



Business Process Audit Mount Vernon High School Report Reference Number: 23-13220

May 2023

Prepared by
Office of Auditor General

8115 Gatehouse Road, Suite 5500
Falls Church, VA 22042

Table of Contents

Executive Summary	3
Background, Scope and Objectives, and Methodology	3
Background	3
Scope and Objectives	3
Methodology	4
Audit Findings, Recommendations, and Management's Responses	5

Executive Summary

This audit report summarizes the results of the Office of Auditor General's Business Process Audit at Mount Vernon High School conducted on March 6, 2023. The audit was performed in accordance with the Fiscal Year (FY) 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 local school activity funds and appropriated funds during FY 2023. There was one high and two low risk findings identified during the audit.

We appreciate the consultation, cooperation, and courtesies extended to our staff by the finance technician and principal at Mount Vernon High School.

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. However, in a school, there are both appropriated fund transactions and local school activity fund transactions.

These audits will be 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 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 5810 *School Activity Funds Management*
- Regulation 5350 *Procurement Card Management*
- Regulation 5012 *Purchasing Goods and Services Using Appropriated and Nonappropriated Funds*

The finance technician for Mount Vernon High School retired on November 1, 2022. The Financial Support Team assisted the principal with finance-related responsibilities immediately after the finance technician's retirement. A part-time hourly finance assistant was hired at the end of November to assist with finance duties until the current finance technician was hired on January 3, 2023. The current finance technician did not have the opportunity to complete training and obtain access to all financial systems until February 2023.

Scope and Objectives

We conducted this audit in accordance with generally accepted government auditing standards. 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. 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 school's current management of internal controls covering local school activity funds and appropriated funds. The structure of this audit was designed to assist principals and finance technicians 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 school's current standing moving forward. Information was extracted from PaymentNet, Great Plains, 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 school-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, Cash Disbursements, and Deposit Transactions

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

- Ten appropriated procurement card transactions,
- Ten non-appropriated procurement card transactions,
- Ten cash disbursement transactions,
- Five voided cash disbursement transactions
- One cash receipt transaction, and
- Ten voided cash receipt transactions

Bank and Procurement Card Reconciliations and Asset Security Procedures

OAG reviews current reconciliations, as follows:

- Most current month Financial Management Report (FMR) reconciliation,
- Three most current months of bank reconciliations,
- Three most current months of appropriated procurement card reconciliations for up to two procurement cards,
- Three most current months non-appropriated procurement card reconciliations for up to two procurement cards, and
- Review of physical assets such as procurement cards, check stock, 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

The finding within this report has been attributed a risk rating in accordance with established risk criteria as defined in Table 1:

Table 1: Risk criteria

High (one or more of these exists)	Controls are not in place or are inadequate. Compliance with legislation and regulations or contractual obligations is inadequate. Important issues are identified that could negatively impact the achievement of program/operational objectives.
Moderate (one or more of these exists)	Controls are in place but are not sufficiently complied with. Compliance with subject government regulations or FCPS policies and established procedures is inadequate, or FCPS policies and established procedures are inadequate. Issues are identified that could negatively impact the efficiency and effectiveness of operations.
Low (one or more of these exists)	Controls are in place but the level of compliance varies. Compliance with government regulations or FCPS policies and established procedures varies. Issues identified are less significant but opportunities exist that could enhance operations.

All completed Business Process Audits with findings in which the risk ratings are deemed moderate or high will require a management response. During this audit, OAG identified one high and two low risk findings:

Finding 1 – Non-Bank Reconciliation

Risk Rating – High

Condition:

- a) The January 2023 Financial Management Report (FMR) reconciliation was not signed and dated by the principal and reconciler. In addition, the Financial Management Expenditure Report (FMER) and Financial Management Position Report (FMPR) reconciliations for FY 2023 were not completed and approved in the online application as follows:

Month	Month-end Close	Reconciliation Due	FMER Approved	FMPR Approved
August 2022	September 9, 2022	September 30, 2022	No	Yes
September 2022	October 7, 2022	October 31, 2022	No	Yes
October 2022	November 4, 2022	November 30, 2022	No	Yes
November 2022	December 9, 2022	December 30, 2022	No	Yes
December 2022	January 6, 2023	January 31, 2023	No	No
January 2023	February 3, 2023	February 28, 2023	No	No

- b) Procurement card reconciliations for the three months sampled were not consistently signed and dated by the principal and finance technician. Specifically:
- November 2022, December 2022, and January 2023 reconciliations for MOUNT VERNON HS IS appropriated card were not signed and dated by the principal and finance technician.
 - January 2023 reconciliation for MOUNT VERNON HS TB appropriated card was not signed and dated by the principal and finance technician.
 - November and December 2022 reconciliations for SA1 MOUNT VERNON HS non-appropriated card were not signed and dated by the finance technician. The principal did not sign and date the reconciliations until January 30, 2023, and February 10, 2023, respectively.
 - December 2022 reconciliation for SA2 MOUNT VERNON HS non-appropriated card was not signed and dated by the finance technician. The principal did not sign and date the reconciliation until February 10, 2023.

The finance technician for Mount Vernon High School retired on November 1, 2022. The Financial Support Team assisted the principal with finance-related responsibilities immediately after the finance technician's retirement. A part-time hourly finance assistant was hired at the end of November to assist with finance duties until the current finance technician was hired on January 3, 2023. The current finance technician did not have the opportunity to complete training and obtain access to all financial systems until February 2023.

