Fiscal Year 2025 OAG Risk Assessment & Proposed Audit Plan

Fairfax County Public Schools

Office of Auditor General

June 13, 2024

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Risk Assessment and Audit Plan Objectives

(1) To accomplish OAG's mission: Independently determine if existing Fairfax County Public Schools (FCPS) processes are adequately designed, operating in an efficient, effective manner and fully accountable to the Fairfax County citizens, and

(2) To promote achievement of FCPS strategic goals and pillars, particularly regarding Culture of Equity, Excellence, & Accountability.

(3) According to Policy 1105, Auditor General Authority:

"The Auditor General shall submit annually to the Audit Committee a work plan for the coming fiscal year which is to be presented for approval by the School Board. The plan serves as a guide and proposed changes to the plan shall be approved by the Audit Committee."

FY25 Risk Assessment Procedures

(1) Identification of audit topics

(2) Prioritization of audit topics

    a) Examined benchmark data (20 equivalent internal audit departments)

    b) Solicited feedback from School Board and Audit Committee members (14 out of 14 received, 12 School Board members and 2 citizen members)

    c) Solicited feedback from FCPS employees, via 45 interviews and 77 surveys

    d) Considered financial, reputational, and operational risks; frequency of audits and prior audit issues

    e) Re-evaluated risk conditions

(3) Determination of FY25 audit plan, secondary, and long-term priorities

FY25 Key Outcomes

FY24 Carried Over Engagements

    (1) Local School Activity Funds, June 30, 2024

    (2) IT Systems Access Audit

New Engagements

    (3) Business Process Audit

    (4) Construction and Renovation Contracting Process

    (5) Critical Process Review – Hiring

    (6) Local School Activity Funds, June 30, 2025

    (7) Procurement Process (including relevant Information Technology processes)

    (8) Student Disciplinary Process

    (9) Continuous Monitoring

    (10) Other OAG Duties

FY25 New Engagements Key Metrics

FY25 Primary Priorities	Internal Stakeholders	Topic Identified Through Bench-marking*	Financial Indicators & Other Information	FCPS employees**	School Board & Audit Committee
Business Process Audits (BPA)	Department of Financial Services, Leadership Team, Office of Counseling and College and Career Readiness	Yes	Not applicable (NA)	NA – OAG suggested	NA – OAG suggested
Construction and Renovation Contracting Process	Chief of Facilities, and Chief of Operating Office	Yes	FY24 CIP Budget - 2.1M FY23 Bond Referendum- $435M	2	12
Critical Process Review - Hiring	Department of Human Resources	Yes	FY24 Payroll and Benefits budget - $2.1B. Staffing: approximately 26,000 FTE	13	11

* For benchmarking data, OAG reviewed 20 internal audit departments (or equivalent) in the K-12 category.
** OAG interviewed 45 LT members and non-LT members who are mainly directors, coordinators, or principals.

FY25 New Engagements Key Metrics (Cont'd)

FY25 Primary Priorities	Internal Stakeholders	Topic Identified Through Benchmarking*	Financial Indicators & Other Information	FCPS employees**	School Board & Audit Committee
Local School Activity Fund (Required Annually)	Department of Financial Services and Schools	Yes	Local School Activity Fund Balances as of June 30, 2024 and June 30, 2023 were consistently at $23.1M annually.	NA – Required	NA – Required
Procurement Process (including relevant Information Technology processes)	Department of Financial Services, Department of Information Technology	Yes	Annually, over 2,950 of purchase order requests required review and approval. Purchasing and Contracts centrally administers approximately 750 contracts; and awards approximately 140 new contracts annually. FY24 Cybersecurity Budget - $8.5M Staffing - 34 FTE	8	10
Student Disciplinary Process	Hearings Office, Schools, Region and School Board	No	FY24 Hearings Office budget - $1.9M	0	6

