OAG Report Highlights

FY 2026 Business Process Audit (BPA)

Meeting and Date: Audit Committee, June 15, 2026

Staff Lead: Brittany Hamilton

1. Why the Office of Auditor General (OAG) did Business Process Audits (BPA)

These audits will be performed when specific risk indicators are identified; when there is turnover in a position with significant financial responsibilities, such as a principal, finance technician or cyclically. The potential risks are (1) job duties not performed in accordance with required policies, procedures, and guidance; and (2) questionable transactions not identified in a timely manner.

The objectives of BPA were to:

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

The scope of work included appropriated and non-appropriated transactions and processes taking place during Fiscal Year (FY) 2026, up until the date of the visit. This included a review of Career and Technical Education (CTE) Automotive Program processes and transactions at Lewis High School and Marshall High School, and Student Auto Sales (SAS) Program at Marshall High School.

2. Summary (Key Points)

Between March 6 and April 17, 2026, BPA were completed at four schools and one department, resulting in three high risk, seven moderate risk, and five low risk findings. The detailed results for these BPA are contained within the individual reports found on the Board Docs agenda for this meeting. The table below is a summary of the findings of each report.

3. High Risk Findings

At **Marshall HS**, there was one high risk finding due to nine SAS transactions totaling $24,665 missing SAS Checklist signatures, Work Order, Inspection Receipt, and/or Kelley Blue Book (KBB) Print Out. Key recommendation: There should be completed documentation package, prior to any SAS sales.

At **Waples Mill ES**, there were two high risk findings. The first high risk finding was due to missing sufficient documentation for the following: (a) two cash disbursements of $1,479.52, (b) ten appropriated procurement card (PCard) purchases of $4,278.60, (c) ten non-appropriated PCard purchases of $5,825.14, and (d) two cash receipts of $2,345.87. Key recommendation: Principal and finance assistant should ensure that there is a comprehensive documentation packet prior to payment.

The second high risk finding is due to the untimely bank reconciliations. Monthly bank reconciliation reports for five months are missing required signatures and dates from the principal and finance assistant. The bank reconciliation had a check payment of $183.53 listed as cleared that had not yet been cashed. Additionally, the adjusted book balance detailed in the bank reconciliation for the month of February 2026 did not agree with the amount shown on the summary trial balance. Key recommendations: Principal and finance assistant independently should sign and date reconciliation posting journals and bank statements during reconciliation to show evidence of timely completion and approval, and the finance assistant clear reconciling items in a timely manner.

Sites*	Bank Rec	Charity Fundraisers	Fund Account Usage	Non-Bank Rec**	Purchasing Process	Sales Tax	Student Auto Sales (SAS)	Sufficient Doc**	Timely Payment	Total
Bryant Alternative HS	1	0	0	1	1	0	0	1	0	**4**
Lewis HS	0	1	0	0	1	0	0	0	1	**3**
Marshall HS	0	0	0	0	0	0	2	1	0	**3**
Office of Facilities Management	0	0	0	0	0	0	0	0	0	**0**
Waples Mill ES	1	0	1	1	0	1	0	1	0	**5**
Total	**2**	**1**	**1**	**2**	**2**	**1**	**2**	**3**	**1**	**15**

*ES – Elementary School; MS – Middle School; HS – High School
**Rec – Reconciliation; Doc – Documentation

Low risk criteria: Controls are in place, but the level of compliance varies; compliance with government regulations or Fairfax County Public Schools (FCPS) policies and established procedures varies; or issues identified are less significant, but opportunities exist that could enhance operations.
Moderate risk criteria: 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; or issues are identified that could negatively impact the efficiency and effectiveness of operations.
High risk criteria: Controls are not in place or are inadequate; compliance with legislation and regulations or contractual obligations is inadequate; or important issues are identified that could negatively impact the achievement of program/operational objectives.

For moderate risk findings:

At **Bryant Alternative HS**, the one moderate risk finding is due to four cash disbursements and one non-appropriated procurement card (PCard) transactions where funds were obligated without the approved purchase orders, totaling $1,002.14. Additionally, the contract for three cash disbursement transactions was signed by the finance technician obligated via a five-year contract and bypassed both the required Contract Request and Management System (CRAMS) review by Office of Procurement Services (OPS), and signatory protocols. OAG recommended the school adhere to the purchasing process and has a properly completed and approved purchase order for all transactions, before obligating funds.

At **Lewis HS**, there were two moderate risk findings. The first moderate risk finding was due to a check issued to a charitable organization using proceeds generated from the concessions at a charity wrestling fundraiser. However, the event was conducted without obtaining the required prior formal approval from the Office of the Comptroller, Regional Assistant Superintendent (RAS) and the Office of Risk Management. OAG recommended the school adhere to the pre-approval process involving the Office of

Comptroller, RAS and Risk Management for all school-sponsored charity fundraisers. Such measures guarantee that charitable activities align with district standards for fiscal transparency.

The second moderate risk finding was due to five transactions totaling $10,307.35 bypassed purchasing procedures. Specifically, a $422.93 tablet was purchased without ordering through the FOCUS accounting system for proper approval, incurring $23.94 in improper sales tax. Additionally, four other transactions totaling $9,884.42 were initiated without approved purchase orders. OAG recommended that the school (a) adhere to Regulations 5021 and 5012 when purchasing computer hardware and (b) has properly completed and approved purchase orders for all transactions, before obligating funds.

At **Marshall HS**, there were two moderate risk findings related to the SAS Program. The first moderate risk finding was due to the inconsistency of the SAS pricing. Five sampled vehicles were sold significantly lower than the documented KBB values without documented justification. OAG recommended any vehicle sold below the established Fair Market Value (KBB) includes a formal "Statement of Condition Form." This document details the specific mechanical defects or body damage justifying the price reduction and will be signed by the Student Auto Sales (SAS) dealer. OAG recommends that any vehicle sold below KBB or fair market value have a signed "Statement of Condition Form" detailing specific mechanical defects and the FCPS employee certified to sell cars verify that the sales price accurately reflects this documented condition before the transaction is completed.

The second moderate risk finding was due to documentation of vehicle usage by CTE Automotive instructors. Eight out of ten cars sampled did not have documentation on the amount of gas purchased by the CTE Automotive instructors during the test drives, and all ten samples did not have test driving logs to indicate the mileage driven by the CTE Automotive instructors or the potential buyers. OAG recommended developing and implementing policies and procedures to track instructor vehicle usage and fuel purchases.

At **Waples Mill ES**, there were two moderate risk findings. The first moderate risk finding was due to one non-appropriated procurement card sampled transaction and four of five employee reimbursements, included sales tax totaling $114.60 which included two reimbursements to the finance assistant. OAG recommended that the principal and finance assistant (a) ensure all reimbursements exclude sales tax by clarifying to staff that taxes are a non-reimbursable expense, (b) prioritize the use of PCard usage, utilizing personal funds only as a last resort, (c) implement "separation of duties" protocol for school purchases to ensure the finance assistant does not process their own reimbursements, and (d) perform thorough invoice reconciliations to stop the issuance of duplicate checks and the reimbursement of prohibited sales tax.

The second moderate finding was due to the untimely reconciliations of PCard statements. One appropriated and one non-appropriated PCard statements/coversheets for three months sampled were not reconciled/reviewed in a timely manner. OAG recommended that the principal and finance assistant complete and approve reconciliations in a timely manner. Furthermore, OAG recommended the finance assistant attach all relevant invoices and supporting documentation when presenting these reconciliations to the principal for signature.