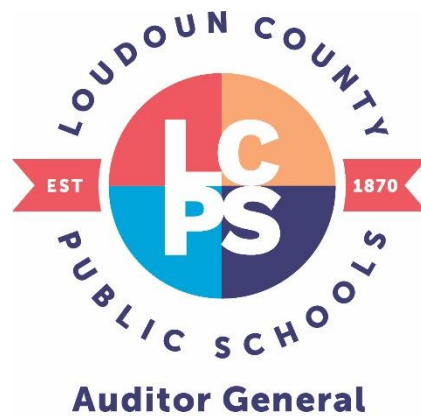


# *The Office of the Auditor General*

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Audit Plan Memo 2025



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## Introduction

The Office of Auditor General (OAG) provides independent and objective audit services to the School Board and Superintendent in a systematic, disciplined approach to the Division's operations, finances, risk management, control, and governance processes. To maintain independence and objectivity, the OAG and its activities report functionally to the Legislative, Audit and Policy (LA&P) Committee and to the Loudoun County School Board (LCSB) in accordance with IIA Standards. Accordingly, all internal audits, whether conducted directly or through contractual services, are conducted under the direct control, oversight, and day-to-day supervision of the Auditor General with the goal of adding value to improve operations through collaboration, transparency, and promoting teamwork in a diverse work environment.

The following pages detail the Fiscal Year 2025 (FY25) Annual Audit Plan, including the scheduled audits and other OAG activities and their respective descriptions and objectives. Annual audit planning begins with the creation of a list of auditable entities and processes in a division-wide. The list is called an Audit Universe, which includes the OAG's independent risk assessment and input from the cabinet, principals, senior staff, and Board Members at board and committee meetings. The plan focuses heavily on division risk management and governance practices of Loudoun County Public Schools (LCPS) as well as the efficiency and effectiveness of operations and internal controls over key processes.

## Audit Universe

The audit planning begins with an audit universe. The audit universe is a comprehensive list of entities and processes available for auditing, structured in a model that covers all potential audit areas within the division. This model is ongoing and essential to ensuring that all critical areas have been considered.

### STEPS:

- Identify potential risks to Loudoun County Public Schools.
- Rank each entity in the list based on attributes such as the duration since the last audit, revenue level, history and severity of past findings, system complexity, recent changes in systems or personnel, and other relevant factors.
- Develop an audit plan for auditing the top-risk entities.
- During engagement planning, identify and rank the risks associated with those entities and processes.
- Perform the engagements.

## *Risk-Based Assessment*

Comprehensive risk-based planning enables the internal audit activity to properly align and focus its limited resources to produce insightful, proactive, and future-focused assurance and advice on the organization's most pressing issues. Ensuring internal audit priorities are risk-based requires advanced planning, and the OAG is responsible for developing a plan of internal audit engagements based on a **risk assessment** performed at least annually (*Standard 2010 – Planning and Standard 2010.A1*). While the annual risk assessment is the minimum requirement articulated in the Standards, today's rapidly changing risk landscape demands that internal auditors assess risks frequently, even continuously. Risk-based internal audit plans should be dynamic and nimble. To achieve those qualities, some internal audit functions update their internal audit plan quarterly (or a similar periodic schedule), and others consider their plans to be "rolling," subject to minor changes at any time.

## *Communicating the Risk-Based Plan*

When preparing an internal audit plan, the OAG should think about how to engage stakeholders and create an internal audit plan that generates the most stakeholder value. Considerations include:

- Which types of internal audit engagements will provide senior management and the board with adequate assurance and advice that significant risks have been mitigated effectively?
- How will the internal audit activity communicate its risk assessments and the risk-based internal audit plan and which types of visual depictions would help support effective communication?
- What do senior management and the board expect from the internal audit activity? In advance, the Auditor General should discuss with senior management and the board how frequently they expect reporting, criteria for reporting and conditions requiring approval for changes to the audit plan (i.e., importance and urgency of issues), as outlined in *Standard 2060 – Reporting to Senior Management and the Board*. Internal audit policies and procedures should address confidentiality concerns in accordance with the Code of Ethics and the Standards (*Standard 2040 – Policies and Procedures, Standard 2330 – Documenting Information and Standard 2440 – Disseminating Results*).

