



Business Process Audit Forestdale Elementary School Report Reference Number: 25-13165

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Report Highlights

Background:

This audit report summarizes the results of the Office of Auditor General's **Business Process Audit at Forestdale Elementary School (ES)** conducted on March 12, 2025. All schools are responsible for their own business processes such as procuring goods and services and processing cash receipts.

Objectives:

- Evaluate the effectiveness of processes and compliance with regulations and policies.
- Determine if internal controls are adequate and functioning as intended.
- Determine if transactions are reasonable and do not appear to be fraudulent.

Methodology:

- Met with school-based staff.
- Reviewed relevant laws, rules, FCPS policies and regulations.
- Reviewed prior audits and reviews.
- Tested a sample of transactions for accuracy, completeness, and compliance.

#	Finding	Risk Rating
1	Non-Bank Reconciliation - A non-appropriated procurement card statement for one of three months sampled was not reviewed in a timely manner.	Low
2	Authorized Signatures - One sampled cash disbursement to an FCPS employee was signed by the recipient and missing both required authorized signatures, totaling \$100.00.	Low
3	Sufficient Documentation - One sampled cash receipt selected for testing lacked sufficient detail, totaling \$1,137.82.	Low

#	Recommendation
1	The principal and finance assistant complete and approve reconciliations in a timely manner.
2	The school has two signatures from authorized signatories or designated co-signers on all disbursements.
3	School finance deposit slips contain all required details to ensure funds are accurately recorded for the benefit of students submitting the funds.

For more information and context, please refer to the report in its entirety.

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Executive Summary

This audit report summarizes the results of the Office of Auditor General's (OAG) Business Process Audit (BPA) at Forestdale ES conducted on March 12, 2025. The audit was performed in accordance with the Fiscal Year (FY) 2025 audit plan approved by the Fairfax County School Board (School Board). The primary objective of the audit was to determine the adequacy of controls and processes in place for managing local school activity funds and appropriated funds during FY 2025.

As a result, OAG identified three low risk findings, summarized below:

Finding 1 – Non-Bank Reconciliation (*Low risk*)

A non-appropriated procurement card statement for one of three months sampled was not reviewed in a timely manner.

OAG recommends the principal and finance assistant complete and approve reconciliations in a timely manner.

Finding 2 – Authorized Signatures (*Low risk*)

One sampled cash disbursement to an FCPS employee was signed by the recipient and missing both required authorized signatures, totaling \$100.00.

OAG recommends the school should have two signatures from authorized signatories or designated co-signers on all disbursements.

Finding 3 – Sufficient Documentation (*Low risk*)

One sampled cash receipt selected for testing lacked sufficient detail, totaling \$1,137.82.

OAG recommends the school finance deposit slips contain all required details to ensure funds are accurately recorded for the benefit of students submitting the funds.

We appreciate the consultation, cooperation, and courtesies extended to our staff by the finance assistant and principal at Forestdale ES.

Background, Scope and Objectives, and Methodology

Background

All Fairfax County Public Schools (FCPS) departments and schools are responsible for business processes that support their core mission. These processes include procuring goods and services needed to meet their objectives and processing cash receipts. For departments, most of these processes are limited to appropriated fund transactions. However, in a school, there are both appropriated fund transactions and non-appropriated fund, or Local School Activity Fund (LSAF), transactions.

These audits will be 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 timely identified. The primary regulations include, but are not limited to:

- Regulation 5111 *Financial Management Reports (FMR)*
- Notice 5111 *Financial Management Report (FMR) Distribution and Reconciliation Schedule*
- Regulation 5810 *School Activity Funds Management*
- Regulation 5350 *Procurement Card Management*
- Regulation 5012 *Purchasing Goods and Services Using Appropriated and Nonappropriated Funds*

Scope and Objectives

We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The audit covered FY 2025 financial activity. The audit's objectives were to:

- Evaluate the effectiveness of processes and compliance with applicable regulations and policies,
- Determine if internal controls are adequate and functioning as intended, and
- Determine if transactions are reasonable and do not appear to be fraudulent.

