Office of Auditor General
Fiscal Year 2025
Annual Report

January 2026

Prepared by
Office of Auditor General

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Office of Auditor General

FAIRFAX COUNTY
PUBLIC SCHOOLS

8115 Gatehouse Road
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January 5, 2026
TRANSMITTAL LETTER

TO: Members of the Fairfax County School Board and Audit Committee

SUBJECT: **Office of Auditor General (OAG) Fiscal Year (FY) 2025 Annual Report**

I am pleased to transmit the Office of the Auditor General's (OAG) FY25 Annual Report. This report highlights our significant contributions to Fairfax County Public Schools (FCPS) over the past fiscal year.

Our mission remains steadfast: *to independently determine whether ongoing processes throughout FCPS are adequately designed, functioning in an efficient and effective manner, and fully accountable to our citizens.*

Accomplishments and Results

OAG reports directly to the Fairfax County School Board. Our work falls within four primary areas: (a) Risk Assessment; (b) Internal Audits; (c) Fraud, Waste, and Abuse Hotline; and (d) Outreach and Education. We identified audit topics through a rigorous risk assessment. During FY25, we completed all approved audits as of November 2025 including six performance audits, and 14 business process audits. We reviewed 68 inquiries received by the Fraud, Waste and Abuse Hotline, and through other means. We encouraged employees and community members collaborated with us to build a stronger, more efficient, and effective system.

OAG continues to provide Continuing Professional Education (CPE) credits to FCPS employees. We hosted three accredited trainings where employees earned CPE credits. We also provided regular technical training to school-based administrators and finance staff, to raise awareness of compliance and enhance checks and balances. In total, OAG presentations were attended by over 1,100 FCPS staff and stakeholders. Our Audit Buzz newsletter readership was also consistent in 2025.

Looking Forward

OAG is actively working on the FY26 Audit Plan, which will continue to address emerging risks and priorities. We are also initiating the FY27 risk assessment process to identify future audit topics in collaboration with the School Board and management. We will have our external peer review where independent reviewers will validate OAG audits according to Government Auditing Standards. In line with FCPS' commitment to efficiency, OAG will continue enhancing our advisory role by exploring methods to incorporate cost-saving perspective in the audits.

I would like to express my sincere gratitude to the School Board and Audit Committee for their unwavering support. I also extend my thanks to Dr. Reid and her leadership team for fostering a collaborative environment that empowers OAG to fulfill its mission. We are confident that our ongoing efforts will contribute to a stronger, more efficient, and accountable FCPS.

Sincerely,

Esther Ko, CPA, CIA, CFE, CISA
Auditor General

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Fairfax County School Board

The Fairfax County School Board is charged by the statutes of Virginia and the regulations of the Virginia Board of Education to operate the public schools of Fairfax County by setting general school policy and establishing guidelines that will ensure the proper administration of the Fairfax County Public Schools programs.

The School Board established the Office of Auditor General (OAG) to perform independent audit services for Fairfax County Public Schools. In this capacity, OAG conducts audits and other duties in accordance with an annual Audit Plan, as approved by the School Board.



School Board Audit Committee

OAG reports to the Fairfax County School Board through the Audit Committee. The Audit Committee serves to promote, maintain, and enhance the independence and objectivity of the audit function by ensuring broad audit coverage, adequate consideration of audit reports, and appropriate action on recommendations. The Audit Committee is comprised of four School Board members, and two community members.

The Audit Committee serves as the Board's liaison with OAG by: 1) reviewing the annual audit plan prepared by OAG and submitting its recommendation to the School Board for approval; 2) mediating the auditors' relationship with management; 3) reviewing audit reports and management responses, and reporting to the Board monthly; 4) following up on the implementation of internal audit recommendations; 5) monitoring progress against the approved annual audit plan; 6) acting as a representative for School Board member requests for ad hoc reviews; 7) periodically reviewing audit-related policies for approval by the Board; and 8) assisting the Board with the evaluation of the Auditor General in accordance with Human Resources guidelines, policies, and regulations. The School Board is the final approval authority on the audit plan, the audit budget, and the implementation of any significant recommendations.

