing up to do the audit. It is us performing the audit to determine the testing steps that we will perform during the audit.

[00:23:14] And that includes meeting with staff members and management, reviewing policies and procedures, reviewing state and federal legislation and regulations, and getting an understanding of the area we are auditing. Once we have done that, we will use that information to develop a risk-based testing program.

[00:23:36] We will then perform testing, which we call field work, to see if we are operating as intended per criteria set forth in our policies and regulations at the state and federal level. Once we perform those steps, we then will move on to the reporting phase, which includes exit meetings and discussions with the process owners who were audited during that period.

[00:24:03] Once we have met with those individuals, we will then draft an audit report. When we draft an audit report, we provide that back to management so they can provide responses, and those responses may include corrections to our audit findings.

[00:24:21] So if there's an audit finding that maybe we just didn't have all the information and they provide new information, we can correct that audit finding or to ensure that we get mutual sign-off of that

finding and say, this is a finding and we agree with that recommendation once the back and forth between and i say back and forth it's just a natural flow of the audit report we will perform the audit report we will give it to management they will review it for accuracy and then once they provide

[00:24:57] that back if they if there are no other need for discussion that we will move on to issuing the report. Once a report is issued, we will provide a summary of that report here in committee after such presentation of that report. It will then be uploaded to our public web page so it is public facing. All our reports go to our web page unless they are sensitive, which would include security information in audit reports, those reports that could put

[00:25:35] In a bad negotiating situation, if we are negotiating contracts with external vendors, particularly construction, we haven't performed any construction audits, but those are the types of audits that we would not publicly put in the public domain.

[00:25:56] And so this is our audit process while we are actually performing the audits. Any questions regarding the audit process? I do have a few, Mr. Woods, I suspect my colleagues will also.

[00:26:14] I'm curious how much interaction the committee may have at various stages. So I'm wondering, do we ever see the raw data or the questions that you're sending out?

[00:26:36] Or is that typically not how the process works? Yes. Typically, once an audit plan is approved, throughout the year we give quarterly updates, and then we give you the status of the audit. but rarely ever will we provide the raw data or work papers during the audit.

[00:26:57] So once we start the audit, the next time you'll see it is in the audit report, unless there is such a risk that arises that it needs to be brought to your attention right away. And so if it is at a level where we cannot tolerate that risk, it should be brought to the committee even if we're in the middle of auditing.

[00:27:23] Absent of that, the next time you'll see the work papers will be during the audit report. Now, in between an audit, individually you were to come and ask questions regarding an audit, we probably could have those one-on-one discussions, but not in public forum.

[00:27:46] We do not disclose our work papers during the audit. Does the audit report that you generate at the conclusion of an audit include a description of the methodology used for conducting the audit? Yes. Every audit will include an executive summary, which gives you a quick, could be quick, but it gives you a background into what we did, what we found, a summary of an opinion, our opinion on whether controls should be enhanced or controls are working as intended.

[00:28:16] It will give you the scope or the period in which we reviewed. It will give you the criteria in which we measured the audit against and also the methodology. I will say when it comes to methodology, it's pretty – they're similar.

[00:28:34] We're going to do very similar steps. The only steps during methodology that may change really comes down to data analysis. And then some audits just won't require a lot of data analysis, especially if it's more on the operation side as opposed to something on the financial side, which would have a lot of data analysis.

[00:28:58] Whereas the operations are controls, policies, procedures, is it working as intended to prevent negative events? And so that goes to just say that the methodology will usually be similar, and it will be conduct interviews, review documentation, review policy procedures, review criteria.

[00:29:23] But that is in the report. You mentioned that raw data would not be available for public discussion while the audit is pending. What about after your process is concluded? Yes, and I just want to add that a lot of the raw data as a school division is probably FOIA-able, so it is available to the community.

[00:29:47] It is our opinions of those raw data that we make during the testing of our audit when it be available. But if it is something related to student population or student enrollment numbers, very general information that's public, those discussions can be had and shared.

[00:30:11] Budget, budgets approved in public, we can have, if it's audit regarding budget, that's something that can be had in public. But other sensitive topics, we would prefer not to have those in public until we finish, until we conclude the audit.

[00:30:31] Because we may have an opinion that may not be accurate until we clarify that with the process owners. And so when you conclude your audits, you may have recommendations as to corrective action that may need to be, that you would advise be taken.

[00:30:50] But who decides whether or not to adopt those recommendations? Management. We do not make any management decisions outside our office. And so as far as policy goes, it's only 3410, and maybe 2310 now as we have a standing committee.