OAG is free from organizational impairments to independence in our reporting as defined by government auditing standards. The office reports directly to the School Board through the Audit Committee. We report the results of our audits to the Audit Committee and the reports are made available to the public via the FCPS website.

Methodology

OAG's audit approach assessed the school's current management of internal controls covering LSAF and appropriated funds. The structure of this audit was designed to assist principals and finance assistants in understanding the question "where are we now?" and what processes and controls must be in place to ensure compliance with FCPS regulations and best practice

guidelines moving forward. The audit examined monthly expenditures, records, and statements; reviewed monthly reconciliations; conducted interviews with appropriate employees; with the goal of understanding the school's current standing moving forward. Information was extracted from PaymentNet, Great Plains, and Fairfax County Unified System (FOCUS) for sampling and verification to source documentation during the audit; however, our audit did not include an independent review of system controls.

To satisfy the audit objectives, OAG performed the following:

- Met with school-based staff.
- Reviewed relevant laws, rules, FCPS policies and regulations.
- Reviewed prior audits and reviews.
- Performed a test of transactions, on a sampling basis, to ensure expenditures are accurate and allowable, complied with FCPS requirements, and proper supporting documentation is maintained.

Sample Selection

Procurement Card, Cash Disbursement, and Cash Receipt Transactions

OAG utilized Microsoft Excel to randomly select samples, as follows:

- Ten appropriated procurement card transactions,
- Ten non-appropriated procurement card transactions,
- Ten cash disbursement transactions, and
- One cash receipt transaction.

Bank and Procurement Card Reconciliations and Asset Security Procedures

OAG reviewed current reconciliations and assets, as follows:

- Most current month FMR reconciliation,
- Three most current months of bank reconciliations,
- Three most current months of appropriated procurement card reconciliations for up to two procurement cards,
- Three most current months non-appropriated procurement card reconciliations for up to two procurement cards, and
- Physical assets such as safes, drop boxes, procurement cards, and check stock.

Transaction samples are pulled from the available population and may result in less transactions being tested than what is stated above, or more, depending on the judgment of the audit team.

Audit Findings, Recommendations, and Management's Responses

Finding(s) within this report are attributed a risk rating in accordance with established risk criteria as defined in Table 1.

Table 1 – Risk Criteria

Type	Description
High	One or more of the following exists: <ul style="list-style-type: none">• Controls are not in place or are inadequate.• Compliance with legislation and regulations or contractual obligations is inadequate.• Important issues are identified that could negatively impact the achievement of program/operational objectives.
Moderate	One or more of the following exists: <ul style="list-style-type: none">• 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.• Issues are identified that could negatively impact the efficiency and effectiveness of operations.
Low	One or more of the following exists: <ul style="list-style-type: none">• Controls are in place, but the level of compliance varies.• Compliance with government regulations or FCPS policies and established procedures varies.• Issues identified are less significant, but opportunities exist that could enhance operations.

All completed Business Process Audits with findings in which the risk ratings are deemed moderate or high will require a management response. During this audit, OAG identified three low risk findings.

Finding 1 – Non-Bank Reconciliation

Risk Rating – Low

Condition:

Reconciliations were not consistently signed and/or dated to show evidence of timely completion and approval, as follows:

- A non-appropriated procurement card cover sheet for one of the three months sampled was not dated by the finance assistant and principal. Specifically:
 - November 2024 procurement card cover sheet for FORESTDALE ES SA1 was signed but not dated by the finance assistant and principal as of March 12, 2025.

Criteria:

Regulation 5350 *Procurement Card Management* states, “The principal/program manager must ensure that reconciliations are done on a timely basis and must review, sign, and date the reconciliation report.”

Cause:

The required procurement card statement reconciliation procedures were not adhered to.

Effect:

Reconciliations not being completed and approved timely could allow for procurement card transactions to go unverified and funds to be misappropriated.

Recommendation:

OAG recommends that the principal and finance assistant independently sign and date reconciliation reports to show evidence of timely completion and approval.

Management Response (Not Required):

A management response is not required for this finding due to the low risk rating.

