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Loudoun County School Board, Audit Committee to Include a "Closed Session", Wednesday, June 17, 2026

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Place	Loudoun County Public Schools / School Board meeting (see BoardDocs / LCPS-TV)
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- Official meeting video (Vimeo / LCPS-TV): https://player.vimeo.com/video/1202270477?rel=0 - BoardDocs (School Board): https://go.boarddocs.com/vsba/loudoun/Board.nsf/Public	

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[00:00:21] right good afternoon everyone thank you for being here and welcome to the june 17th 2026 meeting of the audit committee i am ann donahue i am the chair of this committee and with me are my fellow board members mr john pepper from the dulles district and ms amy ricardi from the sterling district we will start with the first item are on our as a reminder to everyone this meeting is being audio recorded it is not being video recorded and it is not being live streamed but it is being audio recorded the audio recording and the

[00:00:59] materials from the meeting will be available at a future date through the LCPS website first item on our agenda is public comment do we have anyone signed up for public comment seeing none we will move along to item number three which is minutes the draft minutes from the April 8th 2026 meeting of the Audit Committee, which was the last meeting of this committee, were posted on board docs.

[00:01:24] Hopefully, my colleagues have had time to review the draft minutes. If there is any suggestions for changes or edits, I will entertain those. And if there are none, I will entertain a motion to approve. Mr. Pepper.

[00:01:40] Madam Chair, I move to approve the minutes of the April 8, 2026 Audit Committee meeting. Second. That motion has been properly moved and seconded. Is there any discussion? none we will take the vote all those in favor please raise your hand and say aye aye that motion passes unanimously thank

you colleagues we were not able to host the main meeting of this committee because unfortunately some of the committee members were not available and we did reschedule

[00:02:16] this meeting and I want to extend my thanks to mr. Woods and to the LCPS staff for accommodating this change of date for my health and also to accommodate the SIAC awards dinner which was on June 3rd which I was not able to go to because of my health but I felt it was better for this date not to conflict with that in any event so with that we will move on to item number four or to our information item starting with item 4.01 the audit universe and I will turn it over to you

[00:02:49] Mr. Woods. Well, thank you and good afternoon and welcome back, Chair Donahue. It's good to see you. All right. Well, today I am presenting the Office of the Auditor General's Fiscal Year 2027 Audit Universe. This presentation outlines how we identified risk across the division and how we are prioritizing our audit resources for the upcoming fiscal year. Next slide, please.

[00:03:17] First off, what is the audit universe? I want to briefly explain what the audit universe represents. The audit universe is our comprehensive inventory of areas across the organization that could be audited. It serves as a risk map, giving transparency into where the most significant risks exist.

[00:03:38] For fiscal year 2027, we identified 38 audible topics across nine risk areas. However, due to our staffing, three auditors, two staff and myself, we realistically have the capacity to complete four to six audits per year.

[00:03:56] So importantly, this is not a commitment to audit everything on the list. It's a view of risk across the division. In terms of how this was developed, we used a structured risk assessment approach that included principal and senior staff surveys, input from school board, public discussions, including audit committees, LA&P committees, and school board meetings, external K-12 context, and professional judgment based on audit experience.

[00:04:31] This gives us a balanced and well-informed view of the risks here in the division. Highest risk topics. From that university, we identify the highest risk areas based on potential financial, legal, and operational impact.

[00:04:49] At the critical risk level, a few key areas stand out. Federal grant compliance, where noncompliance could result in repayment of funds, especially in ESSER closeout. Oracle ERMP implementation, which touches payroll, procurement, and financial reporting simultaneously.

[00:05:12] Cybersecurity preparedness. Given the high level of ransomware activity in K-12, that is always going to be a high risk that we face here in the division and across the nation. Procurement controls. Where risks lie, like purchase order splitting, are just known fraud vectors.

[00:05:31] And so it's more of a function of purchase orders as opposed to it being a function of weak controls here. That is not why that is a critical risk level. It is just the nature of it dealing with high numbers of dollars.

[00:05:49] Mr. Woods, sorry, if I could interrupt to ask you two potentially stupid questions. In the description of number 38 where it says ESSER closeout, what does ESSER mean? Okay, so I don't know exactly off the top of my head anymore what the ESSER acronym stands for.

[00:06:07] I can tell you what it's related to. These are COVID-19 funds. And so in the winding down of COVID-19 federal grants that were provided to schools across the nation, that program ended. And so

there's still money that is being closed out. And so the money may have already been spent, or it's probably this is probably the last fiscal year, but the accounting records would still have to be available.

[00:06:33] That's very helpful. I can give you the exact acronym from an assist. It is the Elementary and Secondary School Emergency Relief Fund. And, again, that is from COVID-19. Almost started to believe we're still talking about that six years later.

[00:06:50] And so it would be the closeout to make sure that those funds were spent per the grant parameter. And my other potentially stupid question, you've divided here on this slide categories of critical risk and high risk, which I'm assuming critical risk is what you would recommend tackling first, since it is listed first?