[00:31:09] Outside of those policies, we do not make any management decisions as it relates to Loudoun County Public Schools. We try to get mutual agreement, but we cannot force them to actually perform those corrective actions.

[00:31:25] That would be those powers that have that authority, but we do not. And when you say management, you have designees? Superintendent, cabinet members, directors, executive directors, those in the position of management.

[00:31:47] Thank you, Madam Chair. So you had mentioned that – I have two questions. The first is you mentioned when the school board kind of comes in in this process. If I were looking at this chart of the audit process, when we approve the audit, where are we in this process?

[00:32:05] Are we still before planning or are we after the planning phase? So this process is after you approve an audit plan, and we are doing the physical work of performing the audit. And so if we have an audit title, say audit of transportation, and we're doing that audit, we are somewhere in one of these phases performing that audit.

[00:32:30] And then the other thing that you had mentioned that I'm really curious about is you said that the field work involves the implementation of a risk-based testing program. Can you give me an example of a risk-based testing program? Yes. So there's two levels of risk that we assess.

[00:32:48] One is division-wide, and that is how we get the audit plan. The other is audit-specific. So we have limited resources, and we can't test everything. So how do we narrow what we are going to look for specifically during an audit?

[00:33:03] And that is where we assess or review policies, we review regulations, federal regulations, state, local regulations. And we say, okay, these areas we need to look at because they pose the biggest risk of noncompliance, of risk to reputation, risk to cybersecurity or information security, risk to revenue or financial risks.

[00:33:34] And so based on the area of risk we're auditing, we'll narrow down what we test. And what that looks like is, if there's a process or program that has an objective, is how do we measure that objective is working as intended?

[00:33:51] How is the control working as intended? So we test something to see if that control is working as intended. And we determine those tests based on the risk that we determine during the audit process, which is during the planning phase.

[00:34:07] recording I just I guess I would love your input on this too so as in my limited experience with audits is just in general we're kind of involved at the before you have the beginning process and at the end of this process and really our goal is to stay out of the middle that is your domain you own it and you're just coming back to us at the end with the reports yes but I just wanted to add that as a board member anytime during an audit you can come to me and ask

[00:34:45] specific areas of the audit one-on-one just to understand where we are in the audit as your role as audit committee member and evaluating performance of the audit office and so if you want to come to me to talk about specific audits we can't have a discussion one-on-one okay and it's more of a problem around the process piece but not necessarily getting in the weeds of the middle the middle chunk of this as you're in the middle of correct and that's also to

[00:35:18] avoid um having an opinion too early as there may be clarity later on and so if we if we were to identify something early on and say well it looks like this is happening this event is happening well later it may be determined that that event is sort of like a false positive and it's not really uh what's actually happened happening in the day-to-day work and so we try to avoid that confusion by just providing it at the end so in other words to keep it objective and honestly it's about keeping our hands out of the park yes which is helpful for everybody yes and in the next

[00:35:58] agenda item is really where you guys really come into play in determining and shaping the audits because those audits that we do perform is where you have a really big influence you approve the audit plan and you also select the audits we will perform which we will get to in the next agenda Currently, we are performing four audits.

[00:36:32] This was approved by the LAMP committee meeting, which will now be your duties going forward. They are an audit of transportation management. The objective is to evaluate the effectiveness of transportation controls and practices. That audit is currently in reporting phase, and so we're at the beginning stages of reporting.

[00:36:53] We're finalizing the audit workpapers, and I'm currently signing off on those workpapers, making sure that they're supported by the evidence we collected. The next audit is audit of teacher extended Jefferson contracts. The purpose of this audit is to evaluate the controls over the administration of what we colloquially call Jefferson contracts here in Loudoun County.

[00:37:18] We are moving away from that, all teacher extended contracts. The reason they were ever called Jefferson contracts is because of Thomas Jefferson High School apparently had this similar practice of giving a teacher an extended FTE up to no more than 0.2.

[00:37:37] So a teacher is considered one FTE. If they perform extra work outside of their contracted blocks, they could then get an additional pay of 0.1, 0.2 of their base salary to perform work on those extra bases.

[00:37:57] We used to call it Jefferson Contracts. We're trying to move away from that to the more accurate term of teacher extended contracts. So that is the second audit on the table, and that audit is currently in its fieldwork. The next audit is register information management and data integrity.

[00:38:18] The audit objective is to evaluate controls and practices of register data collection. That audit is also currently in its fieldwork stage. Lastly, we recently started staffing strategy and process efficiency.