FY25 (July 1, 2024 – June 30, 2025) Audit Committee Members

Committee Chair	Ryan McElveen (At Large)
Committee Members	Marcia St. John-Cunning (Franconia District) Robyn Lady (Dranesville District) Ilryong Moon (At-Large)
Community Members	Nannette Henderson Aparna Krishnan

Audit Charter

Fairfax County School Board **Policy 1105, Auditor General Authority:**

A. Introduction

The Superintendent and the Leadership Team are responsible for the effective and efficient administration of FCPS. This responsibility includes sound financial management, adequate reporting, maintaining an effective system of internal controls, complying with applicable policies, rules, and regulations, and maintaining the highest standards of ethical conduct. The School Board is responsible for ensuring compliance with laws and regulations, by visitation or other means, and for ensuring efficient operations (Code of Virginia 22.1-79). The School Board directs the Superintendent in these matters by adopting the budget and establishing School Board policy. Together the Superintendent and the School Board are responsible for achieving the school division's mission. To aid them in fulfilling their responsibilities, the School Board has formed an audit committee and has established the Office of Auditor General, whose reporting responsibility is to the School Board through the Audit Committee.

This policy serves as a guide to the Office of Auditor General in the performance of its duties and does not include, nor is it intended to include all of the office's duties or responsibilities, as they may change over time.

B. Authorization and Responsibilities

The Office of Auditor General shall have unrestricted access to all school division activities, properties, personnel, information, and records which are relevant to the area under review.

It is understood that certain items are confidential in nature and special arrangements will be made by the Office of Auditor General when examining such items. The Office of Auditor General shall be entitled to consult with Division Counsel as needed. The Office of the Auditor General shall report to the full Board as needed.

C. Independence

The Office of Auditor General will maintain a professional and cooperative relationship with the administration of FCPS. However, the office shall be independent of the administration in the performance of its functions.

Independence, in fact and in appearance, permits an internal auditor to render the impartial and unbiased judgments essential to the proper conduct of any internal audit. To assure independence, the office reports to the School Board through its Audit Committee.

Personnel in the Office of Auditor General may have neither direct responsibility for, nor authority over, any of the activities under review. Nothing herein, however, shall prohibit the office from working in an advisory capacity with the Superintendent and staff members in evaluating internal controls in new or existing systems, training staff members in financial controls and audit principles, or directing staff members to other resources within and outside FCPS who can help improve program controls and operations.

D. Organizational Reporting

The Audit Committee serves to promote, maintain, and enhance the independence and objectivity of the internal audit function of the school division by ensuring broad audit coverage, adequate consideration of audit or review reports, and appropriate action on recommendations. The Audit Committee shall approve changes to the approved annual plan. Requests for additional audits from School Board members, the Superintendent, other members of the Leadership Team, and program staff members shall be directed to the Auditor General for referral to the Audit Committee. Requests will be evaluated based on the risks associated with the area and the impact on the current year audit plan. The Auditor General may conduct minor audit assignments as deemed necessary upon notification to the Audit Committee. If, however, the initial assignment would affect the audit work plan, Audit Committee approval would be obtained. Additionally, if the Office of Auditor General is unable to accept the request, efforts will be made to identify an alternative source, schedule the project at a later time, or include the request as an objective in a routine audit.

The authority to employ or dismiss the Auditor General will rest with the School Board, at the recommendation of the Audit Committee, with support and guidance provided by the Department of Human Resources. The authority to employ or dismiss professional staff within the Office of Auditor General rests with the Auditor General in compliance with then applicable FCPS policies and regulations and with the support and guidance provided by the Department of Human Resources.

E. Audit Standards and Ethics

The Office of Auditor General will carry out its responsibilities in accordance with generally accepted auditing standards. All work completed by the Office of Auditor General will be conducted in accordance with FCPS policies and regulations.

F. Audit Work Plan

The Auditor General shall submit annually to the Audit Committee a work plan for the coming fiscal year which is to be presented for approval by the School Board. The plan serves as a guide and proposed changes to the plan shall be approved by the Audit Committee.

G. Audit Reports

At the conclusion of each audit, the Auditor General will request the auditee to prepare a written response to the findings and recommendations within 21 business days. The auditee's written response will become part of the final report and if the response is not received within the required time frame, the Auditor General will note that in the report. The final report will be issued to the Audit Committee and made available on the FCPS website.



OAG Team (from left): Mounia Chehab, Kay Paik, Luke Robertson, Brittany Hamilton, Esther Ko, Mukhtar Bubeyev, Heidi Flanagan, Danielle Moore, Timothy Tishman

Office of Auditor General

OAG contributes to achieving the mission, goals, and objectives of Fairfax County Public Schools (FCPS) by delivering innovative and respected audit, advisory, investigative services and risk assurance to protect FCPS as a leader in student achievement.

OAG maintains an independent, professional, and cooperative relationship with the administration of FCPS.

OAG Mission

To promote Fairfax County Public Schools' achievement of its strategic goals, OAG's 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.

