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# Business Process Audit Franklin Middle School Report Reference Number: 26-13331

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Prepared by  
Office of Auditor General

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# Report Highlights

**Background:**

This audit report summarizes the results of the Office of Auditor General’s **Business Process Audit** at **Franklin Middle School** conducted on December 10, 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 the one month sampled was not reconciled/approved in a timely manner in the online application.	Low
2	Fund Account Usage – One sampled non-appropriated procurement card (PCard) transaction was charged to the incorrect account, totaling \$379.99.	Low

#	Recommendation
1	The principal and finance technician complete and approve reconciliations in a timely manner.
2	The finance technician uses the correct fund account when making procurement card purchases.

*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 Franklin Middle School conducted on December 10, 2025. The audit was performed in accordance with the Fiscal Year (FY) 2026 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 2026.

As a result of the audit, OAG identified two low risk findings, summarized below:

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

The Financial Management Report (FMR) reconciliation for the one month sampled was not reconciled/approved in a timely manner in the online application.

**Finding 2 – Fund Account Usage** (*Low risk*)

One sampled non-appropriated procurement card (PCard) transaction was charged to the incorrect account, totaling \$379.99.

We appreciate the consultation, cooperation, and courtesies extended to our staff by the finance technician and principal at Franklin Middle 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 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 performance 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 2026 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, 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 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"> <li>• Controls are not in place or are inadequate.</li> <li>• Compliance with legislation and regulations or contractual obligations is inadequate.</li> <li>• Important issues are identified that could negatively impact the achievement of program/operational objectives.</li> </ul>
Moderate	One or more of the following exists: <ul style="list-style-type: none"> <li>• Controls are in place but are not sufficiently complied with.</li> <li>• Compliance with subject government regulations or FCPS policies and established procedures is inadequate, or FCPS policies and established procedures are inadequate.</li> <li>• Issues are identified that could negatively impact the efficiency and effectiveness of operations.</li> </ul>
Low	One or more of the following exists: <ul style="list-style-type: none"> <li>• Controls are in place, but the level of compliance varies.</li> <li>• Compliance with government regulations or FCPS policies and established procedures varies.</li> <li>• Issues identified are less significant, but opportunities exist that could enhance operations.</li> </ul>

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 two low risk findings.

## **Finding 1 – Non-Bank Reconciliation**

### **Risk Rating - Low**

#### **Condition:**

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

- October 2025 FMR was not approved in the online application until December 10, 2025. The completion date set by Financial Services (FS) for October was December 5, 2025.

#### **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 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 technician 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 rating.

## Finding 2 – Fund Account Usage

### Risk Rating - Low

#### Condition:

One sampled non-appropriated procurement card (PCard) transaction was charged to the incorrect account, totaling \$379.99. The sample consisted of ten transactions totaling \$5,831.03.

Item	PCard Name	Date	Vendor Name	Notes	Amount
1	SA2	8/21/2025	BJS WHOLESALE	Purchase of a television was charged to the administrative fund account.	\$379.99

#### Criteria:

The FCPS *School Finance Handbook* states that the principal or program manager must "ensure transactions are posted to the appropriate expenditure accounts... The funds in the administrative account come from a variety of sources (e.g., rebates, donations, etc.). These funds are designated to benefit the entire student body. Every effort must be made to ensure the entire student population receives some benefit from funds in the Administrative Account. Restrictions include: kitchen appliances and furniture for staff rooms and faculty lounges."

Regulation 5810 *School Activity Funds Management* states that principals and school personnel must "use school activity funds solely in accordance with the purpose for which such funds were collected and support the overall educational experience of students... Funds should not be used to purchase equipment, food, or personal gifts for staff and personal gifts for students."

#### Cause:

Funds in the Administrative fund account designated for the benefit of all students were used to purchase a television for the school administrator's office.

#### Effect:

Purchases made against the incorrect fund account may result in funds being misappropriated.

#### Recommendation:

OAG recommends that the finance technician use the correct fund account when making procurement card purchases.

#### Management Response (Not Required):

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

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## 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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Online form: <https://www.fcps.edu/auditor> (anonymity optional)

Automated answering system: 571-423-1333 (anonymous)

Main office: 571-423-1320 (not anonymous)

Email: [internalaudit@fcps.edu](mailto:internalaudit@fcps.edu) (not anonymous)