[00:07:12] Not necessarily, and we'll get into that in the next upcoming slides. But critical risk would pose a higher risk to the school division than high risk is correct. And so there are several high risks, as we just mentioned, and those include employee reporting and retaliation oversight, compensation equity, vendor contract oversight.

[00:07:38] These areas collectively represent where breakdowns would have the most significant impact on the division. Next slide, please. Risk ratings and prioritization. While risk ratings are important, they are not the only factor in determining what we audit.

[00:08:00] Two additional considerations drive prioritization. First is likelihood. Some high-impact risks may already have a strong control or recent audit coverage, which lowers the urgency for immediate review, which kind of addresses your prior question, Chair Donahue, that if it's a critical risk, does it mean it is high on our list of necessary audits?

[00:08:28] Second is competing priorities and capacity restraints. With a team of three staff members and a maximum of four to six audits per year, we have to make deliberate choices even among high-risk areas.

[00:08:45] Our goal is to deploy resources where we can add the most value, not simply perform the most highest or critical risk areas. Another important lens is audit complexity.

[00:09:03] This reflects how difficult an audit is to execute, not how important it is. We group topics into low complexity, clear standards, and easy-to-verify evidence. Moderate complexity, multiple stakeholders and structured processes, high complexity, sensitive areas, or those lacking clear standards.

[00:09:28] One key point here, a topic does not need to be complex to be important. For example, a lower-complexity audit can still address a critical risk. This helps us balance an audit plan between impact and feasibility. And I'll just give you a moment there if you want to review the audits across the spectrum.

[00:10:21] To the next slide. You'll notice that some topics remain in the audit universe but are not endorsed for the fiscal year 2027 annual audit plan. We include these for transparency, to show known risks, and explain our prioritization decisions.

[00:10:41] Examples include enterprise risk management, which is pending a formal framework, Workforce capacity, which requires more trend data. Capital projects, which is high risk, but may be beyond our current capacity of three staff members.

[00:10:59] Capital projects are large in numbers and dollars. And if we were to perform capital projects audit, it may be the only audit we would perform in the office all year. Also, school-level activity funds are intentionally excluded because another internal function already covers them.

[00:11:17] I mention that because, as a school division, we are obligated to perform school activity fund audits annually, and that is performed by Business and Financial Services, which allows us to audit other areas within the division that are not covered within that area.

[00:11:36] So, again, inclusion in the universe does not necessarily mean it will be audited for fiscal year 27. I'll pause, and do you guys have any questions? I do have one, Mr. Woods. When you say school-level activity funds are not included in the audit universe, does that mean funds that are received directly by the school from the division or from the county, or does it include, like, support organizations, external donations, things like that?

[00:12:09] They are monies received from the school division that are approved in the budget. And so outside of labor, which is the FTEs and handled by HR and payroll, the schools do receive an amount of money. going to tell you what the criteria is for what dollar amount each school receives those are the school activity funds and so it's kind of their expense account I would I would call it it's how they can operate day to day on expenses they may need at school and so those those monies are are reviewed and audited by business and financial services thank you mr. pepper thank you madam

[00:12:48] chair um I just want to do a little more clarification on this I'm assuming the school activity funds are also monies raised by the schools by their individual groups when i talk school i think school activity funds this is for example the latin club might have a big sale the money raised goes into an activity fund and i'm assuming that's what the school activity fund would need to be audited yes if it goes into the school's account that is the school activity fund also some of the monies may that are raised may also go to a booster which would be outside of LCPS budgets or accounting systems but if it goes into the school's accounting

[00:13:25] records that is the school activity so since you mentioned boosters mr. woods if there is a question regarding monies related to booster club affiliated with one of the schools is that subject to your jurisdiction or subject to the business department or subject to any other form of oversight it's my understanding that a booster count would be outside of LCPS divisions purview so we would not have control to their account I do believe that schools

[00:14:01] may require them to have a third-party audit by a CPA firm but that money would be outside of LCPS control thank you please continue next slide well that actually is well to summarize I guess the audit universe provides a transparent view of risk across the division. In total, we identified 38 areas, but again, capacity

[00:14:38] limits us to 46 audits per year. Final prioritization balance is based on risk, likelihood, complexity, available resources, and impact. So there's a likelihood that an event can occur, and what is the impact it would have on the division if that event were to occur. This approach ensures we are focusing our efforts where they can deliver the greatest value and i'm happy to answer

[00:15:06] any questions related to the universe ms riccardi thank you madam chair thank you so much for this i found the list to be really comprehensive and really interesting to look at across the different departments i have a couple of just i guess first i want to ask you kind of a process question just make sure i kind of understand how this is going to go so you've made your recommendations for your top choices do we have to approve that and then that goes to the board for a