How We Do It

OAG provides the following services to FCPS:

- Annual risk assessment and audit plan
- Internal audits
- *Fraud, Waste, and Abuse Hotline* management and internal investigation
- Outreach and education

OAG has eight full-time members and additional hourly audit support to execute our mission: an auditor general, a deputy auditor general, five auditors, and an executive administrative assistant. We have the following professional credentials: Certified Public Accountant (CPA), Certified Internal Auditor (CIA), Certified Fraud Examiner (CFE) and Certified Information Systems Auditor (CISA).

OAG Value

OAG develops performance indicators to compare the cost and benefits of its services with those of other school districts. The chart below provides (a) the results of OAG indicators from FY22 to FY25, and (b) averages compiled by the Council of Great City Schools for 2024-2025 for the purpose of benchmarking. OAG consistently exceeded the benchmarking indicators.

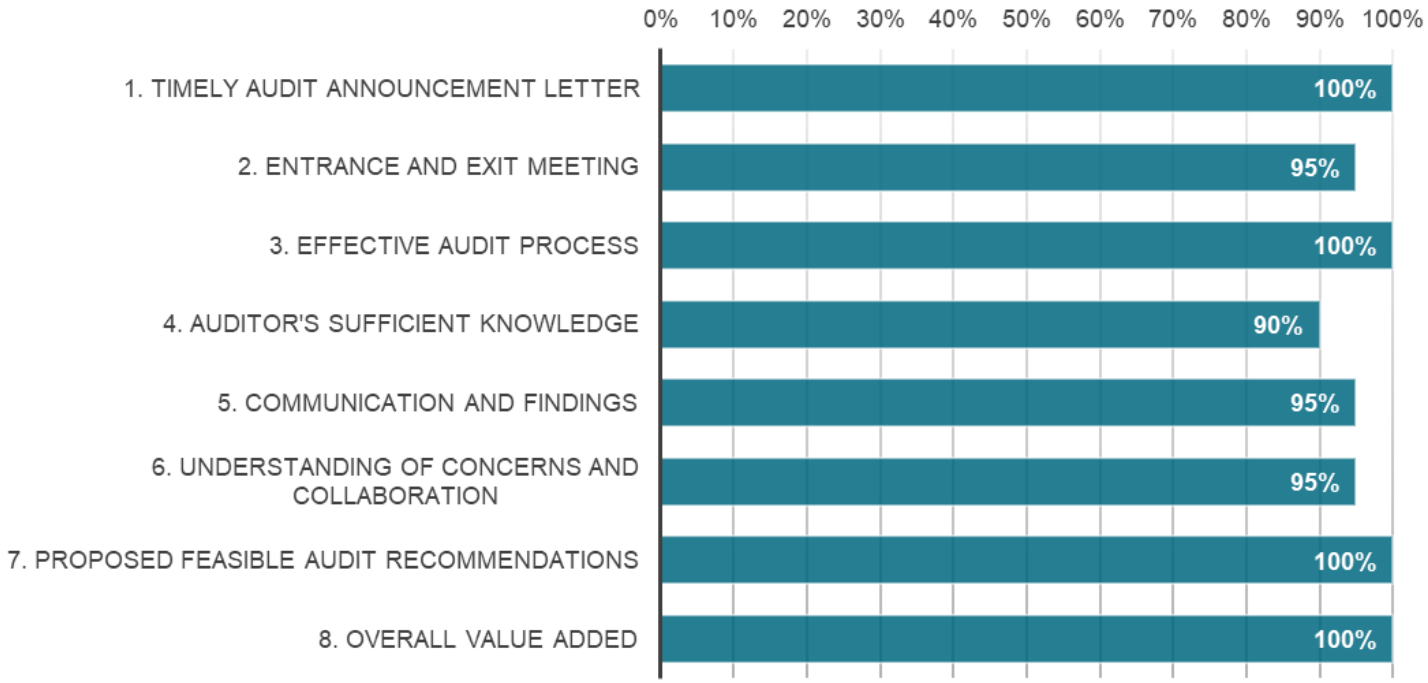
Indicators	OAG FY22	OAG FY23	OAG FY24	OAG FY25	Council of Great City Schools** 2024-2025
Percent of General (School Operating) Fund Budget Spent on the Audit Function*	0.05%	0.05%	0.04%	0.05%	0.07%
Number of Internal Auditors for Every 1,000 Students Enrolled in a School District*	0.04	0.04	0.04	0.05	0.07
Number of School District Internal Auditors for Every $100 Million in the General (School Operating) Fund*	0.21	0.21	0.20	0.22	0.46
Percent of Audit Plan Completed	100%	100%	100%	100%	70%
Percent of Recommendations Accepted by Management	100%	100%	100%	100%	98%

* Source: FCPS budget documents.

