



Topic/Issue: Business Process Audits (BPA)
Meeting and Date: Audit Committee – February 22, 2023
Staff Lead: Joni White and Luke Robertson
Ignite link: Goal 4 – Resource Stewardship

1. Why Office of Auditor General (OAG) did this audit

These audits are performed on an ad hoc basis depending on: (1) changes in management/staff, (2) the results of the continuous audit process, or (3) situations as deemed necessary. 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 objectives of BPA are 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

2. Summary (Key Points)

BPA was completed at five sites resulting in one high risk finding, one moderate risk finding, and eight low risk findings, which are summarized below:

Schools*	Sufficient Documentation	Non-bank Reconciliations	Bank Reconciliations	Timely Payments	Total
1. Whitman MS	1	0	0	0	1
2. Mantua ES	1	1	1	0	3
3. Office of Transportation Services	0	0	0	0	0
4. Kings Glen ES	1	0	0	0	1
5. Jackson MS	2	1	1	1	5
	5	2	2	1	10

* ES - Elementary School; MS - Middle School

Moderate risk criteria: Compliance with subject FCPS policies and established procedures and is inadequate; and controls were not consistently applied which increased the severity of the risk.

High risk criteria: Compliance with regulations are inadequate; controls are not in place or are inadequate; and issues are identified that could negatively impact the achievement of program/operational objectives.

At **Mantua ES**, the one moderate risk finding was due to procurement card purchases being made without the proper supporting documentation. OAG noted eight out of 20 procurement card purchases totaling \$1,016.21 were missing a purchase order or the purchase was made prior to the purchase order being approved.

OAG recommended that all expenditures be supported by a properly completed, approved purchase order and an original itemized receipt. Management concurred with the finding and is implementing corrective actions with the expected completion date of February 18, 2023.

At **Jackson MS**, the one high risk finding was due to non-bank reconciliations completed for FY23. OAG noted that the Financial Management Report (FMR) and procurement card reconciliations for July, August, September, and October 2022 were not completed and reviewed as of December 8, 2022.

OAG recommended that all reconciliations for FY23 be completed, reconciling items be reviewed in a timely manner, and that reconciliations be printed, signed, and dated to evidence timely completion and approval. Management concurred with the finding and is implementing corrective actions with the expected completion date of April 8, 2023. OAG is currently working on validating the completion of the recommendations.

3. What OAG recommends

These audits test compliance with existing regulations and policies, thus recommendations for all findings noted directly correlate to the applicable regulation/policy. A management response is required only for findings with a moderate or high-risk rating. All schools are subject to further review during the annual local school activity fund audit scheduled to be performed later in the year. The detailed results for all schools are shared with Financial Services so appropriate support and training can be provided, where needed.

4. Next Steps/Action Needed

We received a management response for findings reported with moderate or high risk rating. After these reports are discussed and reviewed at the Audit Committee, OAG will proceed with final issuance on OAG's website and BoardDocs.