[00:15:44] final approval what's the kind of the next step piece in the process just out of curiosity so next steps is we will work on prioritizing the top four to six audits to perform fiscal year 2027 and then we will come back to the audit committee where the audit committee would approve the plan the audit plan would go to the board just as an information item or discussion item to a work session to give them insight into upcoming audit performance but

[00:16:15] ultimately the approving body would be the audit committee for the plan so one of the things I noticed and this is a conversation that I wanted to ask you guys both about so I noticed in there of the 38 items that are in the largest number of items and issues are actually kind of HR TV related I think it's like 24% of them are so I think nine of the issues in here for items are kind of HRTD related and it

[00:16:51] kind of raised for me a concern that I've had since we got rid of the HRTD committee and I understand what you know kind of why we did but I still feel like there needs to be some oversight of the HRTD process call it HRTD call it workforce committee whatever it is but I still think we're missing kind of school board oversight of the HR TD functions and I understand that you know with collective bargaining we got rid of that committee and I completely understand that but there's still a lot of issues and these nine in

[00:17:29] particular would be nine of those I think that we should have some kind of insight into so I don't know if that's a conversation for here or if it's for the the board in general but I think it's something that we should we may want to think about raising at some point because I I think it's one of the big thing big things that will topics that we're not directly overseeing and I don't know if this committee if if we if you guys think we should be doing more of that or where that kind of sits so I guess that's it's kind of a question and

[00:18:02] discussion point if you guys have thought about that at all we are my office is here to help inform decisions and so we can provide information that can help decide to perform certain duties in determining whether there should be a committee for HR we would not be office to do that we would just provide the evidence or an opinion on auditory report or do performing a risk assessment and we will leave that decision up to you the governance and

[00:18:39] governing body and to management mr. cover thank you madam chair so as I also comb through these items when I look at some of these HR TV ones some of the things like compensation and pay structure which falls under the purview collective bargaining, so we're not going to have much to talk about.

[00:19:00] Others are things like substitute coverage and continuity planning, which is very helpful in the sense of an audit, right? Are we covering all of our teacher absences? Are we covering all of our administrator absences? But I don't know if necessarily an HRTD policy is going to fill in.

[00:19:18] I kind of much, this is really our first go with collective bargaining. So I think that the question for the larger board is we really need to assess how things are going, and perhaps through the lens of an audit, then we can make an informed decision.

[00:19:35] Thank you both for your comments and Mr. Woods. Mr. Pepper, to one of your points, you made a comment about certain topics pertaining to collective bargaining, particularly related to i think you said it's compensation um and while certainly i agree the question of how of how much compensation is being paid out to various categories of lcps employees is a collective

[00:20:12] bargaining issue i i would think it's certainly within the scope of the auditor general's function to be conducting analyses of where do we stand as far as compensation of of our employees um i i assume Mr. Woods will correct me if I'm wrong.

[00:20:28] I'll say that any employee who falls under the CBA, if they have negotiated rates, the rates would be based on those negotiated rates. For anybody who doesn't fall under the CBA, then we would form an analysis. But if we negotiate a rate for those under the CBA, then everybody is pretty transparent, and it's agreed upon among the two bodies.

[00:20:50] Right. I guess what I was envisioning more was if we were doing a review of what is the rate of compensation for various types of employees in various situations across LCPS, that would not be inappropriate for your office to conduct such a review of data.

[00:21:08] That is correct. And I had a question. I was wondering if you work with the Office of Legal Counsel when you're putting together the audit universe because I'm a little bit curious as to if the Office of Legal Counsel has an opinion related to litigation risk of certain of these topics.

[00:21:27] We don't actively work with counsel when we perform the risk assessment and perform the audit universe because they sit on the committee. They can answer, just now would defer to counsel.

[00:21:44] And Mr. Allen, I certainly don't expect to have, I do not expect you to have opinions ready right now as to legal litigation risk of all 38 of these topics. But I am curious if you see a role for the Office of Legal Counsel in providing any input as we move forward in this process of approving the audit universe.

[00:22:08] Thank you, Chair Donahue. I believe it would be prudent to have at least legal eyes on this to assess any legal risk from any findings or whatnot. so it would be helpful for legal to have a role in the audit universe as it plays out thank you for that input mr allen i i think that's something that i would like to see and that i think would also be of value to my fellow committee members and my fellow board members is to have some input in some way from the office of legal counsel regarding our audit our audit plan as we move

[00:22:44] forward i thank you mr woods and mr allen miss ricardi did you have a comment thanks so much So I really appreciate your guys' feedback on the HR pieces of this, but I think we also have to understand that while we have a large population that is under collective bargaining, we also have a substantial population that isn't, especially on the administrative side here in-house.

[00:23:11] And so I think that there is some need for oversight on those aspects of things as well. And, again, I don't know if that's something that we would have to have a whole separate committee for, but even doing some of that oversight either here or in any of the other committees I think would be something that we need to seriously consider.