**Average amounts are based on self-reported data from 31 school districts, including FCPS OAG (www.cgcs.org).

OAG Survey

OAG received 19 post audit surveys on the FY25 audits. The post audit surveys consist of eight questions to determine whether the audit team provided quality service. OAG strives to obtain "yes" responses at 90% for each audit, and we met this goal with the FY25 survey results.



Other OAG Achievements

Key OAG achievements for FY25 include:

- Enhanced the risk assessment process by consolidating risk model factors, including financial impact, potential operational risks determined by internal controls, compliance requirements, past audits, inquiries received through the fraud, waste, and abuse hotline, stakeholder feedback, benchmark audits; and completing the draft audit plan to be ready for approval before June 30 (See Risk Assessment and Audit Plan).
- Conducted 68 preliminary reviews on fraud, waste and abuse inquiries received (See Fraud, Waste, and Abuse).
- Completed six performance audits and 14 business process audits (See Audit Results).
- Conducted follow-up on open audit recommendations in which corrective actions were implemented and closed for 30 audit recommendations (See Audit Recommendations Follow-Up).
- Delivered 18 presentations to over 1,100 FCPS personnel and external stakeholders and issued 8 Audit Buzz newsletters (See Outreach and Education).
- Offered National Association of State Boards of Accountancy's certified training to FCPS employees (See Outreach and Education).
- Ensured all OAG staff met the CPE requirements as required by generally accepted auditing standards and licensure requirements.
- Supported OAG staff to pursue job-related professional credentials.
- Utilized a new data analytics tool, DataSnipper, in school audits, such as Continuous Monitoring and Local School Activity Funds to improve audit efficiency.

Risk Assessment and Audit Plan

In conjunction with its audit plan, OAG conducts an annual independent risk assessment in which OAG identifies the most significant financial, operational, and reputational challenges and risks faced by FCPS. OAG uses the results of the risk assessment to develop its annual audit plan. It prioritizes the issues and areas identified by evaluating the materiality of the risks associated with each. The risk factors used to assess the audit areas include:

- Financial impact
- Potential operational risks determined by:
  - Internal controls
  - Compliance requirements
  - Past audits
  - Inquiries received through the fraud, waste, and abuse hotline
  - Inputs received from the Fairfax County School Board, Audit Committee, FCPS leadership, and employees
  - Audits performed at other public-school systems or local governments
- Opportunity for improvement

OAG will also consider current management initiatives in determining whether to schedule an audit. If the subject of an audit is in the process of implementing significant changes in operations, either in response to prior concerns or as part of an internal restructuring, OAG will delay the timing of the audit to avoid disruption and allow the changes to take effect.

In FY25, OAG conducted 59 interviews and received 78 surveys from varying departments in FCPS to gauge their sense of the current risk landscape and obtain feedback on specific areas being considered for audit, or other suggested audit subjects.

OAG's FY26 Audit Plan was approved by the Fairfax County School Board on July 10, 2025. The detailed plan includes the following engagements and other duties:

1. Business Process Audits
2. Healthcare Claims Management
3. Hourly Employee Structure and Stipends
4. Local School Activity Funds for the year ending June 30, 2026
5. School and Office Safety
6. Specific Contracts, Vendor Management
7. Continuous Monitoring
8. Other OAG Duties
   a. Audit Committee Meetings
   b. Fraud, Waste and Abuse Inquiries
   c. OAG Annual Report
   d. OAG FY 2026 Risk Assessment
   e. OAG Outreach and Education
   f. OAG Staff Professional Development
   g. OAG Quality Control Monitoring/Peer Review*
   h. Recommendations Follow-Up

The preliminary objectives and scope for each new engagement can be accessed by viewing OAG's presentation to the School Board. The full FY26 Audit Plan document is available here.

* An external peer review where independent reviewers will validate OAG audits according to Government Auditing Standards.

Internal Audit

Audits are performed in phases, beginning with research to obtain an understanding of the areas to be audited. Auditors then test the controls related to the audit objectives and finally issue a report. Later, we follow up to ensure that management has implemented the corrective actions it agreed to. Lines of communication are open throughout the audit process. (Please refer to "Audit Results" section for the FY25 Audit Results.)

