



Business Process Audit Woodley Hills Elementary School Report Reference Number: 25-13229

June 2025

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Report Highlights

Background:

This audit report summarizes the results of the Office of Auditor General's **Business Process Audit at Woodley Hills Elementary School (ES)** conducted on March 20, 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 to ensure they are accurate, allowable, complied with FCPS requirements, and that proper supporting documentation is maintained.

#	Finding	Risk Rating
1	Non-Bank Reconciliation - The Financial Management Report (FMR) reconciliation for January 2025 was not approved in a timely manner in the online application. OAG noted that the hard copy FMR was timely completed and approved.	Low
2	Bank Reconciliation - December 2024 and January 2025 Bank of America statements were not signed and dated by the finance assistant during reconciliation. OAG noted evidence of review on the bank statements.	Low
3	Timely Payment - One payment to COASTAL PUBLISHING GRO was not paid timely, totaling \$896.50. The school received an invoice during a vacancy in the finance assistant position. Although payment was made untimely, no late fees were assessed.	Low
4	Purchasing Process – Procurement Card Purchases – One sampled procurement card (PCard) purchase was made outside of the proper purchasing process, totaling \$896.50. The purchase occurred under a former finance assistant while the principal was on leave. The principal's back up approved the purchase order (PO).	Low

#	Recommendation
1	The principal and finance assistant complete and approve reconciliations in a timely manner.
2	The principal and finance assistant independently sign and date reconciliation posting journals and bank statements during reconciliation to show evidence of timely completion and approval.
3	Obligations should be paid promptly to avoid penalty fees.
4	The school has a properly completed and approved purchase order for all transactions, before obligating 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 Woodley Hills Elementary School conducted on March 20, 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 four low risk findings and one observation, summarized below:

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

The Financial Management Report (FMR) reconciliation for January 2025 was not approved in a timely manner in the online application. OAG noted that the hard copy FMR was timely completed and approved.

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

Finding 2 – Bank Reconciliation *(Low risk)*

December 2024 and January 2025 Bank of America statements were not signed and dated by the finance assistant during reconciliation. OAG noted evidence of review on the bank statements.

OAG recommends that the principal and finance assistant independently sign and date reconciliation posting journals and bank statements during reconciliation to show evidence of timely completion and approval.

Finding 3 – Timely Payment *(Low risk)*

One payment to COASTAL PUBLISHING GRO was not paid timely, totaling \$896.50. The school received an invoice during a vacancy in the finance assistant position. Although payment was made untimely, no late fees were assessed.

OAG recommends that obligations should be paid promptly to avoid penalty fees.

Finding 4 – Purchasing Process – Procurement Card Purchases *(Low risk)*

One sampled procurement card (PCard) purchase was made outside of the proper purchasing process, totaling \$896.50. The purchase occurred under a former finance assistant while the principal was on leave. The principal's back up approved the purchase order (PO).

OAG recommends that the school has a properly completed and approved purchase order for all transactions, before obligating funds.

Observation – Purchasing Process – Cash Disbursements

One sampled cash disbursement was made outside of the proper purchasing process, totaling \$31.79. The disbursement was a reimbursement made to a finance assistant for a purchase.

OAG recommends that all purchases requiring reimbursement be made by a staff member other than the finance assistant.

We appreciate the consultation, cooperation, and courtesies extended to our staff by the finance assistant (also known as administrative assistant) and principal at Woodley Hills Elementary School.

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 can result in less transactions being tested than what is stated above, or more, depending on the judgement 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 four low risk findings and one observation.

Finding 1 – Non-Bank Reconciliation

Risk Rating – Low

Condition:

The Financial Management Report (FMR) reconciliation for one of one month sampled was not reconciled/approved in a timely manner. Specifically:

- January 2025 FMR was not approved in the online application until March 16, 2025. The completion date set by Financial Services (FS) for January 2025 was February 28, 2025.

OAG noted that the hard copy FMR was timely completed and approved.

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." In addition, R5111 states, "Principals or program managers are required to certify that the reconciliations are complete and approved using the FMR application."

Cause:

The required online FMR reconciliation procedures were not adhered to.

Effect:

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

Recommendation:

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

Management Response (Not Required):

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

Finding 2 – Bank Reconciliation

Risk Rating – Low

Condition:

Monthly bank reconciliation reports were not consistently signed and/or dated to show evidence of timely completion and approval, as follows:

- December 2024 and January 2025 Bank of America statements were not signed and dated by the finance assistant during reconciliation.

