



Topic/Issue: FY 2024 Business Process Audits (BPA)
Meeting and Date: Audit Committee – May 13, 2024
Staff Lead: Luke Robertson, Brittany Hamilton

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 monitoring 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 identified in a timely manner.

The objectives of BPAs are to:

- Evaluate the effectiveness of office processes
- Assess 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 fraudulent

The scope of work included appropriated and non-appropriated transactions and processes taking place during Fiscal Year (FY) 2024, up until the date of the visit.

2. Summary (key points)

Between March 18, 2024, and April 8, 2024, BPAs were completed at three schools, resulting in six low risk findings and two moderate risk findings. The detailed results for the three BPAs are contained within the individual reports found on the Board Docs agenda for this meeting. The table below is a condensed summary of the contents of each report:

Sites	Bank Reconciliation	Non-Bank Reconciliation	Personnel Payment	Purchasing Process	Sufficient Documentation	Total
1. Bull Run ES	0	0	1	1	1	3
2. Marshall HS	0	0	0	1	1	2
3. Poe MS	1	1	0	1	0	3
Total	1	1	1	3	2	8

ES – Elementary School; MS – Middle School; HS – High School

Low risk criteria: Controls are in place, but the level of compliance varies; compliance with government regulations or Fairfax County Public Schools (FCPS) policies and established procedures varies; or issues identified are less significant, but opportunities exist that could enhance operations.

Moderate risk criteria: 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; or issues are identified that could negatively impact the efficiency and effectiveness of operations.

High risk criteria: Controls are not in place or are inadequate; compliance with legislation and regulations or contractual obligations is inadequate; or important issues are identified that could negatively impact the achievement of program/operational objectives.

At **Bull Run ES**, the one moderate finding was due to the school paying an FCPS employee for services provided with local funds, rather than going through the appropriate payroll process. Additionally, no formal support for the disbursement other than IRS Form W-9 was maintained (such as a purchase order, invoice, or FCPS Form FS-133). OAG recommended that the school only pay FCPS employees through the automated Human Resources system, following the steps outlined in FCPS Regulation 5640 *Payment for Summer School, Curriculum Development, and*

Other Temporary Assignments. Management concurred with the finding and is implementing corrective actions with the expected completion date of July 13, 2024.

At **Poe MS**, the one moderate finding was due to Financial Management Report (FMR) reconciliations not being completed and/or approved in a timely manner in the online application, and on the printed reports, dating back to July 2023. OAG recommended that the principal and finance technician complete and approve FMR reconciliations in a timely manner. Management concurred with the finding and is implementing corrective actions with the expected completion date of June 28, 2024.

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 sites are subject to further review during the annual local school activity fund audit scheduled to be at the close of FY 2024. 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 management responses for any reported findings with a moderate or high risk rating prior to committee discussion. Following committee discussion, reports will be posted publicly on the OAG website, and OAG will conduct follow up on moderate and high-risk findings and update the Audit Committee as follow-up is completed.