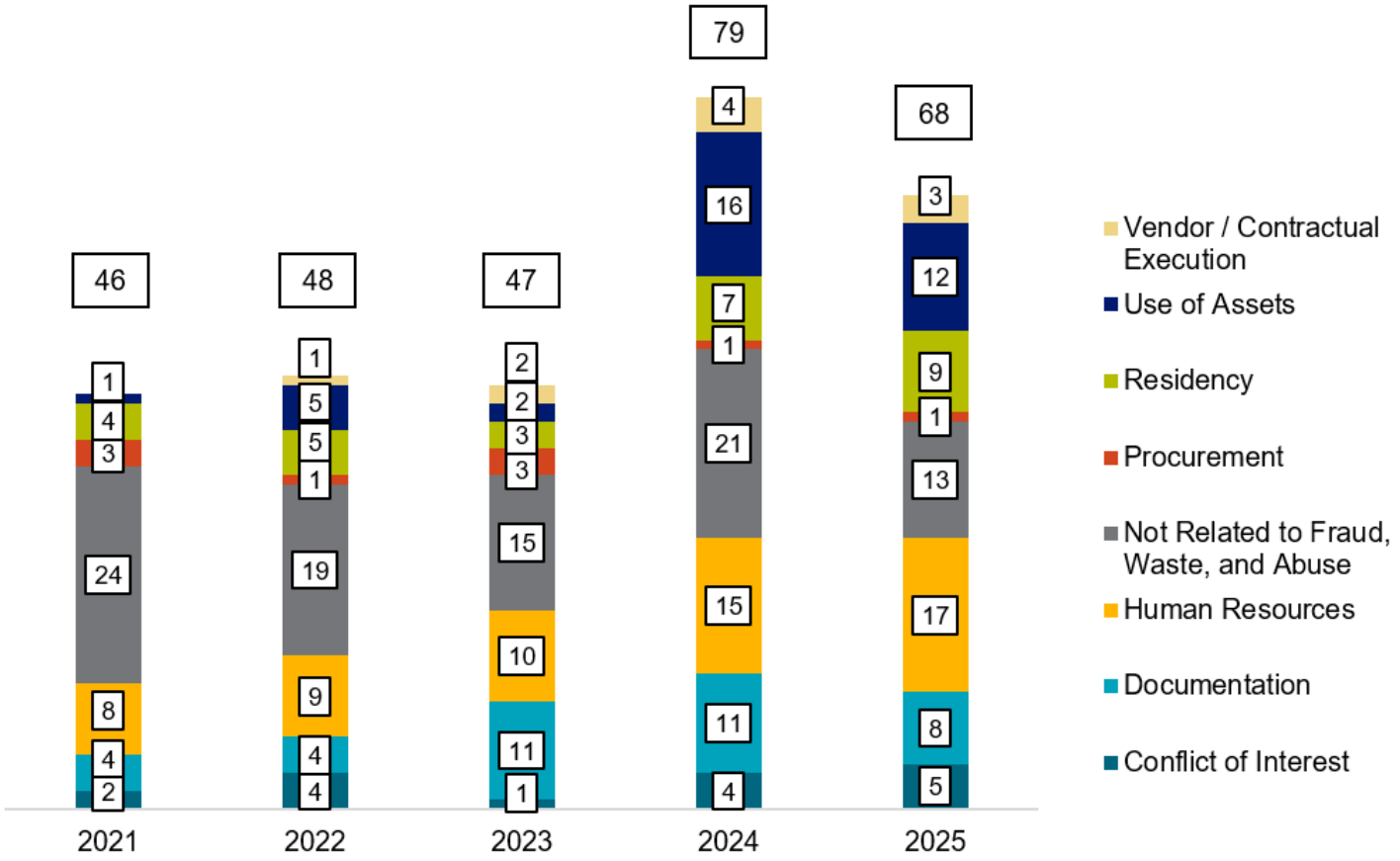


Fraud, Waste, and Abuse

The Auditor General is authorized to receive and preliminarily review (and as necessary, investigate, either directly or in conjunction with internal investigators of the Department of Human Resources) credible reports of suspected waste, fraud, and abuse, where observed or reasonably believed to have occurred, involving any FCPS employee or FCPS assets if such has caused or is likely to cause injury to the school division (Regulation 1410, *Procedures for Reporting and Investigating Embezzlement, Fraud, Waste, or Abuse, and Other Financial Wrongdoing*).

Through the anonymous Fraud, Waste, and Abuse Hotline and through other means, OAG provides FCPS employees and the community with different ways to report suspected wrongdoing involving fraud, waste, and abuse of school assets and resources. During FY25, OAG received a total of 68 inquiries.

FY 2021-2025 Fraud, Waste, and Abuse Inquiries



While OAG cannot control the volume or types of incoming inquiries, OAG maintains a holistic program that promotes the hotline through outreach and education; reviews all inquiries in accordance with Regulation 1410; and incorporates findings into risk assessments and audit topics. The upward trend in inquiries received from 2021-2023 to 2024-2025 reflects successful outreach efforts and a robust reporting environment. While there was a sharp increase in total inquiries received during 2024, excluding inquiries not related to fraud, waste, and abuse yields comparable results for 2024 and 2025 (58 and 55, respectively). The percentage of reportable inquiries was included in the OAG Internal Inquiry updates at the November 2025 Audit Committee.