[00:38:35] This audit, the objective is to evaluate the effectiveness and efficiency of staffing strategies, recruitment practices, onboarding procedures, and retention efforts, including support for high-need areas to ensure the division is attracting, integrating, and retaining qualified personnel in a timely and sustainable manner.

[00:38:56] These audits align with our strategic plan. An example of that is the last audit I read off, which is the Staffing Strategy and Process Efficiency. You can draw a direct line to the LCPS Strategic One Plan for Excellency of being a place of employee, you know the direct words of, employee of choice.

[00:39:24] And so that's what these audits are aimed to do, is to help align our practices with the strategic goals. And we do that in my office through our audits. And so we tie all these audits to a strategic goal, which you'll see when we issue audit reports.

[00:39:42] I will pause in case there are any questions. And so with the – is four the typical work plan for a year?

[00:39:59] Is that typically where you all are at? Four is what the staff can handle at one time. So we have two auditors and myself. Given the needs of the office, an auditor could probably do two audits at a time, and I could probably help manage or review work papers, sign off on work papers, lead, oversee that audit at any one time.

[00:40:24] And so right now how I'd like it to work currently is once we get to a reporting phase of an audit and audits work papers are signed off and we have done an audit report a draft report uh and the auditor would then go and start a new audit and so if you look at transportation management in the reporting phase soon we will start another audit once that draft report is completed because that auditor will now have time to do a second audit so basically the three of you and well for

[00:41:01] the four of you actually have the workload of doing about four audits per year not per year per any given time and so if we finish an audit now then we can start a new one i will say historical averages right now is four um we'll probably finish two in the spring two in the fall close to the end of the year uh this year because we have one reporting i i hope to get that to five and trust me i'd love to actually do eight we probably don't have the human resources

[00:41:31] is a two-eight as i look at it now uh probably get to five four or five and i would assume that also depends too on the workload of the audit itself and the scope of the audit yes got it okay and you're right i will say the scope is heavily drives the workload sure in an audit so they take transportation management uh there's a lot of buses there's a lot of routes a lot of Controls from the Department of Motor Vehicles, DMV.

[00:42:06] We have three jurisdictions of drivers, actually maybe four. We have drivers from D.C., Virginia, Maryland, I mentioned West Virginia. And so how we control for those drivers is four different jurisdictions, and every one of them are not at the same level.

[00:42:24] I won't name names, but some of them are a little behind than others. And so the scope does drive how much time it takes to perform an audit. Next slide, please.

[00:42:44] All right, so we'll just give you an overall background on what the My Concern is hotline. It is our Fraud, Waste, and Abuse hotline that the OIG oversees. It is a resource that is available to all the public here in Loudoun County Public Schools, to staff, to families, to any individual who has a concern.

[00:43:14] It is there so they can report concerns anonymously. We keep it confidential. We do not disclose the individuals who submit the hotline tip. It is also 24-7, so at any moment or any time, any point in time, an individual can go and submit it through the Let's Talk page of the OAG.

[00:43:39] They can also submit it on the direct as an email, or they can call us. We have posters in all schools and facilities where staff can see our contact information and guidelines on how to submit a concern of theirs.

[00:44:02] We also put what to report when you are reporting the concern. I'll just pause and if there are any questions on the My Concern hotline. I do have one, Mr. Woods.

[00:44:21] Have you ever experienced what you thought could have been an intentionally false report through the hotline? No, we did receive spam once, but it's an email.

[00:44:39] But we have not received any purposely falsified submissions. We have received submissions that are not suited for our office, maybe because the individual submitting the concern wasn't fully aware of the scope of what we look at related to this area, but we have not received any false submissions.

[00:45:07] Thank you for that. Since you mentioned sometimes you get inquiries that may not be appropriate for the scope of your office, what do you advise those people when they reach out? In many, not many, but in several instances, they have submitted a concern after they've gone through a process.

[00:45:33] And that process usually looks like a hearing. They've gone to the ombuds. They've had an investigation by another office and may have not agreed outcome of that investigation or hearing or conversation somewhere else.

[00:45:51] And so at that point, there's little I can do as it's not in my authority to actually look at something that is governed in another area here in the division. When that happens, I'll listen.

[00:46:11] I'll see if there is something there that we can review. If there is fraud in that instance, the likelihood is low. Fraud is the intent, is the purposeful intent of defrauding something.

[00:46:28] It is not an accident. If someone accidentally didn't report something, that is not fraud. If they purposely withheld information that they had to divulge, that is fraud. Not we made a decision, the individual didn't like it, and there might have been a mistake, but it's not purposeful or intended to be a mistake.