## *Who Is Responsible for the Risk-Based Annual Audit Plan?*

- While the Auditor General is responsible for the annual audit plan, internal audit managers and internal audit staff may perform activities in the planning process. This guide talks about the roles and responsibilities of the Auditor General, internal auditors, and the internal audit activity as a whole. However, no single approach fits all organizations, and the arrangements vary by organization (e.g., based on size and resources available to the internal audit activity).
- The Standards express requirements regarding the Auditor General's risk-based plan of engagements (*2000 series*) and individual engagement plans (*2200 series*). This guide addresses only the Auditor General's risk-based annual audit plan. The Practice Guide "Engagement Planning: Establishing Engagement Objectives and Scope" describes how to plan individual engagements.

## Risk Assessment Methodology

The OAG follows a standardized systemic process to complete the division-wide risk assessment that leads to the creation of the Annual Audit Plan. Risk assessment steps include:

- Identifying and reviewing one LCPS strategic initiatives/plans, operational objectives, and missions/goals, including the LCPS 5-year strategic plan, at One LCPS [Strategic Plan](#) website.
- Researching emerging risks and industry specific risks for applicability to the division.
- Collaborating with other risk assessors within the division.
- Conducting meetings with key stakeholders to discuss risks that may affect the accomplishment of One LCPS strategic initiatives and significant objectives. During FY 2024, the OAG interviewed LCPS stakeholders, including members of executive leadership and operational managers.
- Creating a division-wide inventory of risks for internal documentation purposes.
- Risk exposures relating to governance, operations, and information systems are evaluated. In the process of evaluating risks, consideration is given to (1) the reliability and integrity of financial and operational information, (2) the effectiveness and efficiency of operations and programs, (3) safeguarding of assets, and (4) compliance with laws, regulations, policies, procedures, and contracts. Also, cross-functional, and external/environmental risks remain important and cannot always be tied to one specific strategic initiative or operational objective (for example, IT security and fraud risks are applicable to many objectives).
- Other resources for this evaluation include past audits (internal and external), collective audit experience, LCPS standing committees, guidance from LCPS systems, and discussions of risks with the LA&P Committee.
- **Risk Scores** describe the importance of the risk to the overall organization as [Critical](#), [High](#), [Moderate](#), or [Low](#). Risk Scores are defined as the magnitude of a risk given its **Risk Probability** and **Risk Impact**.

**Risk Probability** – The likelihood that a risk will occur (harming a business objective) due to inadequacy in internal control systems (management, operations, or process); and/or the likelihood that an external threat (regulatory, financial, or market) or systemic issue will cause the risk to occur.

**Risk Impact** – The extent to which a risk (if realized) would impact the organization, considering the importance of the business objective harmed and the nature and volume of the harm that will be done.

## Fiscal Year 2025 Annual Audit Plan





On June 20, 2024, the LA&P Committee approved the FY25 Annual Audit Plan. The risk-based plan is evaluated throughout the year and can be adjusted as strategic priorities and risks change.

### Alignment with One LCPS: 2027 Strategic Plan for Excellence

The goal of the annual audit plan is to provide a balanced approach by including audit engagements to provide assurance on operational activities and by including areas that can improve processes to support the One LCPS Strategic Plan.

As noted below, audit engagements on the FY25 Annual Audit Plan will review processes that support the One LCPS Strategic Plan.

Preliminary FY25 Audit Plan Alignment with ONE LCPS Strategic Goals Starts Here:

One LCPS 2027 Strategic Plan for Excellence			
 <b>Empowered Students</b>	 <b>Exemplary Staff</b>	 <b>Enriched Division</b>	 <b>Engaged Community</b>
<b>Prepare students to be knowledgeable critical thinkers, communicators, collaborators, creators, and contributors.</b>	<b>Cultivate high-performing teams of professionals committed to realizing our mission and goals.</b>	<b>Maintain an inclusive, safe caring, and rigorous learning environment as the foundation for student growth.</b>	<b>Enhance educational excellence through building meaningful relationships with families and the community.</b>
<b>1.1 Core Academic Excellence</b> Enable excellence by providing rigorous instruction for all students.	<b>2.1 Ongoing Growth and Development</b> Offer high-quality growth and development available to all staff.	<b>3.1 Aligned Culture</b> Define and promote an aligned culture across the division where all students feel they belong.	<b>4.1 Family Engagement</b> Deepen family engagement by offering inclusive opportunities for conversation across the division.
<b>1.2 Multiple, Accessible Pathways to Success</b> Expand opportunities for success through diverse programming.	<b>2.2 Professional Collaboration</b> Develop dedicated resources to improve collaboration across schools and the division.	<b>3.2 Straightforward Communication</b> Standardize practices to improve data sharing and strengthen trust.	<b>4.2 Business and Community Partnerships</b> Strengthen existing and create new partnerships.
<b>1.3 Care for Students</b> Prioritize care by ensuring a safe and affirming learning environment for all.	<b>2.3 Employer of Choice</b> Serve as an employer of choice committed to recruiting, developing, and supporting top diverse talent.	<b>3.3 Safe, Productive Learning Environments</b> Create an environment designed to support high-quality instruction for all.	<b>4.3 Trust-Building Dialogue and Data</b> Expand opportunities for dialogue and data sharing to inform division-wide decisions.
<b>1.4 Student Voice</b> Create regular opportunities to amplify student voice through both listening and action.			
*Preliminary FY25 audit coverage is highlighted.			

## Annual Plan Overview

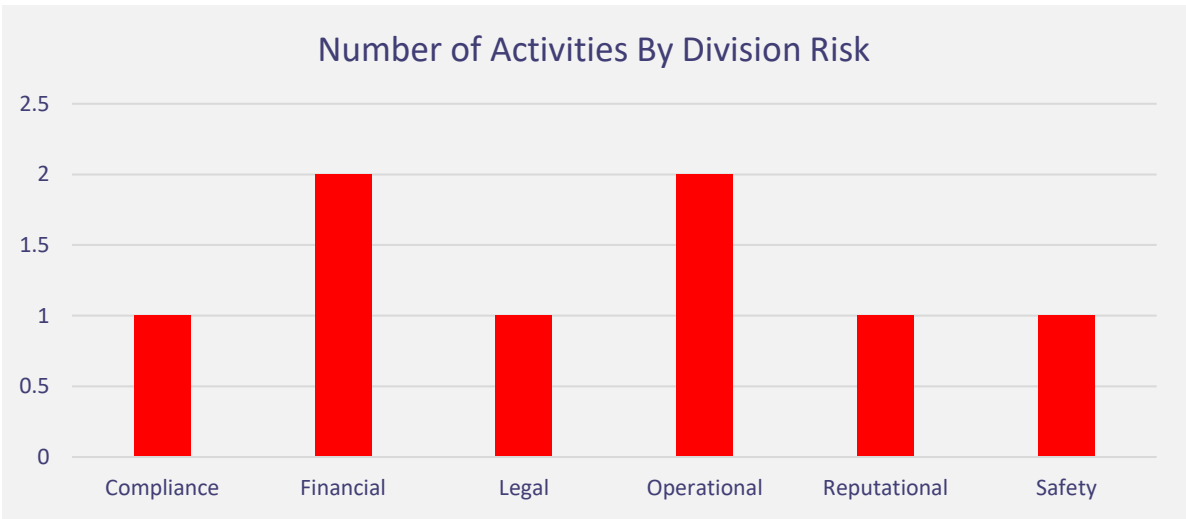
The types of services provided by the OAG are outlined in the table below:

Types of Services	
Assurance Engagements, Advisory and Consulting Engagements, Mandatory Engagements, Investigations, Unanticipated Engagements, Follow-Up, Development: Operations, Development: Initiatives, and Education	3

## Areas of Focus

The FY25 Annual Plan includes six focus areas as outlined below:

Division Risk
Financial
Reputational
Compliance
Legal
Operational
Safety



## Detailed Annual Audit Plan

The detailed Annual Audit Plan is presented in the table that follows.

