



Topic/Issue: FY 2024 Continuous Monitoring Results for Q3 and Q4
Meeting and Date: Audit Committee, October 28, 2024
Staff Lead: Brittany Hamilton

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 Fiscal Year (FY) 2024 Quarter 3 (Q3) and Quarter 4 (Q4), performed in accordance with the FY 2024 audit plan approved by the Fairfax County School Board and generally accepted government auditing standards. Continuous monitoring procedures allow OAG to utilize Microsoft Excel 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. On an annual basis, all schools are covered. In addition to transaction testing, the process includes selecting a sample of sites that will be subject to additional on-site testing procedures.

The non-appropriated transactions are used to form the basis of transactions testing for the annual Local School Activity Funds (LSAF) audit and any exceptions are reported as part of the FY 2024 LSAF audit for the year ending June 30, 2024. Any exceptions related to appropriated funds may be analyzed to determine if a Business Process Audit is warranted in the current or upcoming fiscal year.

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 FY 2024 Q3 and Q4. 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 leadership so appropriate support can be provided.

3. FY 2024 summary of quarterly activities:

| Quarter | Transactions Tested | Sites Visited | Sites with Exceptions Noted |
|---------------|---------------------|---------------|-----------------------------|
| 1 | 147 | 10 | 10 |
| 2 | 195 | 10 | 9 |
| 3 | 243 | 13 | 20 |
| 4 | 153 | 10 | 16 |
| Totals | 738 | 43 | 55¹ |

Results overview:

Out of 204 sites² in the sampling population, 112 sites had no exceptions noted; 49 sites had exceptions noted in three or fewer areas; one site had exceptions noted in four areas;

¹ Some sites might have tested for more than a quarter.

² Included 202 sites with LSAF, and two other sites with only appropriated funding.

one site had exceptions noted in six areas; and 41 sites did not have any transactions appear in the random transactions samples. A site may have had more than one exception in an observation area. The following table summarizes exceptions during Q3 and Q4:

| Sites | Observation Area | Description |
|-------|----------------------------------|---|
| 14 | Purchasing Process | <ul style="list-style-type: none"> Disbursements were not properly pre-approved. Procurement card transactions were not properly pre-approved. Purchases exceeded approved amounts. |
| 11 | 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. |
| 11 | Bank Reconciliation | <ul style="list-style-type: none"> Bank reconciliations and/or bank statements were not signed and/or dated. |
| 8 | Timely Payment | <ul style="list-style-type: none"> Invoices were not paid in a timely manner. |
| 6 | Timely Receipt | <ul style="list-style-type: none"> Funds were not turned into and/or received by the finance office in a timely manner. |
| 4 | 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 or were inadequate. School Finance Deposit Slips (FS-131) for cash receipts were not accurately and/or adequately completed. |
| 3 | Timely Deposit | <ul style="list-style-type: none"> Funds were not deposited in a timely manner after being received by the finance office. |
| 3 | Activity Gate Receipt Procedures | <ul style="list-style-type: none"> Cash gate sales were not accurately recorded in the etix system or documented with physical tickets and required forms. Cash gate sales were not properly reconciled. |
| 2 | Competitive Bidding | <ul style="list-style-type: none"> Purchases over \$10,000 were not made using established contracts and the required four quotations were not obtained. |
| 2 | Incorrect Account Charged | <ul style="list-style-type: none"> Procurement card transactions were not made using the correct account. |
| 2 | Authorized Signatures | <ul style="list-style-type: none"> Check disbursements were co-signed by the individual to whom the check was made payable. |

While exceptions were identified above, OAG did not identify material concerns which are significant to the sites.

4. Next steps/action needed

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