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# Business Process Audit Office of Transportation Services Report Reference Number: 23-13930

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# Executive Summary

This audit report summarizes the results of the Office of Auditor General's (OAG) Business Process Audit at the Office of Transportation Services (OTS), an office within the Department of Facilities and Transportation Services (FTS), conducted on December 6, 2022. The audit was performed in accordance with the Fiscal Year 2023 audit plan approved by the Fairfax County School Board. The primary objective of the audit was to determine the adequacy of controls and processes in place for managing appropriated funds during FY 2023. There were no findings identified during the audit.

We appreciate the consultation, cooperation, and courtesies extended to our staff by the financial analyst and director at OTS.

## Background, Scope and Objectives, and Methodology

### Background

All departments and schools are responsible for business processes that support their core mission. These processes include procuring goods and services needed to meet their objectives and processing cash receipts. For departments, most of these processes are limited to appropriated fund transactions.

These audits will be performed on a cycle basis. The potential risks are (1) job duties not performed in accordance with required policies, procedures, and guidance; and (2) questionable transactions not timely identified. The primary regulations include, but are not limited to:

- Regulation 5111 *Financial Management Reports (FMR)*
- Notice 5111 *Financial Management Report (FMR) Distribution and Reconciliation Schedule*
- Regulation 5350 *Procurement Card Management*
- Regulation 5012 *Purchasing Goods and Services Using Appropriated and Nonappropriated Funds*

### Scope and Objectives

We conducted this audit in accordance with generally accepted government auditing standards, with the exception of peer review. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The audit covered FY 2023 financial activity for OTS. The audit's objectives were to:

- Evaluate the effectiveness of processes and compliance with applicable regulations and policies
- Determine if internal controls are adequate and functioning as intended
- Determine if transactions are reasonable and do not appear to be fraudulent

The Fairfax County Public Schools (FCPS) Office of Auditor General is free from organizational impairments to independence in our reporting as defined by government auditing standards.

The office reports directly to the School Board through the Audit Committee. We report the results of our audits to the Audit Committee and the reports are made available to the public via the FCPS website.

## **Methodology**

The Office of Auditor General's audit approach assessed the department's current management of internal controls covering appropriated funds. The structure of this audit was designed to assist departments in understanding the question "where are we now?" and what processes and controls must be in place to ensure compliance with FCPS regulations and best practice guidelines moving forward. The audit examined monthly expenditures, records, and statements; reviewed monthly reconciliations; conducted interviews with appropriate employees; with the goal of understanding the department's current standing moving forward. Information was extracted from PaymentNet, Financial Management Report (FMR) reconciliation application, and Fairfax County Unified System (FOCUS) for sampling and verification to source documentation during the audit; however, our audit did not include an independent review of system controls.

To satisfy the audit objectives, OAG performed the following:

- Met with office-based staff.
- Reviewed relevant laws, rules, FCPS policies and regulations.
- Reviewed prior audits and reviews.
- Performed a test of transactions, on a sampling basis, to ensure expenditures are accurate and allowable, complied with FCPS requirements, and proper supporting documentation is maintained.

## **Sample Selection**

### **Procurement Card Transactions and Appropriated Expenditures**

OAG utilized IDEA, data analytical software, to randomly select samples, as follows:

- Ten appropriated procurement card transactions, and
- Five FMR expenditures.

OAG also utilized IDEA to review FMR expenditures for:

- Duplicate payments, and
- Fraudulent payments (weekend charges, keyword searches, Benford's Law analysis)

### **FMR and Procurement Card Reconciliations and Asset Security Procedures**

OAG reviews current reconciliations, as follows:

- Most current month FMR reconciliation,
- Three most current months of appropriated procurement card reconciliations for up to two procurement cards, and
- Review of physical assets such as procurement cards and safe management.

Transaction samples are pulled from the available population and can result in less transactions being tested than what is stated above.

## **Audit Findings, Recommendations, and Management's Responses**

There were no findings identified during the audit. Therefore, management response is not required.