Criteria:

- a) Regulation 5111 *Financial Management Reports (FMR) Reconciliation* establishes the responsibilities and procedures for the reconciliation of the monthly FMR. Per the regulation, "Principals or program managers must ensure the timely reconciliation, review and certification of the Financial Management Position Report (FMPR) and Financial Management Expenditure Report (FMER) as set forth in Notice 5111." For the FMPR and FMER, "[the reconciler will] provide principals or program managers with the completed reconciliation (signed and dated hard copy required as evidence of review)

and supporting documentation for their review. Principals or program managers are required to sign and date the monthly FMPR/FMER reconciliation report.”

- b) Regulation 5350 *Procurement Card Management* states, “The reconciler must initial and date the procurement card statement when the reconciliation is complete and to verify receipts for all transactions are attached.” It also states, “The principal/program manager must ensure that reconciliations are done on a timely basis and must review, sign, and date the reconciliation report.”

Effect:

Reconciliations not being completed timely could allow FMR and procurement card transactions to go unverified and funds to be misappropriated.

Recommendation:

OAG recommends that the principal and finance technician review and sign and date reconciliations in a timely manner.

Management Response (Required):

A management response is required for this finding due to the high risk rating. In addition, the school will be subject to further review during the annual local school activity fund audit scheduled to be performed later in the year and continuous audit procedures conducted throughout the year.

Planned Action	Action Owner(s)	Expected Completion Date
<p>We concur with the finding. As of 04/24/2023, all our reconciliations are up-to-date, and we have processes to maintain them as we move forward. Currently our FT and Finance Assistant are following all the Best Practices as set forth by the Office of Financial Services. We continue to contact the Financial Team for guidance and support. Our staff continue to follow the current guidelines in place. My FT and I meet weekly and are in immediate communication when the need arises.</p>	<p>Principal, Finance Technician, and Hourly Finance Assistant</p>	<p>July 17, 2023</p>

Region Assistant Superintendent’s Response:

The region team has reviewed the audit finding for MVHS. The region will provide monthly oversight and review regarding the handling of their budget, to include processes, record management and reporting. The Region Assistant Superintendent will ensure there will be on site support and collaboration as needed from Financial Services.

Finding 2 – Purchasing Process

Risk Rating – Low

Condition:

Three sampled procurement card (PCard) purchases were made outside of the proper purchasing process, totaling \$615.12. The sample consisted of ten transactions, totaling \$6,186.40.

Item	PCard Name	PCard Transaction Date	Vendor Name	Notes	Dollar Amount
1	MVHS MARCHING BAND (appropriated)	10/15/2022	U-HAUL MOVING & STORAG	Transaction made prior to purchase order	\$261.35
2	MOUNT VERNON HS IS (appropriated)	12/11/2022	AMAZON.COM *YO4Z87073	Transaction made prior to purchase order being signed	\$324.10
3	MVHS MARCHING BAND (appropriated)	9/24/2022	U-HAUL MOVING & STORAG	Transaction made prior to purchase order	\$29.67

Criteria:

Regulation 5350 *Procurement Card Management* states, "The principal/program manager or designee is responsible for preauthorizing procurement card purchases." The *FCPS School Finance Handbook* states, "All Pcard purchases, require an approved purchase order (PO) prior to placing any Pcard orders. POs created in the teacher Online Purchasing System (TOPS) using Appropriated Funds Pcards must be printed and signed by the principal (or designee) prior to purchasing goods and services."

Effect:

Items purchased prior to the principal's approval could allow for funds to be misappropriated and funds managed irresponsibly.

Recommendation:

OAG recommends that the school has a properly completed and approved purchase order for all transactions, before obligating funds.

Management Response (Required):

A management response is not required for this finding due to the low risk rating.

Finding 3 – Sufficient Documentation

Risk Rating – Low

Condition:

- a) One sampled procurement card (PCard) purchase was made without proper supporting documentation. The sample consisted of ten transactions, totaling \$2,955.98.

Item	PCard Name	PCard Transaction Date	Vendor Name	Documentation	Dollar Amount
1	SA1 MOUNT VERNON HS (non-appropriated)	10/7/2022	BJS WHOLESALE #0041	Original invoice missing*	\$302.21

*A vendor Purchase History Report was included with the support.

- b) One sampled voided cash disbursement was made without proper supporting documentation. The sample consisted of ten transactions.

Item	Check Number	Check Date	Voided Date	Payee Name	Documentation	Dollar Amount
1	122003630	9/9/2022	9/9/2022	NORTHERN VIRGINIA CROSS COUNTRY TRACK & FIELD ASSOC	Voided check, void historical payables posting journal missing	\$00.00

This void was made by the previous FT.

Criteria:

- a) Regulation 5350 *Procurement Card Management* states, "The principal/program manager or designee must retain original charge tickets, receipts, invoices, and other supporting documentation along with the procurement card statement and the reconciliation."
- b) The *Great Plains 2018 Training Manual* includes detailed steps for how to properly void a check. On page V-20, the manual states that the void historical payables posting journal should be printed and filed in the "Voided Checks" file along with the voided check.

Effect:

- a) Items purchased without proper supporting documentation could allow for funds to be misappropriated and funds managed irresponsibly.
- b) Voiding a check without retaining documentation could allow for funds to be managed irresponsibly.

Recommendation:

- a) OAG recommends that all expenditures should be supported by a properly completed, approved purchase order and an original itemized receipt.

b) OAG recommends that all voided disbursements be filed with the correct information.

Management Response (Not Required):

A management response is not required for this finding due to the low risk rating.