

**FY25 OAG Internal Audit Status  
For the Audit Committee in November 2024**

Audit Topics	2024						2025						
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
1. Local School Activity Funds for Year Ending - June 30, 2024/Continuous Monitoring (Carry Over)	Completed												
2. IT Systems Access Audit (Carry Over)	Completed												
3. Business Process Audits	Ongoing												
4. Construction and Renovation Contracting Process							Ongoing						
5. Critical Process Review - Hiring							Ongoing						
6. Local School Activity Funds for Year Ending - June 30, 2025											Ongoing		
7. Procurement Process (including relevant Information Technology processes)		Pln		Exe		Rpt							
8. Student Disciplinary Process		Pln		Exe		Rpt							
9. Continuous Monitoring	Ongoing												
10. Other OAG Duties	Ongoing												

Planning (Pln), Execution (Exe), Reporting (Rpt) determined once scoping complete

Please refer to the **Appendix** for the details behind the audit topics.

**Key Updates**

A. **Procurement Process:** The audit is currently in the execution phase. The audit report is expected to be shared with the Audit Committee in January/February.

B. **Student Disciplinary Process:** The audit is currently in the execution phase. The audit report is expected to be shared with the Audit Committee in January/February.

C. **Continuous Monitoring:** OAG is currently performing the quarter 1 continuous monitoring, which includes site visits at 15 schools and a review of transactions at one Career and Technical Education site. OAG is also performing unannounced gate receipts visits at three schools.

**D. Other OAG Duties, Including:**

(a) **FY26 Risk Assessment:** OAG has begun conducting the FY26 Risk Assessment Process including but not limited to (i) benchmarking, (ii) surveys, (iii) interviews, (iv) collecting the financial impacts on topics.

(b) **Fraud, Waste and Abuse Inquiries:** Please refer to OAG Internal Inquiry Updates for details.

(c) **Recommendations Follow-Up:** Audit Recommendation Follow-Up as of October 31 will be presented in December Audit Committee.

(d) **Outreach and Education:** OAG will present a three-hour optional training on " Both Sides of an OAG Audit – Looking through the Lens of the Auditor and the Audit Client" on December 6 (9am to 12pm).

## **Appendix – Extract from FY25 OAG Risk Assessment and Audit Plan**

The following list includes both carried over audits, and new audits, contained in OAG's FY25 Operational Plan. The narratives include background information, risk considerations, and preliminary objectives.

### **1. Local School Activity Funds for Year ending June 30, 2024**

#### ***Carried Over from FY24 Audit Plan***

In accordance with the Code of Virginia (8VAC20-240-40), all Local School Activity Funds (i.e. including all the approximate 200 FCPS sites) shall be audited annually no later than the end of the following fiscal year. The preliminary objectives of the audit are to (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). The division-wide report is scheduled to present to the Audit Committee in October 2024.

### **2. IT Systems Access Audit**

#### ***Carried Over from FY24 Audit Plan***

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.

DIT is responsible for providing design, installation, maintenance, and support services for all parts of the FCPS information technology infrastructure under its purview. The system application owners are responsible for the appropriate execution of the information technology infrastructure. It is important to note that not all technology systems used at FCPS are operated by DIT, some are developed and operated by business IT teams across the Division.

Areas of potential risk are user access controls not being in place or not consistently followed allowing for employees to maintain access not allowed by their job roles and responsibilities in key systems.

The audit objectives are to: (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. This performance audit is scheduled to present to the Audit Committee in October 2024.

### **3. Business Process Audits**

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. Areas of potential risk are controls may not be in place or followed, and questionable transactions not timely identified.

The potential objectives of these audits are to: (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.

The focus of these audits is primarily on financial transactions, and could include other topics, if necessary.

#### **4. Construction and Renovation Contracting Process**

Construction and renovation contracting process is a joint responsibility of the Office of Administrative Services managed by the Chief Operating Officer, and the Office of Design and Construction (D&C) managed under the Chief of Facilities.

Office of Administrative Services is responsible for contract procurement and contract management. D&C is responsible for project management, including execution of scope, timeline, budget development and financial administration.

Areas of potential risk are ineffective procurement practices and insufficient contract monitoring over construction and renovation, which could hinder FCPS from implementing critical business processes.

The potential objectives are to: (1) evaluate FCPS' internal controls and processes, including FCPS policies and regulations (from procurement to projects completion) 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.

#### **5. Critical Process Review - Hiring**

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.

Hiring is the responsibility of the Office of Talent Acquisition (OTA) and Employee Services and Operations (ESO) under the Department of Human Resources (HR). HR's mission is to build, retain, and serve a world-class workforce committed to educational excellence. Having a strong human capital strategy ensures that there are supportive, high functioning systems in place to attract, recruit, mentor, develop, recognize, and retain high performing individuals. FCPS provides human capital services that include recruiting and retaining a highly effective and diverse workforce and to strengthen hiring practices by hiring early and investing in multi-step processes to include multiple stakeholders in the hiring process.

The hiring process is managed by OTA and ESO. OTA is responsible for the recruiting and hiring of qualified candidates as well as salary negotiations. The Client Services team as part of ESO is responsible for FCPS' onboarding program, which includes services around fingerprinting, background checks, badge distribution, as well as compliance trainings. The Client Services team works closely with the Office of Employee Relations. The latter team owns actions in case that background checks of an applicant come back with a finding.

Areas of potential risk are delays in the hiring process could cause the loss of qualified candidates, leaving FCPS short staffed and unable to achieve the organization mission.

The potential objectives of this audit are to: (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.