[00:23:28] I know they're doing a compensation study right now within HRTD, so I think that's helpful information for us to be looking at, but I don't know where that would, like the report of that would be housed, like which committee it would be, if it would be a finance and operations thing or something that we'd be looking at through here.

[00:23:45] So that's just kind of a question just in general, I think, for the board to look at. I also think there's – while you're looking at this population of topics from an audit perspective, I'm looking at it from more of a governance perspective. So before I actually took a look through your list in, like, the order that

you wanted it, I looked through the list and kind of A, B, and C'd out the whole list of items and topics, and it's interesting because your top ones fall in either my A or my top of my B list, which is interesting and good and helpful, so that was good.

[00:24:19] I think that, again, I think that the HR issues are kind of a flag for me just to say we've got to figure out some way as a board from a governance perspective to pay attention to those. And then I would also say, too, from a staffing perspective, this is a great list of items, but with only three of you in the office, it raises a lot of questions for me about how can we help move along a larger number of these.

[00:24:52] And obviously that requires staff, either direct staff or outsourcing and you managing auditor consultants. I don't know what their title would be, but in that kind of outsourced role to help you all get through a larger number of these.

[00:25:08] Because I think my A-list has a lot more than just five topics, as you can probably imagine, from a governance perspective. And so I think that there's a question for me about how do we support you in being able to get more of these accomplished?

[00:25:27] And, again, I don't know that all of them need to be because I certainly had some on my C list. I also think there are some on this list that either a committee could perhaps take up some of the data collection of some of that or the board could direct staff to provide that information to the board directly.

[00:25:48] So I just threw a whole bunch at you here, but more of a conversation. And I'll try to address it. There's two ways you could approach it. You can either hire external auditors. We would be responsible for the work papers and the report. They would perform the audit, and we would review the report.

[00:26:05] We would review their work papers to make sure they conform to our standards, and we would be the ultimate signers of the report. Going that route just means it's one-off. If you were to scale up the office, it means you are obligated to pay FTEs for the life of that FTE.

[00:26:24] And so one may have an upfront cost that appears to be more, but the long-term cost would be less. And so there's two ways to address it. And given uncertain future budgets, it might be best to hire external sources as opposed to staffing up because we could be more flexible with our funding and budgeting as we move forward.

[00:26:49] Uncertain So about moving forward, so we do not anticipate having a meeting in July, right? We normally don't So my understanding is that you would be asking this committee to approve the audit plan at our August meeting

[00:27:25] Correct. Okay, and is that so we have the audit universe But from that, you will be winnowing it down to a single-digit number of audits that would be the audit plan that will – and each of those will come out of this list of 38, right?

[00:27:43] Your entire list will come out of this list of 38. I have a question for Mr. Allen, which is – so today we're looking at this audit universe, and I understand that all of – when Mr. Woods presents us with the audit plan, All of his topics will come out of this list of 38, but we won't have seen the narrowed down list until August.

[00:28:07] Do you foresee that that causes us any public notice difficulties? Thank you, Chair Donahue. From a FOIA perspective, I don't, as long as the board, or this committee rather, is receiving that at the same time the public receives it.

[00:28:27] So I don't think that should run into any issues with compliance. And as far as meeting notice and compliance with those requirements, your opinion is that we would be okay. Under that set of facts.

[00:28:44] Okay. Thank you for that. Thank you for that opinion. So then for my colleagues to think about as we continue to move through this meeting, if we keep our regularly scheduled meeting day and time, our next meeting would be on August 5th of this committee.

[00:29:05] So if we vote then on the audit plan, it can be presented for information or discussion or work session or in some way presented to the full board after that sometime in August. If we want to have another meeting before we actually vote on and approve the audit plan, then I think that we would need to either schedule a meeting in July or perhaps schedule a second committee meeting in August, which I imagine no one wants to do.

[00:29:38] So just food for thought. So we've talked a lot about this, but perhaps we can move on to item 4.02, the quarterly update. Thank you, Madam Chair.

[00:29:55] So one of the other questions I had for you was, as you're figuring out the plan and your kind of high complexity and low complexity items, for your low complexity items, is it possible for us to, or for your office, to consider how we might be able to meet some of those kind of directly through an ask from the school board to a committee?

[00:30:27] Or, well, I should just say, and for your higher complexity items, I would love to see kind of a co-sourcing plan, you know, in your perfect world, what that might look like as well and what costs might be associated with, you know, I don't know if you can do ballpark estimates or if that's, that'd have to be going into a different kind of procurement process, which I don't necessarily want to enter into, but just from a high level perspective, it'd be really interesting to know which ones you all would do directly versus if you could.

[00:31:00] or have the ability to outsource what you would add to that list. Couldn't give you a ballpark right now, but I could tell you one restraint is the fiscal year 2027 budget has already been approved, and so this is a procurement action, and it would be allotted to our office under, I think it's O&M line item.

[00:31:24] And so we would have to be approved for those funds before we could contract out. With that said, you're probably looking at an hourly because you're going to probably propose or to probably propose an hourly rate times effort, which would be labor hours.