* For benchmarking data, OAG reviewed 20 internal audit departments (or equivalent) in the K-12 category.
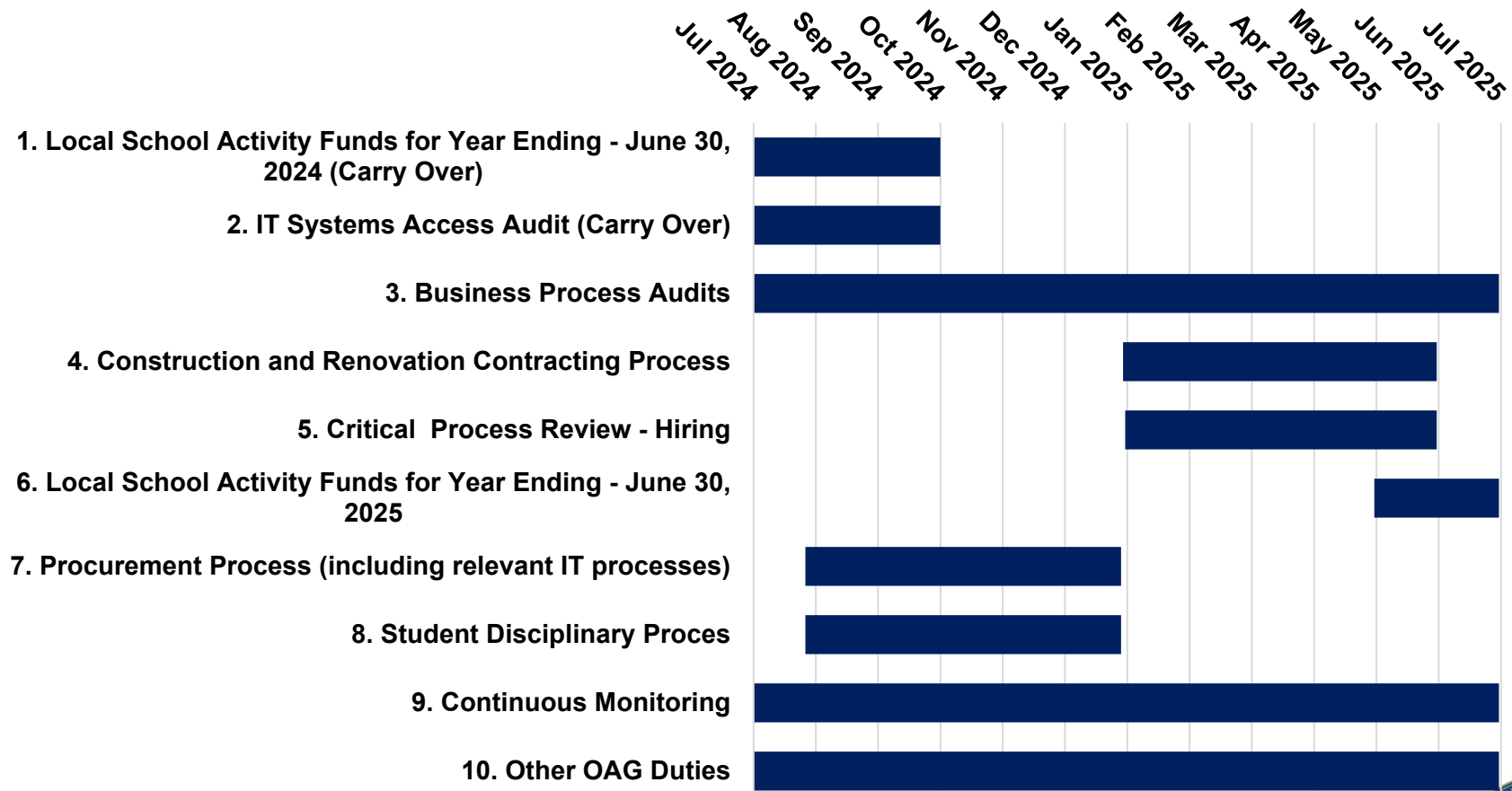** OAG interviewed 45 LT members and non-LT members who are mainly directors, coordinators, or principals.