[00:46:54] And so when we receive those items, because we're the end of the road at that point, Sometimes there's really nothing we can do. If we are the first point of contact, then we direct those individuals. Usually if it's school-based, it'll go to school administration, as they are the individuals who oversee on-site school issues.

[00:47:25] Next slide. And this is just a little background on how one can submit fraud, but also what are the policies that we look at when we perform our investigations if we need to.

[00:47:42] I will say we recently had a, well, as you all are aware, we recently had a collective bargaining agreement signing ceremony. And so how we perform investigations may drastically change. And it will be more of a human resource, HRTD area, as they did with union reps and the union.

[00:48:10] We will stick strictly to monetary areas, so LCPS assets, or those with a financial number tied to it.

[00:48:30] We do not investigate employee conduct. We do not do sexual harassment. That's Title IX. And so now with the CBA, those things will definitely not be in our purview.

[00:48:48] But if it has a financial or dollar amount to it, that is our office. And that's what we will stick to. And that could be something as stealing time. So even though an individual may say they are working, if they're not at their duty or their post, they're technically stealing money from LCPS by not performing their duties.

[00:49:12] That has a cost to it, and that is something we can look at, which may also overlap into a human resource and talent development area as well. And in that case, we do have SOP where it outlines the guidelines to work with HRTD.

[00:49:37] And I can provide that SOP following the meeting on our investigations. Any questions? I think this is the last page of our current status. Are there any questions regarding the current status of audits we are currently performing?

[00:49:56] Thank you for this. I appreciate it. So when it comes to things around the collective bargaining agreement as far as auditing goes, are you looking, I mean, still at, aside from the fraud, waste, and abuse piece, are you looking still at process, just you're looking at processes in general anyway and whether or not we're consistently following our processes and procedures.

[00:50:31] So is there overlap or are there processes and procedures that you're not allowed to review under the collective bargaining agreement oh i would say investigate we can still audit and we can audit using that cba to make sure we're in conformance as a division per cba and so if we have a cba we signed it that's criteria that we should be following we can perform an audit to

[00:50:58] make sure that we are doing our duty per that cba which would be a compliance audit to item 5.03 the annual risk assessment?

[00:51:20] Yes. Every year, my office performs an annual risk assessment. That risk assessment is used to develop audit or risk-based audit universe. Audit universe is a set of audit topics that we can perform, that we present to the committee.

[00:51:46] And so we will issue a survey to principals, to senior staff, to board members to collect information from those areas, we will scour the Internet. So, like today, where the State Senate is talking about recalculating how they allocate funds to school divisions in our state.

[00:52:14] These are the types of things we look at to develop our risk-based audit plan. We take into effect legal proceedings. Then we develop that topic or those universe of topics that we can develop, and we present that here, where the committee will have discussion on what areas they'd like to see audited.

[00:52:44] Because the universe is already risk-based, you're already looking at items that pose a risk here in the county. Some of those items are also from our public school board meetings. If there's a recurring

topic in a school board, we will throw that topic in the universe, whether it comes from the committee or at that point it's the full board or whether it comes from public comment that can make it to the universe.

[00:53:16] Once the draft audit universe is presented to committee, you all will take a look. And then the following meeting or meeting after that, you will select a number of audits that we will perform for the audit plan.

[00:53:37] I will say moving forward, with the now having an audit committee, that annual audit plan should probably be revisited. And so it should be revisited at least once mid-year to see if those topics that we have not yet started an audit on still make sense.

[00:54:00] And so at the beginning of the year, or not the beginning of the year, but at the point that the audit plan is approved, things can happen. And so from the point that the plan is approved to the following year, a lot can happen in our little small bubble.

[00:54:18] And so we should look at that audit plan mid-year or six months after it's approved to see if the audits that were approved at the beginning of that plan should still then, do they still make sense? And this is so it doesn't lock you in for a whole year in an audit where something else has happened that rises above those other audits.

[00:54:41] And so, yes, it is an annual audit plan. Yes, it is based on the risk, but risk is constantly changing. And so we should probably be looking at that audit plan mid-year to re-evaluate if we want to stick to the audits on that list or if we want to move something back or up on that list as well.

[00:55:04] Any questions? I appreciate the flexibility of that approach. I absolutely want to do the audit. So I just had a couple questions for you about kind of from a big-picture perspective about communications protocols and what you recommend as communication protocols between individual community members and your office and specifically, you know, how we should handle questions between meetings because we're meeting once a month.