[00:31:43] I would say you're in the ballpark. I can give you a labor rate. It's probably going to be anywhere from \$150 burdened all the way up to \$250 burdened, and that includes anywhere from an audit manager to staff audit. Yeah, so with the state still working out the budget, we're going to have to get – it's possible that we're going to have to get into some kind of budget reconciliation process at some point in time.

[00:32:10] So if, in fact, we have the ability to – it's just – I would love to see us invest in this because I'd love to see this list go down to something more manageable. But I think there's some really key items on here, and I'm also very aware of the constraints of the staffing. So I would just love to be able to see what that looks like so that as we're thinking about budget reconciliation for 27, if there's an opportunity, this could be something that we choose to invest in.

[00:32:36] So that's kind of where I was going with that. Let me add that the audit universe could always fluctuate. And so some years we could have a higher number. Some years we could have a low number. And something like the new ERP system that we're implementing, even if it shows up on the audit universe, it may not be at a maturity level to audit, even though it shows up in the risk universe.

[00:33:00] But something like the capital projects, it's more of capacity, which would address the concern that you have of do we have the resources to audit that area. And so that would directly is what we're trying to address in this conversation.

[00:33:17] And now we'll move on to item 4.02, Quarterly Update. Mr. Woods. Thank you, Chair Donahue. All right, next up, I will walk you through the Office of the Auditor General's Quarterly Update covering activities from March 2026 through June 2026.

[00:33:44] This update provides a snapshot of where we are across our audit work, what's coming next, and other key activities within the office. The purpose of this update is to keep the Audit Committee informed on several areas, our ongoing and upcoming audit work, engagements completed this quarter, our audit timeline and schedule, activity related to the My Concern Is hotline, and ongoing training and professional development efforts.

[00:34:11] Overall, this is meant to give you a clear picture of both our workload and how we're deploying our resources. Starting with engagements currently in progress, we have two audits in the reporting phase. They include the Audit of Transportation Management and the Audit of Teacher Extended Jefferson Contract Administration.

[00:34:34] I just want to pause real quick to talk about Jefferson, the word Jefferson contract or the term. We are moving towards teacher extended contract. The reason we call them Jefferson contracts is I believe this was a practice that started at Thomas Jefferson High School in Alexandria to provide students with teachers when they had an extra block that was not filled by an FTE.

[00:35:02] And so we give teachers 0.1 up to 0.2 FTE, which would be the extended contract. So if a teacher has a contract of .1FT, we give them to a max of .2 to work an extra block during a schedule.

[00:35:19] And so we're just moving away from Jefferson to just teacher contract. So you may see that word interchangeable between now and the audit report, but after that report, we will henceforth call it the teacher extended contracts.

[00:35:38] Both are moving toward final reporting. We also have two audits in Fieldwork, Registered Information Management and Data Integrity, and Comprehensive Staffing and Process Efficiency. These are more in the active data collection and testing phase currently.

[00:35:55] Upcoming engagements. Looking ahead, we have several upcoming or continuing engagements. First, we'll start with Security Pass and ID Badging. This audit topic has lingered, so we have added it back to the fiscal year 2027 audit universe to give the audit committee, since it's newly established, an opportunity to determine or approve this audit in the upcoming audit plan.

[00:36:24] And so it will be at your discretion if you would like to keep it in the audit plan going forward. But currently, this audit topic is item number 25 in the current audit universe.

[00:36:39] The second one is governance effectiveness and risk mitigation. Currently, we have this slated for carryover, but also, I didn't catch this, this is also in the fiscal year 27 audit universe because I want to

give the audit committee the opportunity and chance to approve some of these carryover audits and not make a unilateral decision.

[00:37:02] And because we are a new standing committee and no longer ad hoc or select committee, And so the audit committee should have the ability to determine what we perform in fiscal year 2027. Facilities, equity, and infrastructure, similar.

[00:37:20] This is another FY 2027 universe item. It is universe item number 23 in the audit universe. Professional learning and development is a potential carryover. I do think this is an audit we should perform.

[00:37:36] There has been change management at the top or at the professional development position. And I think this would be a good area to perform going forward. This reflects a mix of new work tied to identified risks and ongoing efforts that required continued attention.

[00:37:56] Next slide, please. For completed work this quarter, we finalized the executive review of communication and information sharing between the school board and Loudoun County Public School Administration. The overall assessment was generally effective with some targeted design enhancements recommended, and it received a Level 3 defined maturity rating.

[00:38:19] We will present this memo in the next agenda item, and so if you have questions regarding the memo, we can address it at that time. This indicates processes are documented. Oh, and just to go back to Level 3 rating, it indicates that processes are documented, understood, and consistently applied, which is where we would expect a mature governance function like LCPS to be.

[00:38:45] And so it is operating as intended, and it is defined as, or the maturity rating is defined, which essentially means our policies are written and understood by both governing body and management.