Finding 2 – Authorized Signatures

Risk Rating – Low

Condition:

One sampled cash disbursement to an FCPS employee was signed by the recipient and missing both required authorized signatures, totaling \$100.00. The sample consisted of three disbursements, totaling \$1,107.00.

Item	Check Number	Date	Notes	Trx Amount
1	116500713	9/20/2024	Change fund for the book fair held 9/23/2024 – 9/27/2024	\$100.00

OAG reviewed the bank signature card for the school and determined that the individual who signed the check was not an authorized signatory. OAG verified the transaction was made out to an FCPS employee for a change fund, and that the appropriate supporting documentation authorizing the disbursement was maintained at the school.

Criteria:

Regulation 5810 *School Activity Funds Management* states, "Checks drawn from the central bank account require dual signatures." The FCPS *School Finance Handbook* states, "School checks must be signed by two individuals. Each school designates who will be signers. It is typically the Principal, one or more Assistant or Associate Principal and the FT/AA."

Cause:

Per the finance assistant, the check had been issued when they initially assumed the position, and they were unfamiliar with the process and did not know that dual authorized signatures were required, causing the check not to be appropriately signed.

Effect:

Two individuals should be involved with every financial transaction to ensure accuracy and compliance with policy.

Recommendation:

OAG recommends the school should have two signatures from authorized signatories or designated co-signers on all disbursements.

Management Response (Not Required):

A management response is not required for this finding due to the low risk rating.

Finding 3 – Sufficient Documentation

Risk Rating – Low

Condition:

The one sampled cash receipt selected lacked sufficient detail, totaling \$1,137.82.

Item	Receipt #	Date Collected	Date Received	Date Deposited	Amount
1	RCT000697114	9/30/2024	Missing	9/30/2024	\$1,137.82

There were four cash receipts for the book fair with the collection date indicated as 9/30/2024. The book fair took place 9/23/2024 – 9/27/2024. OAG was unable to determine whether this was the date the funds were collected, or if all funds were collected on separate days and submitted to the finance office on the 9/30/2024. However, per discussion with the finance assistant, funds collected for the book fair were maintained in the safe upon conclusion of the day.

The depositor of the funds signed off as receiving the funds on the "Received By" line, which is reserved for the finance assistant or other office personnel receiving the funds at the main office or finance office.

Criteria:

Regulation 5910 Monetary Receipts states, "Schools are required to use form FS-131, School Finance Deposit Slip. A list of students with the amounts paid must be attached to the form. The funds must be submitted daily along with the form to the school finance office for deposit." The FCPS *School Finance Handbook* states, "Documentation of cash receipts is an essential component of the recording of revenue." It also states that the "Received By" line should be the "Individual in front office that received the documentation for deposit." In addition, the FCPS *School Finance for Teachers* guidelines states, "The sponsor collecting the funds should print their name on the top line, enter date funds collected, the name of the account to which funds should be deposited, the fund account number, the purpose (activity) for which the funds were collected, and the amount of money being turned in (currency, coin, checks, and total)."

Cause:

The required cash receipt documentation procedures were not adhered to.

Effect:

Inaccurate recording of receipts may increase the risk of funds not being deposited in the correct fund account.

Recommendation:

OAG recommends that the school finance deposit slip contain all required detail to ensure funds are accurately recorded for the benefit of the students submitting the funds.

Management Response (Not Required):

A management response is not required for this finding due to the low risk rating.

OAG's Mission and Vision

To promote Fairfax County Public Schools' achievement of its strategic goals, Office of the Auditor General's (OAG) mission is to independently determine whether the ongoing processes for controlling fiscal and administrative operations and performance throughout Fairfax County Public Schools are adequately designed, functioning in an efficient, effective manner, and fully accountable to its citizens of Fairfax County. We accomplish the mission by providing the following services:

- Annual [risk assessment](#) and [audit plan](#)
- [Performance and financial internal audits](#)
- Management of the [Fraud, Waste, and Abuse Hotline](#)
- Education and outreach

Our vision is to deliver innovative and respected audit, advisory, investigative services and risk assurance to protect Fairfax County Public Schools as a leader in student achievement. We achieve this by providing an independent perspective and encouraging collaborative improvement.

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