OAG did note evidence of review on the bank statements.

Criteria:

The FCPS *School Finance Handbook* states, “The finance technician (FT)/administrative assistant (AA) will perform bank reconciliations in a timely manner. The principal is responsible for the safeguarding, managing, and accounting of school activity funds.” This includes ensuring that “monthly bank reconciliations are completed on a timely basis.” The *School Finance Handbook* also states, “The Principal must sign and date the actual bank statement.” Regulation 5910 *Monetary Receipts* states, “All reconciliations must be reviewed and signed by the program manager.” In addition, the *FT/AA’s Month-End Financial Checklist - LSAF*, a resource guide prepared by Financial Services, states, “The actual bank statement must be signed and dated by the FT/AA and then signed and dated by the Principal.”

Cause:

The required bank statement reconciliation procedures were not adhered to.

Effect:

Reconciliations not completed/approved in a timely manner may cause errors to go undetected.

Recommendation:

OAG recommends that the principal and finance assistant independently sign and date reconciliation posting journals and bank statements during reconciliation 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 3 – Timely Payment

Risk Rating – Low

Condition:

One payment to COASTAL PUBLISHING GRO was not paid timely, totaling \$896.50:

Item	Payee Name	Ship Date	Actual Date Paid	Invoice Amount
1	COASTAL PUBLISHING GRO	8/15/2024	2/19/2025	\$896.50

The terms of the invoice were to be paid within 30 days from the shipping date, with a ship date of August 15, 2024. The school received an invoice indicating the account was past due after the items were shipped and while the school had a finance assistant vacancy. Although payment was made untimely, 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:

This transaction was placed under a former finance assistant. The temporary hourly finance assistant assumed the role in November 2024 and paid the invoice after notification the account was past due.

Effect:

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

Recommendation:

OAG recommends that obligations should be paid 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 – Purchasing Process – Procurement Card Purchases

Risk Rating – Low

Condition:

One sampled procurement card (PCard) purchase was made outside of the proper purchasing process, totaling \$896.50. The sample consisted of ten transactions, totaling \$8,551.18.

Item	PCard Name	PCard Transaction Date	Vendor Name	Notes	Dollar Amount
1	WOODLEY HILLS ES IS	2/19/2025	COASTAL PUBLISHING GRO	Obligating funds prior to an approved purchase order (PO)	\$896.50

The purchase was ordered and invoiced on August 9, 2024. The payment for the order was made by PCard on February 19, 2025. The transaction occurred under a former finance assistant while the principal was on leave. The principal's designee approved the PO.

Criteria:

Regulation 5350 *Procurement Card Management* states, "The principal/program manager must preauthorize procurement card purchases in writing." The *FCPS School Finance Handbook* states, "All Pcard purchases, require an approved purchase order (PO) prior to placing any Pcard orders. POs created in the teacher Online Purchasing System (TOPS) using Appropriated Funds Pcards must be printed and signed by the principal (or designee) prior to purchasing goods and services."

Cause:

The PO was created on August 9, 2024, the day of the order, but was not approved until August 21, 2024, after the order had been placed and invoiced.

Effect:

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

Recommendation:

OAG recommends that the school has a properly completed and approved purchase order 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.

Observation – Purchasing Process – Cash Disbursements

One sampled cash disbursement was made outside of the proper purchasing process, totaling \$31.79. The sample consisted of ten transactions, totaling \$3,095.70.

Item	Check Number	Check Date	Notes	Dollar Amount
1	122901037	12/18/2024	Reimbursement made to finance assistant for purchase	\$31.79

The FCPS *School Finance Handbook* states, "Avoid reimbursements to the finance technician or administrative assistant. Have another member of the staff make purchases that require reimbursement." Additionally, *Guidelines for the Prevention of Fraud and Embezzlement*, a document prepared by Financial Services in December 2021, referenced in the *School Finance Handbook*, and located on the Employee Hub, states, "The finance person should not prepare a check payable to themselves." Making reimbursements to individuals with significant roles in managing school activity funds weakens internal controls due to the lack of separation of duties, which increases the risk of fraud, waste, or abuse occurring. OAG recommends that all purchases requiring reimbursement be made by a staff member other than the finance assistant.

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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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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