[00:39:04] Next slide, please. This slide shows our audit timeline across the fiscal year. A few key points. You can see how audits move from planning to field work to reporting. Multiple engagements overlap, which reflects how we manage workload across a small team.

[00:39:26] And as noted, timelines may shift based on priorities, resources, and emerging risks. So this is a working schedule rather than a fixed calendar. Next slide, please.

[00:39:44] For the My Concern is hotline, during the period of March through June this year, we received three concerns. All remain open. Additionally, we continue to monitor and follow up on these items as appropriate. and as part of our oversight responsibilities.

[00:40:03] Next slide. On training and development, we continue to invest in building technical expertise within the office. This quarter included staff members attending IA's advanced audit problem solving training or problem solving training and the Association of Certified Fraud Examiners exam preparation review.

[00:40:27] Upcoming staff members will attend the Association of Certified Fraud Examiners global fraud conference third week of July. These efforts are important given the increasing complexity of risk we encounter and evaluate. This slide outlines key upcoming dates for audit committee and school board engagement. We previously presented the timeline in the audit committee's first meeting, and now this is the updated OAG timeline. A few highlights are today's quarterly update

[00:41:05] and audit universe presentation, August approval of the audit plan, and additional quarterly updates in the annual report later in the year this helps map out when major audit related decisions and updates will come before the committee and the school board I'll pause and human has any questions next slide that concludes the quarterly update I'm happy to take any questions

[00:41:43] on into item 4.03 please mr. woods the lcsb lcps communications framework report. Next up, I will walk you through the advisory and memorandum paired by the OAG on the Loudoun County School Board, Loudoun County Public Schools Communication and Information Sharing Framework. First, I just want to emphasize that this is an advisory memorandum. This is not

[00:42:14] an audit report. It is intended to support governance discussion. Next slide. I will cover five areas objective and scope of the engagement overall design assessment and maturity key strengths priority design gaps and associated risks and a summary of our overall perspective and governance takeaways the goal here is to provide a structured view of how the framework is functioning today and where it can be strengthened slide the objective of this

[00:42:52] review was to evaluate the design effectiveness of the communication and information sharing framework between the school board and the lcps administration key point here this review focuses on framework design not individual performance our assessment was based on feedback from school board members and cabinet existing communication mechanisms such as board meetings and routing protocols and established practices like written updates and one-on-one interactions and policies

[00:43:24] and procedures. So this is a structural and governance level assessment. The overall framework is generally effective with some targeted design enhancements. We assessed it at level three, defined maturity on a scale of one to five. And what that means is processes are documented, roles are understood by both bodies, and the framework works well for routine governance. Where we see limitations are in less predictable situations. For example,

[00:44:03] emerging risks, sensitive issues, and non-routine events. So the takeaway here is foundation is sound, but resilience under more complex conditions can be strengthened. To highlight key strengths, there are several areas where the framework is working as intended. First, governance design.

[00:44:31] There is a clear separation between governance and management roles. The control environment supports day-to-day operations. Second, communication cadence. There are regular board meetings, committee structures, and weekly updates create a predictable flow of information.

[00:44:53] And access to leadership is established in consistent. Third, information quality. Information is generally accurate, reliable, and decision-supportive. So overall, the core structure is functioning well and aligned with the expected governance practices here in LCPS.

[00:45:15] Next slide, please. Priority design gaps in the risk context. Where we see opportunities is in several design gaps, all of which are low to moderate high priority from a governance standpoint.

[00:45:31] A few key areas, emerging and sensitive issues. There are limited protocols for early notification and interim updates. Risk, the risk here is delayed board awareness during higher risk situations.

[00:45:47] I just want to highlight these are higher risk situations that are not, they do not occur daily. These are, they're very, they're events that just do not happen on the day-to-day duties of the school

division.

[00:46:04] Second, onboarding and knowledge transfer. This is for the onboarding of new board members. There is not a standardized onboarding model for new board members. and this can lead to inconsistent readiness third is timelines and consistency response timelines and escalation paths are not always clearly defined and this can create variability in follow-up fourth is feedback and dialogue the framework is strong on one-way information sharing

[00:46:40] then structured two-way feedback let me just rephrase that the framework is stronger on one-way information sharing than structured two-way feedback and so if information were to go to one way it's just it's very strong and working there but when the conversation has to go back and forth there may be some breakdowns this creates this limits continuous improvement reliance on key individuals and essentially just is just a lack of redundancy so we replace a high level

[00:47:17] responsibility on a few individuals and so when board members have or when the governing body has questions usually there is a bottleneck excuse me for how that information is communicated back to the governing body and so this creates a continuity and resiliency risk so that is if an individual were to leave or not be available then how would the governing body get their questions

[00:47:51] answered on certain topics, not on more general broad topics that the management roles could fulfill. None of these are structural failures, which I want to point out. They are areas where more formalization would improve consistency and resilience. Next slide, please. Summary opinion and governance takeaways. To summarize, from an internal audit perspective, the framework

[00:48:26] has a sound foundational design the opportunities identified are preventive in nature and design focus and do not require a structural overhaul the goal is to strengthen early visibility into emerging risks consistency and timelines board readiness and continuity and feedback mechanisms for ongoing improvement so this is about moving from a defined framework to a more consistently managed and resilient one as governance complexity increases. In closing, that

[00:49:06] concludes our overview, and I'm happy to take any questions or discuss any of the areas in more detail. Thank you very much, Mr. Woods. Thank you for putting together this memo and for the presentation to us. My first question is actually about the administrative response that is included in our packet.