### Assurance Engagements (in-progress activities)

Activity	Division Risk	Objective
Audit of LCPS Fine Arts Department Stipend Program	Financial Operational	Review controls over LCPS Fine Arts' stipend and ensure the program operates per LCPS policy and state and federal regulations.
Review of LCPS Student Placement Policy and Procedures	Operational Reputational	To follow up on the Special Grand Jury's report and determine the effectiveness and implementation of the LCPS student placement/transfer policy.
Audit of Student Software Applications	IT Operational Safety	Evaluate and track software use, including frequency and who is using the software to verify compliance and monitor for quality assurance and student safety.

### Assurance Engagements

Activity	Division Risk	Preliminary Objective
IT Third-Party Risk	Financial IT Security Legal	Evaluate the risk exposures associated with IT third-party vendors.
Audit of LCPS Staff Support and Advocacy Resources	Operational Reputational	Evaluate the availability and communication methods of staff support and advocacy resources.
LCPS Transportation Management	Compliance Operational	Evaluate student transportation controls and practices.
"Jefferson Contracts" Administration	Financial Operational	Evaluate the controls over the administration of "Jefferson Contracts" and assess if the utilization of these contracts warrants additional FTEs.
Registrar Information Management and Data Integrity	Operational	Evaluate controls and practices of registrar data collection.
School Board and Staff Communication	Operational	Evaluate the effectiveness of the framework design of communication and information sharing practices between LCSB and LCPS Administration.
Security – Pass and ID Badging	Operational Safety	Evaluate the design adequacy of staff badging access security systems.
**Some audits may contain sensitive and/or confidential information and will only be shared internally.		

### Advisory Engagements

Activity	Division Risk	General Description
Advisory Services	N/A	Provide limited advisory services for LCPS administration or departments.
Data Governance	Operational	Provide limited advisory services on data governance, strategy, security, and other data governance issues.
Executive Leadership Meetings	Operational	Provide updates and advisory services to executive leadership.
ONE LCPS Strategic Goals	Operational Strategic	Participate and support ONE LCPS strategic planning workgroups.

### Follow-up

Activity	General Description
Follow-Up on Past Audit Recommendations	Review the implementation status of management action plans to correct audit issues from prior audits.

### Investigations

Activity	General Description
Hotline Assessments and Reserve for Investigations	Conduct initial assessments of hotline allegations and use reserved hours.

### Development – Operations *(Administrative)*

Activity	General Description
Audit Survey and FY 2026 Audit Plan	Conduct Division-wide risk assessment and prepare the annual risk-based internal audit plan for FY26.
FY 2024 Annual Report	Prepare the annual report 2024.
LA&P Committee	Provide advisory services and updates on the operational performance of the OAG.
Team Meetings and Activity Updates	Conduct and attend internal audit team meetings to provide updates on multiple audits and activities.
Quality Assurance and Improvement Program (QAIP)	Perform QAIP activities, including reviews and other continuous improvement activities.

