



Business Process Audit South County High School Report Reference Number: 25-13420

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Prepared by
Office of Auditor General

8115 Gatehouse Road, Suite 5500
Falls Church, VA 22042

Report Highlights

Background:

This audit report summarizes the results of the Office of Auditor General's **Business Process Audit at South County High School (HS)** conducted of March 27, 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 - The Financial Management Reports (FMR) for one of one month sampled was not signed and dated by the principal. Additionally, appropriated and non-appropriated procurement card (Pcard) statements for three of three months sampled were not signed and dated by the finance technician and principal.	Moderate
2	Purchasing Process - One sampled procurement card (Pcard) purchase was made outside of the proper purchasing process, totaling \$1,295.00.	Low
3	Timely Payment - Two payments were not paid timely, totaling \$1,536.47.	Low
4	Sufficient Documentation - One sampled cash receipt lacked sufficient detail, totaling \$380.00.	Low
5	Timely Deposit - Three School Finance Deposit Slips (FS-131) sampled, totaling \$346.00, were not received and/or deposited in a timely manner.	Low

#	Recommendation
1	The principal and finance technician complete and approve reconciliations in a timely manner.
2	The school properly completes and approves purchase orders for all transactions, before obligating funds.
3	The school pays obligations promptly to avoid penalty fees.
4	The teachers or sponsors fill out school finance deposit slips before depositing funds to the finance office to ensure funds are accurately recorded.
5	The school deposits funds in a timely manner to reduce the risk of loss.

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 South County High School (HS) conducted on March 27, 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 one moderate, and four low risk findings, summarized below:

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

The Financial Management Reports (FMR) for the one month sampled were not signed and dated by the principal. Additionally, appropriated and non-appropriated procurement card (Pcard) statements for three of three months sampled were not signed and dated by the finance technician and principal.

OAG recommends the principal and finance technician (FT) complete and approve reconciliations in a timely manner.

Finding 2 - Purchasing Process (*Low risk*)

One sampled procurement card (Pcard) purchase was made outside of the proper purchasing process, totaling \$1,295.00. The purchase was made prior to the purchase order was approved.

OAG recommends the school properly completes and approves purchase orders for all transactions, before obligating funds.

Finding 3 - Timely Payment (*Low risk*)

Two payments were not paid timely, totaling \$1,536.47; however, no late fees were assessed.

OAG recommends the school pays obligations promptly to avoid penalty fees.

Finding 4 - Sufficient Documentation (*Low risk*)

The one sampled cash receipt lacked sufficient detail, totaling \$380.00. School Finance Office Deposit Slip-Detailed (FS-131A) form was dated by the individual receiving the funds in the finance office instead of the teacher/sponsor.

OAG recommends the teachers or sponsors fill out school finance deposit slips before depositing funds to the finance office to ensure funds are accurately recorded.

Finding 5 - Timely Deposit (*Low risk*)

Three School Finance Deposit Slips (FS-131) sampled, totaling \$346.00, were not received and/or deposited in a timely manner.

OAG recommends the school deposits funds in a timely manner to reduce the risk of loss.

We appreciate the consultation, cooperation, and courtesies extended to our staff by the finance technician, Career and Technical Education (CTE) Automotive Technology instructor, and principal at South County HS.

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 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 technicians 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,
- One cash receipt transaction,
- Ten CTE sales invoice transactions, and
- Ten CTE cash receipt transactions.

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, check stock, and CTE inventory items.

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

Findings 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	<p>One or more of the following exists:</p> <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	<p>One or more of the following exists:</p> <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	<p>One or more of the following exists:</p> <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 one moderate and four low risk findings.

Finding 1 – Non-Bank Reconciliation

Risk Rating – Moderate

Condition:

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

- a) The Financial Management Reports (FMR) for the one month sampled were not signed and dated by the principal. Specifically:
 - January 2025 Financial Management Expenditure and Position Reports were not signed and dated by the principal as of March 19, 2025.
- b) Appropriated procurement card statements for three of three months sampled were not signed and dated by the FT and principal. Specifically:
 - November and December 2024 statements for SOUTH COUNTY SS HS IS and SOUTH COUNTY SEC OS cards were not signed and dated by the FT and principal as of March 19, 2025.
 - January 2025 statement for SOUTH COUNTY SS HS IS card was not signed and dated by the FT as of March 19, 2025.
- c) Non-appropriated procurement card statements for three of the three months sampled were not signed and dated by the FT and principal. Specifically:
 - November 2024, December 2024, and January 2025 statements for SOUTH COUNTY SS HS SA6 and SOUTH COUNTY SS HS SA8 cards were not signed and dated by the FT as of March 19, 2025.
 - December 2024 statements for SOUTH COUNTY HS SS SA6 and SOUTH COUNTY SS HS SA8 cards were not signed and dated by the principal as of March 19, 2025.

OAG noted there was evidence of reconciliation by the FT on the statements.

Criteria:

Regulation 5111 *Financial Management Reports (FMR) Reconciliation* establishes the responsibilities and procedures for the reconciliation of the monthly FMR. Per the regulation, "Principals or program managers must ensure the timely reconciliation, review and certification of the Financial Management Position Report (FMPR) and Financial Management Expenditure Report (FMER) as set forth in Notice 5111." For the FMPR/FMER, "[the reconciler will] provide principals or program managers with the completed reconciliation (signed and dated hard copy required as evidence of review) and supporting documentation for their review. Principals or program managers are required to sign and date the monthly FMPR/FMER reconciliation report." R5111 also states, "Principals or program managers are required to certify that the reconciliations are complete and approved using the FMR application." In addition, Regulation 5350 *Procurement Card Management* states, "The reconciler must initial and date the procurement card statement when the reconciliation is complete and to verify receipts for all transactions are attached." It also 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 FT noted on the reports that the principal was out of the office from February 21, 2025 through February 28, 2025; however, the reports remained unsigned after the principal's return. Appropriated and non-appropriated Pcard statements showed evidence of reconciliation by the FT but were missing the required signatures and dates.