[00:49:28] Yes. Who is that from? That would be from the governing body. I would say the make up cabinet. So we'll just say it's cabinet. So do I understand that this, sorry, I'm going to back up. All right, you prepared this memo, and who did you distribute it out to? This goes to the superintendent's office and to the school board. So this memo was already pushed out to the superintendent's office? Yes. Before today, obviously, and then you received this other,

[00:50:02] the two-page memo back yes from someone at lcps correct uh and when did can i ask when your memo was forwarded to the superintendent's office and when you received the response uh yes um the memo went to the full board and the superintendent's office april 24th we received the response uh today so we did not have time to comment but i did want to

[00:50:40] attach it to the agenda so it can be transparent so they would understand that they have reviewed it and they do have a response to the memo the response is between the discussion now would be between the school board and cabinet on communication efforts because this is not an audit report so

there wouldn't be a follow-up from the auditor general understood thank you very much and is has this memo obviously it's available on board docs your your memo

[00:51:18] and the admin response have both been posted on board docs so they are available to the public through that Avenue has your memo in any other way been disseminated through LCPS community no and so we generally do not bring memos or auto reports to the public until we present them in committee and now that they have has been presented in committee it will go to our public web

[00:51:54] page this is the first instance the public has seen of the memo okay and And that brings me back to one of the items that we discussed at our April meeting about a possible newsletter, I assume, if a newsletter were to go out, that this is something that might be raised as an accomplishment of OAG.

[00:52:17] Yes, it will be an information item. So, yes, in a newsletter we would put it in there for things. So in that period where the newsletter came out, any audits or memos that we have brought to the committee and our public, We would put that in a newsletter.

[00:52:33] And do you anticipate presenting this memo at a full board meeting? No, but I can't. If it is the committee's will, then yes. Well, I think it would be the board chair's will, but I take your point.

[00:52:51] Okay, that's all I have for right now. Thank you very much. Mr. Pepper. Thank you, Madam Chair. A couple questions. First, going back to the memo, how common is it to receive a response memo like this for the result of an audit? We receive responses from every audit, so it's standard practice.

[00:53:12] Okay, appreciate that. I noticed that the maturity level was at 3. Is that correct? What is the actual scale? Scale is from 1 to 5. Yes. And I can explain to you what 4 and 5 are. Yeah, that would be very helpful. And I got ready for that one somewhere deep in my notes.

[00:53:38] So why a level three first? Level three does not mean weak. It means defined, documented, and consistently applied. Levels four and five are adaptability, redundancy, and early signaling, and feedback maturity.

[00:53:56] So it's not about fixing broken fundamentals. It's about enhancing of our already sound framework. And so we have experienced certain things here in Loudoun County public schools, and having experienced those things we probably understand the complexity and sensitivity of items and maybe it's documenting when things occur what the escalation and communication practices would be and so we don't have those documented we did look at policies 25 30 board staff

[00:54:32] communications policies 2140 orientation and process professional development 2210 meetings and work sessions 2510 school community communications 2230 office of division council 2310 committees of the school board and so when you take that family of policies there are some areas where we can become more adaptable help redundancy which is essentially not relying on one or two people for your questions from the governing body and early

[00:55:10] signaling when high risk or complex or sensitive issues arise and so that is where a level 4 and 5 would be level 3 would just mean our framework is well documented and governing body understands our role management understands their role and their roles are consistently applied within that framework mr. Cardi thank you madam chair so I just want to make sure I understand since this is my first our first go-round this so this study was

[00:55:46] performed what was the time frame of the communications so i can tell you who we surveyed because the time frame does matter we surveyed the last full board and the new three board members of this one so there were a total of 12 school board members and all the cabinet and the front because of that it's the surveys went out in december prior to the transition to the new board and again to the new board members after they had some time to sit on the board

[00:56:23] and get acclimated to the day-to-day processes of being a board member. And so the scope period would be from December 2025 through, I believe, into February 2026. Okay, great. So we actually had input from the last board's two years or four years or two years.

[00:56:43] Yeah. Okay. Yes. That's great. That's really helpful. And I guess the question then becomes, and this may be more for us, too, because I'm just trying to figure out. So we have these findings. We have this response from the administration.

[00:57:00] So who's ultimately responsible for making adjustments to this process? I'm legitimately asking the question because, I mean, we're going to be getting more and more, you know, as we're working through this in this new format, we're going to be getting more of these responses.