[00:55:46] That is the current proposal, but we can choose to change that. Okay. How would you like us to be communicating with you? And then, you know, audits are all about, unless we're dealing with confidential information, it's all about transparency and whatnot.

[00:56:02] So I would really love to be, obviously, included, all three of us included in communications and how you want to do this. But my question to you is, how would you like us to be communicating with you kind of between meeting? So first I'll start with the chair.

[00:56:19] The chair and I should probably meet once a month, then the other committee members at least quarterly, one-on-one, give you an update on audits, update on status and audit plan, also to hear your concerns about an audit.

[00:56:35] So once we're, the audit is to inform you all as decision makers in your role as oversight. Our audit reports, they should have information to answer those questions you have about an area.

[00:56:55] So during those meetings, it's making sure that the audit can answer questions you may have. Because you do approve the audit plan. So that means you did have an interest in that audit. And so the questions you had about that audit, we want to make sure that they're answered in that audit report, or at least we tackle those areas of concern during the audit work.

[00:57:21] And so when we meet, you can inquire about current audits, where they are. Are we tackling this area? I have a concern from here. I'm hearing from constituents that this area is a concern, and we want to know, I would like to know if the audit is addressing this area.

[00:57:42] And if not, maybe we can incorporate some steps to make sure that we do answer those questions if it is not so far out of the scope where another audit needs to be done. And so for non-chair members, meet quarterly. And then you can reach out any time to request a meeting.

[00:58:02] You can reach out at any time for questions. It's direct relationship between my office and you members on the committee. And so at any time you have a question, you should feel comfortable sending it through email, through phone, through Teams messages.

[00:58:24] You should always feel comfortable asking any question you have at any moment. Because you may have a question, and if you don't ask it right, then you might forget. So if you have a question and you're like, I might forget about this, just shoot it to me, and we'll try to get the answer to you as quickly as possible.

[00:58:40] Great. Thank you for that. I mean, I think that's kind of going through my questions. I think that's pretty much most of my questions at this point in time. I have some more questions about the risk assessment survey that's coming because I'm not as familiar with how that process actually works.

[00:58:59] But who all do you get input from in that process? We seek to get input from all principals. So we administer it to all principals. It doesn't mean we'll get them back from all principals. But I think if we receive 30 responses back from principals, I think that's a good number.

[00:59:23] Principals talk to each other. 30% response rate, by the way, that's excellent. Yeah, so principals, senior staff. So anybody on the senior staff distribution list, which would include cabinet member, superintendent's office, and all their executive directors and many of their directors, and the board.

[00:59:48] And so you, as a board member, also have an opportunity to provide us areas where you like to see audited based on your knowledge of the school division. And is the school board input weighed more than others, or is it all just kind of an equal weighing?

[01:00:08] As far as putting weight, it does when it comes to putting it in the audit universe. As far as approval, this is the approving body. Then at that point, you guys are the weighted decision makers. So you have more weight than the other members of the full board.

[01:00:25] Yeah. I was saying more about from the content development perspective. Yes. But I will say yes when it comes to the audit universe. If a board member has an audit that they'd like to see, it will be in the audit universe.

[01:00:42] So you will see the topic. You may have not known the origin of that topic, but it will be in there whether you know about it or not. It came from the board member. Thank you so much. And lastly, I'd just like to go over the timeline for this process.

[01:01:10] This year, we're starting a little late. I will say we have enough work where I don't think that's an issue from a work standpoint. But as this is the first audit committee meeting, we are going to probably look for a date of approval, probably August or September.

[01:01:31] It could be August. I don't know. But I will say no later than September. As the audit plan currently stands, we have enough work to, more than enough work to get us through that period. Mr. Woods, questions at this time, committee members?

[01:01:53] We will move on to item number six, new business. This is the new business. So I will draw the attention of my fellow committee members to the sheet that was included in our packet, which is a convenient listing of the future meeting dates and times for this committee.

[01:02:18] and certainly I would imagine if there are significant conflicts we may be able to change these with and I I do see our typical meeting date is the first Wednesday of the month because the first Wednesday of April falls during spring break and officially not meeting during spring break it is scheduled for April 8th which I do notice coincides with the meeting one at the second meeting for

[01:02:53] the naming committee for hs14 so there that is a that is a public meeting whose membership has not yet been decided um uh if if it if my fellow committee members anticipate that that may be a conflict i would encourage you to have that conversation with me or mr woods soon seeing no other new business we will go we will go ahead and adjourn thank you all for being

[01:03:26] here for our inaugural meeting i'm excited to be getting digging into this work forward to our next meeting in april everyone get home safely thank you



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