FY25 OAG Operational Plan

FY25 OAG Operational Plan

| | Jul 2024 | Aug 2024 | Sep 2024 | Oct 2024 | Nov 2024 | Dec 2024 | Jan 2025 | Feb 2025 | Mar 2025 | Apr 2025 | May 2025 | Jun 2025 | Jul 2025 |

Source: Appendix II of the FY25 Risk Assessment and Audit Plan document

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(1) Local School Activity Funds Audit (LSAF), June 30, 2024

Description

In accordance with the Code of Virginia (8VAC20-240-40), all LSAF (i.e. including all the approximate 200 FCPS sites) shall be audited annually.

Objectives / Scope

(1) Determine if cash balances are fairly stated, (2) Assess compliance with applicable regulations and policies, (3) Determine if internal controls are adequate and functioning as intended, and (4) Determine if transactions are reasonable and do not appear to be fraudulent (completed as part of the continuous monitoring procedures)

Internal Stakeholders

(1) Financial Services (FS)

(2) Schools, Offices & Departments (with LSAF)

Schedule

The division-wide report is scheduled to present to the Audit Committee in October 2024.

(2) IT Systems Access Audit

Description	System access is a system security technique that regulates who or what can be viewed or used in a computing environment. The Department of Information Technology (DIT) serves the diverse technology needs of FCPS staff, students and central office teams managing information resources and ensuring security and integrity for large number of FCPS systems.
Objectives / Scope	(1) Select specific IT applications that capture, process, and store sensitive data per the FCPS data classification policy and evaluate the operating effectiveness of the access controls at the application level. (2) Evaluate the compliance with applicable laws and regulations, such as Family Educational Rights and Privacy Act (FERPA) with a focus on data handling, and (3) Evaluate the user access controls over FCPS systems and data such as (a) physical access controls to safeguard physical IT assets (data centers and servers) and (b) logical access controls to properly (i) assign access privileges to users based on their roles and responsibilities, (ii) validate user identities and (iii) manage changes in access.
Internal Stakeholders	(1) Department of Information Technology (DIT) (2) Departments, Offices, and Schools
Schedule	The report is scheduled to present to the Audit Committee in October 2024.

(3) Business Process Audits (BPA)

Description	These audits will be performed on an ad-hoc basis depending on the results of the Continuous Monitoring; departures or additions in principals, finance technician/administrative assistants, or management/staff; or situations as deemed necessary.
Objectives / Scope	(1) Evaluate the effectiveness of school/office processes and compliance with applicable regulations and policies; (2) Determine if controls are adequate and functioning as intended; and (3) Determine if transactions are reasonable and do not appear to be fraudulent. If applicable, the scope will include targeted review of financial controls, processes, and transactions for the schools' Career Technical and Education fund accounts.
Internal Stakeholders	(1) Departments and Offices (2) Schools (3) Office of Counselling and College and Career Readiness
Schedule	Ongoing throughout the fiscal year.

(4) Construction and Renovation Contracting Process

Description	Construction and renovation contracting process is a joint responsibility of the Office of Administrative Services (OAS) managed by the Chief Operating Officer, and the Office of Design and Construction (D&C) managed under the Chief of Facilities. OAS is responsible for contract procurement and contract management. D&C is responsible for project management.
Objectives / Scope	(1) Evaluate FCPS' internal controls and processes, including policies and regulations and their operating effectiveness; (2) Select sample contracts and review their compliance and accountability, including evaluating vendor compliance with contract terms and conditions; and (3) Benchmark industry standards related to contract mechanism for construction and renovation projects. Applicable state and local requirements will be part of the audit.
Internal Stakeholders	(1) Chief of Facilities (2) Chief of Operating Office
Schedule	This performance audit is estimated to take five months to complete.

(5) Critical Process Review – Hiring

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Description	A critical process review will evaluate the strengths and weaknesses of critical business processes for FCPS. This review is helpful in identifying and understanding the critical and redundant processes so that we can provide recommendations to enhance process efficiency and effectiveness. We will review the hiring critical process during FY25.
Objectives / Scope	(1) Understand the business processes and the acceptable risk level determined by management, (2) Evaluate the design and operating effectiveness of controls, (3) Identify key or redundant controls, and (4) Propose recommendations to management to improve process effectiveness and efficiency.
Internal Stakeholders	Department of Human Resources
Schedule	This performance audit is estimated to take five months to complete.