Effect:

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

Recommendation:

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

Management Response (Required):

A management response is required for this finding due to the moderate risk rating. In addition, the school will be subject to further review during the annual local school activity fund audit scheduled to be performed later in the year and continuous audit procedures conducted throughout the year.

Planned Action	Action Owner(s)	Expected Completion Date
The Principal and FT meet near the end of each month to review and discuss the local and appropriated budgets. The Principal and FT plan to allot specific time during every meeting to ensure all monthly reconciliation documents are signed.	Principal and Finance Technician	July 7, 2025

Finding 2 – Purchasing Process

Risk Rating – Low

Condition:

One sampled procurement card (Pcard) purchase was made outside of the proper purchasing process, totaling \$1,295.00. The sample consisted of five transactions, totaling \$2,277.01.

Item	Pcard Name	Pcard Transaction Date	Vendor Name	Notes	Dollar Amount
1	SOUTH COUNTY HS SA7	8/16/2024	IN *NOVA JUNK	Purchase made prior to purchase order (PO) approval of 8/19/2024	\$1,295.00

Criteria:

Regulation 5012 *Purchasing Goods and Non-Professional Services Using Appropriated and Nonappropriated Funds* states, "Principal pre-approval is required for all purchases from Local School Activity Funds." Regulation 5810 *School Activity Funds Management* states, "Purchase orders (PO) must be preapproved by the principal or designee, before obligating school activity funds." Regulation 5350 *Procurement Card Management* states, "The principal/program manager must preauthorize procurement card purchases in writing."

Cause:

A PO was not obtained prior to the transaction.

Effect:

Purchases made prior to the principal's approval could allow for funds to be misappropriated and irresponsibly managed.

Recommendations:

OAG recommends that the school completes and approves purchase orders for all transactions, before obligating funds.

Management Response (Not Required):

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

Finding 3 – Timely Payment

Risk Rating – Low

Condition:

Two payments were not paid timely, totaling \$1,536.47:

Item	Payee Name	Invoice Date	Actual Date Paid	Invoice Amount
1	ALLEGRA PRINT SIGNS DESIGN	8/13/2024	11/20/2024	\$1,141.97
2	CAMPERS TROPHIES AND AWARDS	8/18/2024	12/12/2024	\$394.50

Although payments were made after due date, no late fees were assessed.

Criteria:

Regulation 5810 *School Activity Funds Management* states, "Disbursements must be processed in a timely manner to avoid late fees and take advantage of discounts."

Cause:

The two invoices were paid more than 30 days from the invoice date.

Effect:

Payments not made by due dates may lead to a waste of funds being spent on late fees.

Recommendations:

OAG recommends that the school pays obligations promptly to avoid penalty fees.

Management Response (Not Required):

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

Finding 4 – Sufficient Documentation

Risk Rating – Low

Condition:

The one sampled cash receipt lacked sufficient detail, totaling \$380.00.

Item	Receipt #	Date Collected	Date Received	Date Deposited	Amount
1	RCT000693154	9/09/2024	9/09/2024	9/10/2024	\$380.00

Per FT, the School Finance Deposit Slip-Detailed (FS-131A) form was dated 09/09/2024 by the individual receiving the funds in the finance office instead of the teacher/sponsor. Per the FT, the procedures have been updated to require the teacher/sponsor to fill out the form completely including the date.

Criteria:

The FCPS *School Finance Handbook* states, "The School Deposit Slip (FS-131) or the School Finance Deposit Slip-Detailed (FS-131A) must be filled out by the teacher or sponsor depositing the funds to the finance office...The FT/FA is then responsible for verifying the receipt information."

Cause:

Per the current FT, when documenting receipts for deposit, it is common for staff members to leave the date field blank on deposit slips. The current FT would fill out the date field using the date the funds were verified and entered into Great Plains.

Effect:

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

Recommendations:

OAG recommends that teachers or sponsors fill out school finance deposit slips before depositing funds to the finance office to ensure funds are accurately recorded.

Management Response (Not Required):

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

Finding 5 – Timely Deposit

Risk Rating – Low

Condition:

Three School Finance Deposit Slips (FS-131) sampled, totaling \$346.00, were not received and/or deposited in a timely manner. The sample consisted of five receipts, totaling \$8,971.00.

Item	Receipt #	Date Collected	Date Received	Date Deposited	Amount
1	PYMNT000000380	11/08/2024	11/08/2024	12/19/2024	\$111.00
2	PYMNT000000288	10/08/2024	10/08/2024	12/19/2024	\$25.00
3	PYMNT000000332	10/23/2024	10/24/2024	2/14/2025	\$210.00

While the deposit dates were later than the expected due date, the FT confirmed the funds were kept in the safe.

Criteria:

Regulation 5910 *Monetary Receipts* states, "Amounts totaling \$25 or less must be deposited within 10 business days. Amounts exceeding \$25 should be deposited daily, if possible, and must be deposited within 5 business days." Furthermore, *School Finance Handbook* states "Funds must be submitted to the finance office on a daily basis."

Cause:

The established policy for depositing funds was not adhered to.

Effect:

Funds not deposited in a timely manner may increase the risk that funds may be lost.

Recommendations:

OAG recommends that the school deposits funds in a timely manner to reduce the risk of loss.

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](#)
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- 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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