



Topic/Issue: FY 2023 Continuous Monitoring Quarter 1 (Q1) and Quarter 2 (Q2) Results
Meeting: Audit Committee
Staff Lead: Luke Robertson

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

This summary outlines the results of the Office of Auditor General’s (OAG) performance of continuous monitoring procedures during quarter 1 (Q1) and quarter 2 (Q2), performed in accordance with the Fiscal Year (FY) 2023 audit plan approved by the Fairfax County School Board and in accordance with generally accepted government auditing standards. Continuous monitoring procedures allow OAG to utilize technology-based audit techniques to analyze patterns and trends and select and test transactions. These methods will enable the office to further understand risks and identify exceptions in a timely and efficient manner.

Continuous monitoring procedures are conducted for appropriated and non-appropriated transactions on a quarterly basis. In addition to transaction testing, the process includes selecting a sample of sites that will be subject to additional testing procedures via site visits.

The non-appropriated transactions are used to form the basis of transaction testing for the annual Local School Activity Funds (LSAF) audit and any exceptions are reported as part of the FY 2023 LSAF audit for the year ending June 30, 2023. Any exceptions related to appropriated funds may be analyzed to determine if a Business Process Audit is warranted.

2. What is the purpose of this report?

The purpose of this report is to provide the Audit Committee a summary of OAG’s continuous monitoring activities during Q1 and Q2. As the quarterly testing is completed, the program managers/principals of sites tested will receive a summary of their testing results. Any significant exceptions are reported to Financial Services and region leadership so appropriate support can be provided.

3. FY23 summary of quarterly activities

Quarter	Transactions Tested	Sample Population	Schools Visited	Schools with Exceptions Noted
1	139	51	10	12
2	158	51	10	12
Totals	297	102	20	24

Results overview:

Out of 102 sites in the sampling population, 24 sites had exceptions noted in three or fewer areas; 57 sites had no exceptions noted; and 21 sites did not have any transactions appear in the samples. **No notable items of concern were identified.** A site may have had more than one exception in an area or in more than one area. The following table summarizes the exceptions noted:

Sites	Exception Area	Description
10	Purchasing Process	<ul style="list-style-type: none"> • Procurement card purchases were not pre-approved • Disbursements were not pre-approved
8	Bank Reconciliation	<ul style="list-style-type: none"> • Bank reconciliations were not completed in a timely manner • Bank reconciliations and/or bank statements were not signed and/or dated • Adjusted book balance did not agree with summary trial balance at the end of reconciliation
7	Non-Bank Reconciliation	<ul style="list-style-type: none"> • Procurement card statements were not reconciled in a timely manner • Procurement card statements were not signed and/or dated
3	Sufficient Documentation	<ul style="list-style-type: none"> • Purchase orders, invoices, receipts, and/or other documentation to support a disbursement or procurement card transaction were not maintained • School Finance Deposit Slips for cash receipts were not accurately and/or adequately completed
2	Authorized Signatures	<ul style="list-style-type: none"> • Cash disbursements were co-signed by the individual that the check was made payable to • Cash disbursements were issued without dual signatures
2	Timely Deposit	<ul style="list-style-type: none"> • Cash receipts were not deposited in a timely manner
1	Incorrect Account Charged	<ul style="list-style-type: none"> • Procurement card transactions were charged to the incorrect expenditure accounts
1	Sales Tax	<ul style="list-style-type: none"> • Reimbursement checks to Fairfax County Public Schools employees included sales tax

4. Next steps/action needed

This is a status update, and no additional action is required at this time.