(6) Local School Activity Funds Audit, June 30, 2025

Description	In accordance with the Code of Virginia (8VAC20-240-40), all LSAF (i.e. including all the approximate 200 FCPS sites) shall be audited annually.
Objectives / Scope	(1) Determine if cash balances are fairly stated, (2) Assess compliance with applicable regulations and policies, (3) Determine if internal controls are adequate and functioning as intended, and (4) Determine if transactions are reasonable and do not appear to be fraudulent (completed as part of the continuous monitoring procedures)
Internal Stakeholders	(1) Department of Financial Services (2) Schools, Offices & Departments (with LSAF)
Schedule	The final division-wide report is expected to be presented to the Audit Committee in October 2025.

(7) Procurement Process (Including Relevant Information Technology Processes)

Description

FCPS utilizes different methods of procurement including small purchase, open market, competitive sealed bidding, competitive negotiation, sole source, and emergency. Annually, over 2,950 of purchase order requests and 750 contracts were administered by the Office of Procurement Services (OPS). With increase focus on managing risk in information technology during procurement, various processes are instituted by the Department of Information Technology.

Objectives / Scope

(1) Assess whether adequate controls are in place, and whether they operate effectively and achieve desired outcomes for the following areas: bidding process, vendor selection (including relevant Information Technology processes, such as Cybersecurity Architecture Checklist); and (2) Assess compliance with policies and regulations. For this audit, OAG will focus on the procurement process administered by OPS.

Internal Stakeholders

(1) Department of Financial Services

(2) Department of Information Technology

Schedule

This performance audit is estimated to take five months to complete.

(8) Student Disciplinary Process

Description	Student Rights and Responsibilities document includes the acts for which students may be disciplined, disciplinary procedures, and interventions. FCPS also establishes procedures to be used by the School Board for handling student hearings and appeals.
Objectives / Scope	(1) Evaluate the student disciplinary process, including appeals, to ensure compliance with federal, state, and FCPS' policies, regulations, and procedures, across FCPS; (2) Assess the effectiveness of existing controls for the student disciplinary process, across FCPS, and (3) Benchmark hearings and appeals operations against other educational institutions and leading practices.
Internal Stakeholders	(1) Schools and Region (2) Hearings Office (3) School Board
Schedule	This performance audit is estimated to take five months to complete.

(9) Continuous Monitoring

- Utilizing technology-based audit techniques to analyze patterns and trends and select and test transactions.

- These methods will enable OAG to better understand risks and identify exceptions in a timely manner.

- Technology-based resources allow users to import many records and execute audit specific commands to search for duplicates, detect gaps in numeric sequences, group data by categories, and filter numerous rows and columns of data.

- Areas of focus to include Schools, Departments, and Offices expenditures.

- OAG will perform unannounced cash counts and e-commerce collection of event fees for school events (i.e. athletics, performing arts) during FY24 Q3 Continuous Monitoring. OAG is planning to continue this effort in FY25.

(10) Other OAG Duties

1) Monthly Audit Committee Meetings

2) FCPS Fraud, Waste and Abuse Inquiry

3) OAG Annual Report

4) OAG FY26 Risk Assessment

5) OAG Outreach and Education
   - National Association of State Boards of Accountancy's certified training
   - School Based Administrator training
   - Finance technicians and other stakeholder group training

6) OAG Staff Professional Development

7) OAG Quality Control Monitoring/Peer Review

8) Recommendations Follow-Up

Next Steps

(1) Audit Committee Discussion – May 13

(2) School Board Presentation of FY25 Risk Assessment and Audit Plan – June 13

(3) School Board Work Session – June 25

(4) School Board Approval – July 11

Office of Auditor General

Mission and Vision Statement

Independence (Search "independence")

Contact Information:

Telephone: 571-423-1320
Email: internalaudit@fcps.edu

Esther Ko, Auditor General
Email: yko@fcps.edu

Danielle Moore, Deputy Auditor General
Email: dmmoore1@fcps.edu