Fraud, Waste, and Abuse Reporting Means:
(571) 423-1333 (anonymous voicemail)
InternalAudit@fcps.edu (email is not anonymous)
Online Submission Form

Outreach and Education

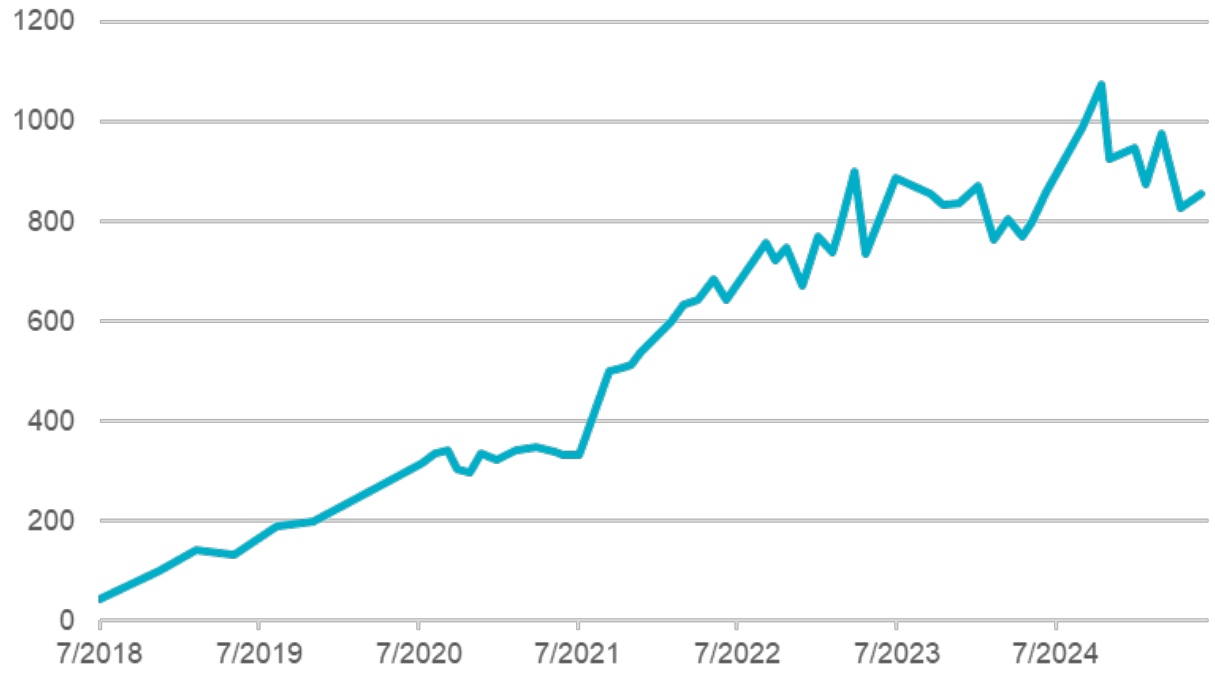
OAG continues to provide in-person, virtual, and hybrid training to employees. Some of this training provides staff with continuing professional education credit. To increase awareness of OAG's mission and activities for both internal and external stakeholders, OAG focuses on these outreach and education initiatives:

Audit Buzz

OAG's newsletter, Audit Buzz highlights the importance of strong internal controls and the collaboration with stakeholders. It has seen sustained growth since it was introduced in 2018 and currently has over 4,200 subscribers. The target audience for Audit Buzz is both internal and external stakeholders. The number of Audit Buzz newsletter emails opened has also increased reflecting the interest in the discussed topics.

Audit Buzz registration can be found at FCPS News You Choose.

Number of Audit Buzz newsletter emails opened



Annual Report

OAG prepares an Annual Report every year to include topics such as OAG's mission and charter, accomplishments, engagement results, and upcoming projects.

OAG Website – https://www.fcps.edu/auditor-general

Information on OAG's public website includes, About OAG; Annual Audit Plan, Audit Reports, and External Reviews; Audit Plan; Audit Process; Audit Standards, Ethics, and Peer Review; Audit Buzz Newsletters; Reporting Fraud, Waste, and Abuse.

OAG also updates its information on the FCPS Intranet, which provides latest information and resources (such as training) to FCPS staff.