[00:57:20] the question is who's well I think mr. Woods has always made clear that the risk his responsibilities the Auditor General is is not to make changes it is to point out where he perceives there to be risk which might indicate that changes could be desirable or possibly need to be considered but I would imagine the decision of whether changes need to be made or are going to be made is going to have to be a joint decision of the board and the superintendent.

[00:57:50] Can I add that for this particular area, you're probably looking at legislative and policy committee, the LNP committee for LNP, sorry. Yeah, 1A. LNP committee is probably where you would start this conversation.

[00:58:07] So I guess that then raises a question about I think this is great, and I think this is really great to be able to open up dialogue about the communications processes in general. I would love to see this conversation at the board level, because I think since everybody pitched in and responded, hopefully, to the survey piece, I think it'd be really good.

[00:58:26] But I think that's up to you as far as how this goes and where this goes beyond here. But I think this is a topic, a really key topic. It's come up a number of times in the last six months, so I think it's a great place for us to just continue to strengthen the relationship between the board and the administration.

[00:58:42] Thank you, Mr. Cartney. And thank you again, Mr. Woods, for the work put forward by yourself and your team. I would like to, I had a thought going back to the audit universe, since we are a new committee, but in other committees, when there is a proposal to vote on policy, new policy or amendments to policy, which this is a little bit different, but the practice is to post that for public feedback.

[00:59:11] And I would like to suggest, if it's possible, and if you do not see any reasons not to or downsides to doing so, I would like to have the audit universe posted for public feedback, if we can do that. Yes, and I welcome public feedback, and I would say in some jurisdictions, especially in Oregon, they send their audit universe to public for feedback and incorporate that public feedback into their universe.

[00:59:39] I doubt it's too late for us to do that, but it is not something that is unusual in the internal audit universe. Excellent. Thank you, Mr. Woods. So I will ask that our audit universe be posted for public feedback and input at some point prior to our August meeting when we anticipate you will present us with the audit plan for our approval.

[01:00:07] Yes, thank you. Okay, with that we will move on to item number five new business. Is there new business seeing none? We are now going to move on to a closed session I move that the Loudoun County School Board recess this public meeting and enter into a closed meeting pursuant to section 2.2 - 37 1 - the code of Virginia for the following discussion and consideration of the assignment appointment promotion performance to motion salary disciplining or resignation of a specific public employee as authorized by section 2.2 dash 3 7 1 1 sub a sub 1 of the code of Virginia is there a second second

[01:00:46] you all those in favor please raise your hand and say aye aye aye that motion passes unanimously we are now in a closed meeting and I will ask non-essential individuals to exit our meeting

[01:01:00] room, please. Okay.

[02:21:15] We are back on the public record, the June 17th, 2026 meeting of the audit committee. We're coming back on the record. Ms. Riccardi, do you have a motion?

[02:21:32] Thank you, Madam Chair. I move that the closed meeting be adjourned, that the Loudoun County School Board will reconvene its public meeting, and that the minutes of the public meeting reflect that no formal action was taken in the closed meeting. I will go ahead and second that motion motion having been properly moved and seconded is there any discussion seeing none we'll take the vote all those in favor please raise your hand and say aye aye that motion passes unanimously mr cardo do you have another motion i do i move that the following resolution certifying

[02:22:08] the closed meeting be adopted and reflected in the minutes of this public meeting resolution number 44-25-26 whereas loudoun county school board has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act and whereas Code 2.2-3712 subset D of the Code of Virginia requires a certification by the school board that such closed meeting was conducted in conformity with Virginia law, now therefore be it resolved that the Loudoun County School Board hereby certifies that to the best of each member's knowledge,

[02:22:44] One, only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification applies. And two, only such public business matters as were identified in the motion convening the closed meeting were heard, discussed, or considered by the Loudoun County School Board.

[02:23:04] And I will second that motion. Is there any discussion? Seeing none. All those in favor, please raise your hand and say aye. Aye. I do anything's open. That motion passes unanimously. And Ms. McCurdy, do you have an additional motion?

[02:23:23] Thank you, Madam Chair. Last and final, that the Loudoun County School Board Audit Committee approve the 2025-2026 evaluation of the Auditor General and authorize the committee chair to complete the finalized evaluation and that the audit committee chair will inform the school board of the results of the evaluation in accordance with school board policy 3410.

[02:23:47] Second. Thank you, Ms. Riccardi and Mr. Pepper. That motion has been properly moved and seconded. Is there any discussion? Seeing none, we will take the vote. All those in favor, please raise your hand and say aye. Aye. That motion passes unanimously. And with that, we will move on to item number seven, which is adjournment.

[02:24:07] Thank you all for being here. Have a great summer break. We are now entering our summer recess. We will see you in August. Everyone get home safely.

[02:24:32] Just take everything. Take the paper away from me. Thank you.



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