OAG Report Highlights

FY 2026 Continuous Monitoring Procedures for Q1 & Q2

Meeting and Date: Audit Committee, June 15, 2026

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1. Why the Office of Auditor General (OAG) did this audit

This summary outlines the results of the Office of Auditor General's (OAG) performance of continuous monitoring procedures during Fiscal Year (FY) 2026 Quarter 1 (Q1) and Quarter 2 (Q2). The procedures were performed in accordance with the FY 2026 audit plan approved by the Fairfax County School Board and in accordance with generally accepted government auditing standards. Continuous monitoring procedures allow OAG to utilize technology-based audit techniques to analyze patterns and trends and select and test transactions. These methods enable OAG to further understand risks and identify exceptions in a timely and efficient manner.

Continuous monitoring procedures are conducted for appropriated and non-appropriated transactions on a quarterly basis. In addition to random transaction testing, the process includes selecting a sample of site visits that will be subject to additional testing procedures.

The non-appropriated transactions are used to form the basis of transactions testing for the annual Local School Activity Funds (LSAF) audit and any exceptions are reported as part of the FY 2026 LSAF audit for the year ending June 30, 2026. Any exceptions related to appropriated funds may be analyzed to determine if a Business Process Audit is warranted in the current or upcoming fiscal year.

2. What is the purpose of this report?

The purpose of this report is to provide the Audit Committee a summary of OAG's continuous monitoring activities during FY 2026 Q1 and Q2. As the quarterly testing is completed, the program managers/principals of sites tested will receive a summary of their testing results. Any significant exceptions are reported to Financial Services and leadership so appropriate support can be provided.

3. FY 2026 Summary of quarterly activities.

During FY 2026 Q1 and Q2, out of 112 sites (one school was audited in both quarters), 70 sites had no exceptions noted; 21 sites had exceptions noted in four or fewer areas; and 22 sites did not have any transactions appear in the sample of transactions. OAG visited a total of 34 sites in person.

A site might have more than one exception in an area. The table below summarizes the exceptions noted during Q1 and Q2.

No material concerns were noted at the site level, except a competitive bidding exception at South Lakes High School. Specifically, the school bypassed procurement channels and formal approval to make a non-FCPS vendor purchase exceeding $200,000, improperly accepting a sole-source designation without the necessary documented due diligence.

4. Next Steps/Action Needed

OAG will determine if additional continuous monitoring or Business Process Audit is deemed necessary for individual sites.

Sites	Observation Area	Description
6	Bank Reconciliation	• Bank reconciliations were not completed in a timely manner. • Bank reconciliations and/or bank statements were not signed and/or dated. • Adjusted book balance detailed in the bank reconciliation did not agree with the amount shown on the summary trial balance report.
6	Timely Payment	• Invoices were not paid in a timely manner.
5	Non-Bank Reconciliation	• Procurement card statements were not reconciled in a timely manner. • Procurement card statements were not signed and/or dated.
5	Purchasing Process	• Disbursements were not pre-approved. • Procurement card transactions were not pre-approved. • Full 16 digit credit card number were provided to the vendor in writing • Purchase of a tablet was not placed in FOCUS[1].
4	Sales Tax	• Sales tax was charged on procurement card transactions on tax-exempt items.
3	Activity Gate Receipt Procedures	• One individual was responsible for recording ticket sales and collecting cash. • Sequentially numbered tickets were not distributed for cash ticket sales. • Cash ticket sales were not properly recorded as transactions were made. • Operational readiness at the ticket booth was impacted by the attendant's limited experience and the unavailability of supporting personnel when a technical issue (scanner malfunction) occurred. • Pre-sale tickets were not scanned for verification.
2	Fund Account Usage	• Staff appreciation items were purchased using instructional supplies fund. • Staff back-to-school welcome gifts were purchased using Local School Activities Funds Athletics account.
2	Sufficient Documentation	• A purchase was made using donated funds. School did not have any documentation detailing how the funds should be used. • A procurement card purchase was missing a receipt.

[1] FOCUS-Fairfax County Unified System, the accounting system used for appropriated funds.

Sites	Observation Area	Description
1	Competitive Bidding	• The school accepted the vendor’s sole-source designation without performing the required due diligence through Office of Procurement Services.
1	Timely Receipt	• Funds were not turned into and/or received by the finance office in a timely manner.