Training and Education

- OAG conducted a variety of in-person, virtual, and hybrid trainings to over 1,100 FCPS employees and external audit professionals. OAG presented at the Leadership Kickoff with over 300 school-based administrators participated, and the Procurement to Payment (P2P) conference with over 200 school-based Finance Technicians/Finance Assistants in attendance. The theme in this training is that OAG provides audit services to our employees, like physical check-ups, where potential challenges could be remediated ahead of time.

- OAG continued to serve as the certified National Association of State Boards of Accountancy (NASBA) Continuing Professional Education (CPE) provider on behalf of FCPS. This means that FCPS can award our employees with education credits required to maintain certification status, such as Certified Public Accountants. Trainings included:
    - Managing Risk in a School Division: How Can All Employees Contribute to this Goal?
    - Both Sides of an OAG Audit
    - Bridging Payroll and Audit

- For the sixth year, OAG continues to host and facilitate a "DMV Auditor Group," where approximately 20 auditors from the District of Columbia, Maryland and Virginia local government or school districts convened for regular meetings. The DMV Auditor Group provides a vehicle for local audit offices to meet and discuss common challenges and solutions and share our knowledge and experiences.

- OAG celebrated Internal Audit Awareness month at the FCPS Gatehouse Administration Center in May 2025. FCPS employees were able to learn more about OAG, testing their knowledge with trivia questions and games, with a chance to win prizes and be entered in a raffle.



From left: Andy Mueck (Chief Operating Officer), Audit team: Luke Robertson, Kay Paik, Noura Saulath, Brittany Hamilton, Mounia Chehab, Tim Tishman, Danielle Moore, Esther Ko

Audit Results

OAG completed the FY25 Audit Plan as of November 2025:

Audit	Report Date	High Risk	Moderate Risk	Low Risk	Total Findings	Observations
Performance Audits						
Procurement Process	March 2025	0	3	1	4	1
Student Disciplinary Process *	March 2025	*	*	*	*	*
Critical Process Review - Hiring	June 2025	0	3	1	4	0
Construction and Renovation Contracting Process	June 2025	1	3	0	4	1
Local School Activity Funds Audit for Year Ending June 30, 2025	November 2025	0	0	0	0	3
Continuous Monitoring – Appropriated and Non-Appropriated Transactions (Q1-2, Q3-4)	April & November 2025	0	0	0	0	0
Performance Audits Subtotal		***1***	***9***	***2***	***12***	***5***
Business Process Audits						
Hollin Meadows Elementary School	October 2024	1	1	4	6	0
Daniels Run Elementary School	April 2025	0	0	4	4	0
West Springfield Elementary School	April 2025	0	0	1	1	0
Great Falls Elementary School	April 2025	0	1	3	4	0
Mount Vernon High School	April 2025	0	1	4	5	0
Warehouse Operations	April 2025	0	2	1	3	0
Centreville High School	June 2025	0	0	4	4	0
Forestdale Elementary School	June 2025	0	0	3	3	0
Hayfield Middle School	June 2025	0	0	1	1	0
Mason Crest Elementary School	June 2025	0	0	0	0	0
McLean High School	June 2025	0	0	1	1	0
Sandburg Middle School	June 2025	1	2	3	6	0
South County High School	June 2025	0	1	4	5	0
Woodley Hills Elementary School	June 2025	0	0	4	4	1
Business Process Audits Subtotal		***2***	***8***	***37***	***47***	***1***

* Results are exempt from disclosure per Virginia Code

Additional details for each of the completed audits, as well as a link to the related audit report(s), can be found below.

Procurement Process

OAG presented the results of the Procurement Process Audit at the March 2025 Audit Committee meeting. The scope of this audit covered procurement process administered by Office of Procurement Services (OPS) and the vendor review processes administered in collaboration with Office of Cybersecurity (OCS) and Technology Architecture and Assessment section in FY 2024. The objectives of the audit were to:

1. Assess whether adequate controls are in place and have been achieving desired outcomes for the following areas: bidding process, vendor selection (including relevant information technology processes, such as Cybersecurity Architecture Checklist).
2. Assess compliance with policies and regulations.

As a result of this audit, OAG identified three moderate risk findings, one low risk finding, and one observation, including unalignment of policies, regulations, and guidance regarding vendor approval processes between OPS, OCS, and Department of Information Technology (DIT); operational inefficiencies in vendor communication and review processes exist that are impacting vendor solicitation, resulting from resource constraints and comprehensive questionnaires; lack of Key Performance Indicators (KPI) to track and measure the effectiveness of procurement activities; and missing required documentation. OAG also identified one observation that FCPS has not established a supplier diversity program that aligns with Fairfax County Government's efforts to facilitate participation of small, women-owned, minority-owned, and service-disabled veteran-owned (SWaM) businesses in procurement requests.