## **6. Local School Activity Funds for Year ending June 30, 2025**

***Please refer to (1) Local School Activity Funds Audit for Year ending June 30, 2024 for scope of work. The final Division-wide report is expected to be presented to the School Board Audit Committee in October 2025.***

## **7. Procurement Process (including relevant Information Technology processes)**

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 required review and approval by Office of Purchasing Services' (OPS) staff. OPS centrally administers approximately 750 contracts that are used by various departments, schools, and activities of FCPS and Fairfax County government. OPS also awards approximately 140 new contracts annually. The financial impact that this process leads to is significant. Office of Division Counsel is involved in the negotiation process of the contracts, including the review of terms and conditions.

Recently, with the increase focus on managing risk in information technology, various processes are instituted by the Department of Information Technology (DIT), and Chief Safety and Security Office during the procurement process, including the Cybersecurity Architecture Checklist. The checklist covers various aspects, including data security, authentication, access controls, incident responses, compliance, third-party integrations, physical security, and employee awareness.

Areas of potential risk are (1) ineffective procurement practices, (2) non-compliance with requirements, and (3) the balance of implementing Information Technology related processes and the timeliness to execute FCPS critical business processes.

The potential audit objectives are to: (1) assess whether adequate controls are in place and whether they operate effectively and achieving 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.

## **8. Student Disciplinary Process**

The 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.

The Hearings Office conducts discipline hearings and determines outcomes on behalf of the Division Superintendent; makes discipline recommendations to the School Board and represents the Division Superintendent at School Board hearings; maintains records and statistics related to student discipline recommendations and outcomes; decides suspension appeals; provides resource assistance and training to school-based and central office administrators; and conducts employee grievance hearings on behalf of the Division Superintendent. The Hearings Office reports to the Chief Equity Officer.

Area of potential risk is the inconsistent application of the student disciplinary process across different schools in FCPS.

The potential objectives of this audit are to: (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.

During the audit, we will evaluate the process at schools, Hearings Office, and the School Board level.

## **9. Continuous Monitoring**

Utilizing technology-based audit techniques to analyze patterns and trends, and select and test transactions, these methods will enable our office 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.

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.

Also, OAG will further pursue continuous monitoring on school based and non-school based financial and non-financial data.

## **10. Other OAG Duties**

In addition to the engagements listed above, OAG will perform the following activities in FY25:

- (1) **Audit Committee Meetings** – OAG presented our work progress and audit reports to the Audit Committee monthly.
- (2) **Fraud, Waste and Abuse Inquiry** – OAG administers the FCPS Fraud, Waste, and Abuse hotline and receives inquiry via the hotline, online submission, [internalaudit@fcps.edu](mailto:internalaudit@fcps.edu) email account, direct mails, and walk-ins. OAG supports the internal review of the received information, through collaboration mainly with Department of Human Resources and Division Counsel, in accordance with FCPS Regulation 1410.

- (3) **OAG Annual Report** – OAG produces an annual report, which summarizes OAG’s mission and charter, accomplishments, and upcoming projects for the School Board. OAG will deliver a comprehensive annual report and provide regular updates to School Board and community (see “OAG Outreach and Education” below).
- (4) **OAG FY26 Risk Assessment** – A formal risk assessment is the primary tool auditors use to establish primary, secondary, and long-term priorities and develop an annual audit plan. The FY26 risk assessment process evaluates each area against a variety of risk factors. The result is a combination of qualitative and quantitative data that assists in the prioritization of audit topics.

Additionally, OAG will explore facilitating regular risk discussions throughout the year with program managers aimed at identifying the most significant risks facing FCPS and monitoring management’s mitigation strategies to address those risks.

- (5) **OAG Outreach and Education** – In order to increase awareness of OAG’s mission and results for internal and external stakeholders, OAG will continue to publish Audit Buzz; collaborate with School Board members to communicate OAG results through member newsletters and other postings; and provide relevant training and education. OAG is a certified National Association of State Boards of Accountancy (NASBA) Continuing Professional Education (CPE) provider, on behalf of FCPS. FCPS can award employees with education credits required to maintain certification status, such as Certified Public Accountants or Certified Internal Auditors. OAG plans to provide continuous professional training to employees.
- (6) **OAG Staff Professional Development** – Government Auditing Standards require that staff performing work under the standards maintain their professional competence through CPE. Staff should complete, every two years, at least 24 hours of CPE that directly relates to government auditing, the government environment, or the specific or unique environment in which the audit entity operates. Staff who are involved in any amount of planning, directing, or reporting on assignments, and those who charge 20 percent or more of their time to these assignments should also obtain at least an additional 56 hours of CPE (for a total of 80 hours every two years) to enhance audit professional proficiency. Staff holding professional certifications are required to obtain an average of 40 CPE hours per year to maintain their certification status. All staff must obtain their required CPE for the current calendar year prior to December.

OAG includes staff members who are active holders of these certifications: Certified Public Accountant, Certified Internal Auditor, Certified Fraud Examiner, and Certified Information System Auditor.

- (7) **OAG Quality Control Monitoring/Peer Review** – OAG will continue to improve the system of quality control and conduct monitoring procedures to ensure a high standard of work is produced within the office and that professional auditing standards are complied with for all audit work.

During FY23, OAG received an external peer review which validated the internal quality control system was adequately designed and operating effectively to provide reasonable assurance of compliance with the Government Auditing Standards. The next external peer review will take place around FY26. In the meantime, OAG will continue to perform self-

assessment to ensure our audit quality.

- (8) **Recommendations Follow-Up** – OAG performs regular follow-ups to determine if timely corrective actions have been put in place to address weaknesses identified during audits. OAG conducts audit recommendation follow-up and reports results to the Audit Committee/School Board on a quarterly basis. If audit recommendations are open for more than three years, OAG will conduct follow-up and report to the Audit Committee/School Board on an annual basis. For audit recommendations open for more than eight years, the audit will be closed.