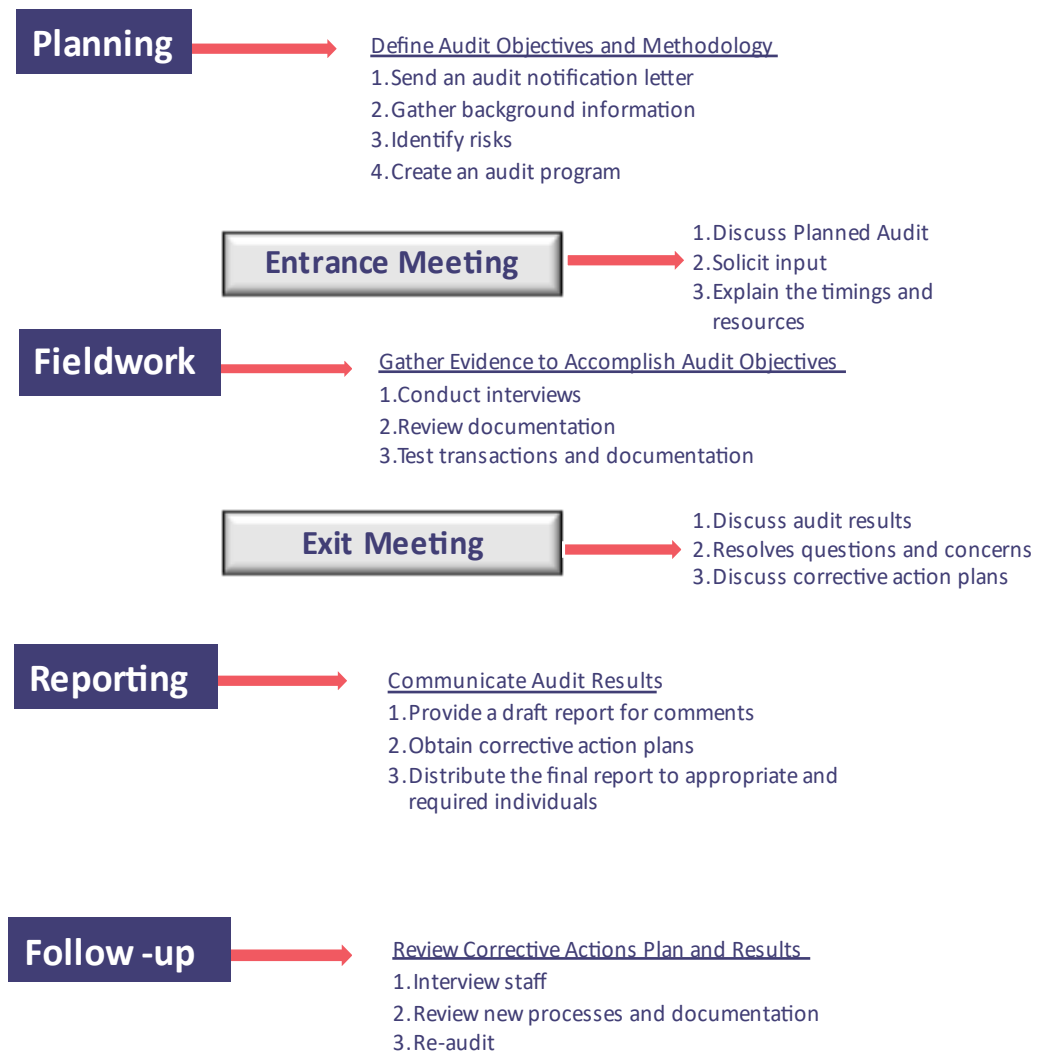
### Development – Initiatives and Education *(Administrative)*

Activity	General Description
Training and Continuing Professional Education (CPE)	Obtain training and Continuing Professional Education (CPE) to ensure proficiency and knowledge of audit staff in accordance with required audit standards.
Professional Organizations	Participate and support professional audit organizations as an officer, committee member, or volunteer, including presentations, working groups, and research provided to professional organizations.
Strategic Office Initiatives	Plan and implement strategic internal office initiatives and enhancement activities.

## Appendix A

### OAG Internal Audit Process

# AUDIT PROCESS



## Appendix B

### FY24-FY25 Work Plan

#### FY24-FY25 OAG Internal Audit Status

FY24	2024						2025					
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
1. Audit of Special Education Staffing Needs and Requirements	Report		Complete									
2. Review of LCPS Student Placement Policy and Procedures	Fieldwork		Report									
3. Audit of Student Software Applications	Fieldwork	Report										
FY25												
1. IT Third-Party Risk		Planning Entrance Conf.										
2. Audit of LCPS Staff Support and Advocacy Resources			Planning Entrance Conf.									
3. LCPS Transportation Management												
4. "Jefferson Contract" Administration												
5. Registrar Information Management and Data Integrity												
6. School Board and Staff Communication												
7. Security – Pass and ID Badging												

#### FY24 Carry - Over Audits

#### Key Updates

**Audit of Special Education Staffing Requirements** – OAG issued the final report and has been emailed to the departments who were audited. The report will be uploaded to the OAG's webpage for public.

**Review of LCPS Student Placement Policy and Procedures** - OAG is expecting to issue a draft report with the audit findings in October.

**Audit of Student Software Applications** - OAG is expecting to issue a draft report with the audit findings by the end of September.

**Note:** The timeline is subject to change based on changing resources, circumstances, and priorities. All audit engagements can be adjusted and presented for review and approval during LA&P Committee meetings.