

Internal Audit Annual Plan 2025-2026 FY

Alice Blount-Fenney

Director, Internal Audit

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Arlington Public Schools



Proposed Annual Audit Plan

The following audit assignments are risk based. More specifically, the review and assessment of internal controls will be designed to identify any potential:

- Financial risk
- Reputational risk
- Regulatory or compliance risk



Proposed Audit Plans for Fiscal Year 2025-26

- Consulting Contracts
- Emergency Preparedness
- Student Conduct
- Under Board review and discussion: Risk Assessment, Waste, Fraud, and Waste line report investigations, and Audit Follow-up



Consulting Contracts

Background

- APS retains the services of independent contractors to perform various goods and services.
- It was also confirmed that APS may engage the services of retirees and former employees to provide services for various departments.
- There are some risks associated with the engagement of third-party vendors. This can include potential conflicts of interests and failure to maintain confidential information.
- Other challenges in managing third-party vendors can include monitoring contract deliverables and any rights to intellectual property.



Consulting Contracts

Proposed Audit Scope

- Obtain a sample of contracts for 2023-2025.
- Review and test compliance to APS standards for the approval including modifications, selection, justification, and contract monitoring protocols.
- Determine if contract agreements address any potential scenarios for potential conflicts of interest including former employees, retirees and relatives.
- Evaluate business practices for contract administration including hold harmless and escape clause terms.



Emergency Preparedness

Background

- This audit will focus on evaluating controls over APS emergency preparedness program and business protocols.
- One of the important lessons learned from the COVID-19 pandemic brought more awareness on the need for many businesses and academic institutions to focus on emergency and safety preparedness with little or no advance notice and business continuity protocols.



Emergency Preparedness

Proposed Audit Scope

- Determine what emergency preparedness is provided for members of the APS community. How are they communicated?
- What business practices for training in-use at APS aligned with industry best practices? An example is ALICE (Alert, Lockdown, Inform, Counter, and Evaluate) Training.
- Are there schedules for practice drills? Who is responsible for management oversight?
- What are the protocols in place for an emergency contact list? Is it regularly reviewed and updated.
- Review and evaluate APS business practices and determine if they are aligned with APS policies and procedures covering emergencies.



Emergency Preparedness

- Where is the Emergency Preparedness Plan located and how is it communicated?
- Are Emergency Preparedness notifications designed to contact all employees on and off-site (i.e.. Bus drivers)?
- Are there regular fire and other emergency drills conducted?
- How often is emergency lighting, heating, and electrical systems tested?



Student Conduct

Background

For the Student Conduct Audit three sections will be covered:

- Policy awareness, communications, and access: for members of the APS community, students, and parents.
- Efficiency and Effectiveness of incident reporting and actions taken protocols. This will also include standards for disciplinary standards.
- Follow-up protocols after an incident has been reported.



Student Conduct

Proposed Audit Scope

- Obtain and review policies and procedures covering student conduct and test for compliance.
- How does APS advertise the student code of conduct?
- Review the APS student code of conduct and determine what business protocols are in place to monitor and address any violations. What are the standards for discipline? How are they communicated?
- How often are the policies for the code of conduct reviewed? For example, to include physical, verbal, and cyber bullying or other types of abuse?
- Is the code available in multiple languages?



Student Conduct

- Test protocols to determine if incidents of bullying are addressed in a timely manner once reported. Who is responsible for follow-up?
- What are the protocols for notifying parents of any student conduct issues? More specifically, what is the defined timeline for notification, actions, and follow-up?
- What are the standards for documenting the close-out and follow-up for incidents of student conduct?



Other Considerations and Options

- Conduct a Risk Assessment (scope to be defined)
- Conduct investigations and follow-up for reports filed on the Waste, Fraud, and Abuse Line
- Audit Follow-up with Auditee Clients



Risk Assessment

Background

According to the Institute of Internal Auditors: *The risk management process generally encompasses the policies, procedures, and control processes that ensure the organization's risks are identified, assessed, treated, monitored, and reported adequately, timely, and continuously.*

- A Risk Assessments can be conducted in various ways including throughout the organization, selected departments or programs.
- At APS, we have not had a formal Risk Assessment to date, but have incorporated a risk review within each audit assignment.
- In considering the development of a Risk Assessment, the risk appetite of management is also considered. In summary, how much risk will be tolerated for various reasons including financial restrictions.



Risk Assessment

Proposed Audit Scope

Options under consideration by the APS School Board

- The Internal Auditor will work in conjunction with the Risk Assessment firm engaged by the County to perform the Risk Assessment.
- Internal Audit will conduct a limited Risk Assessment of specific APS departments that are highly regulated and review for potential gaps in compliance.
- Internal Audit will conduct an in-depth review of the risk areas identified within the two years of her appointment as Director.



Annual Audit Plan

Questions and Answers