Management concurred with the findings and recommendations included in the report.

Student Disciplinary Process

OAG presented the results of the Student Disciplinary Process Audit at the March 2025 Audit Committee meeting. The scope of this audit covered school year 2023-24 (SY24) with incorporated data from school year 2022-23 (SY23) for comparative analysis. The objectives of this audit included the following:

1. Evaluate the student disciplinary process, including appeals, to ensure compliance with federal, state, and FCPS' policies, regulations, and procedures, across FCPS.
2. Assess the effectiveness of existing controls for the student disciplinary process, across FCPS.
3. Benchmark hearings and appeals operations against other educational institutions and leading practices.

In accordance with Virginia Code Section § 2.2-3711(A)(8), the results of this audit were not shared publicly.

Critical Process Review – Hiring

OAG presented the results of the Critical Process Review – Hiring Audit at the June 2025 Audit Committee meeting. The scope of this audit included an evaluation of key hiring processes for the period of July 1, 2023, through December 31, 2024. The objectives of this audit included the following:

1. Understand the business processes and the acceptable risk level determined by management.
2. Evaluate the design and operating effectiveness of controls.
3. Identify key or redundant controls.
4. Propose recommendations to management to improve process effectiveness and efficiency.

As a result of this audit, OAG identified three moderate risk findings and one low risk finding. OAG noted challenges with the design of the hiring and onboarding processes that may lead to inconsistent application of hiring practices, loss of interest from applicants, and data silos that disrupt workflows. OAG also noted a limited number of measurable goals and objectives tied to milestones throughout the hiring process, which may prevent

management from adequately measuring operational effectiveness. OAG found that data for hiring tasks completed in BrassRing may not be reliable due to manual processes. Also, changes to the principal hiring process made in May 2024 were not effectively communicated internally and externally.

Management concurred with the findings and recommendations included in the report.

Construction and Renovation Contracting Process

OAG presented the results of the Construction and Renovation Contracting Process Audit at the June 2025 Audit Committee meeting. The scope of this audit included FCPS Capital Improvement Program projects funded for construction in the 2019, 2021, and 2023 bond referendums. The objectives of the audit were to:

1. Obtain an understanding of FCPS construction and renovation contract administration and management processes through walkthroughs with the Office of Administrative Services and the Office of Design and Construction Services (D&C), review of D&C procedures, and analysis of current and recently completed Capital Improvement Program (CIP) projects.
2. Evaluate the design of key processes and controls related to procurement, contract monitoring, change orders, contract invoicing, and contract closeout on a sampling basis.
3. Benchmark industry standards, including the Virginia Public Procurement Act (VPPA), to assess FCPS construction and renovation contracting process compliance.

As a result of this audit, OAG identified one high risk finding, three moderate risk findings, and one observation. OAG identified instances of non-compliance with project contract terms and D&C Manual, several areas where improvements could be made to FCPS construction monitoring practices, and policies and guidelines requiring an update. OAG noted that Key Performance Indicators (KPI) and construction benchmarking were not established, and that FCPS does not have a process designed to leverage contractor's performance evaluation when determining project assignment of contractors.

Management concurred with the findings and recommendations included in the report.

Local School Activity Funds for Year ending June 30, 2025

OAG presented the results of the Local School Activity Funds (LSAF) Audit at the November 2025 Audit Committee meeting. This audit focused on the school activity accounts at the 202 sites in the division from July 1, 2024, to June 30, 2025. The primary objectives of the audit were to:

1. Determine if cash balances are fairly stated.
2. Assess compliance with applicable regulations and policies.
3. Determine if internal controls are adequate and functioning as intended.
4. Determine if transactions are reasonable and do not appear to be fraudulent.

Objectives 2, 3, and 4 were completed as part of the continuous monitoring procedures.
As a result of this audit, at the FCPS division wide level, OAG was able to determine that cash balances are fairly stated (**Objective 1**). OAG determined through continuous monitoring that transactions across the division appeared to be reasonable and did not appear to be fraudulent (**Objective 4**). OAG did not have any findings but identified one observation related to compliance with applicable regulations (**Objective 2**), one observation related to cash receipts internal control environment (**Objective 3**) and one observation related to the deposit date control weaknesses in the Great Plains accounting system (**Objective 3**).

Out of the total 202 sites, OAG noted exceptions of noncompliance with FCPS regulations in 73 sites. There were no exceptions noted at the remaining 129 sites. The exceptions noted are summarized by the three LSAF process areas including Accounting Procedures, Cash Disbursements and Cash Receipts. The individual

exceptions occurred at the site level and did not impact the site's end of year cash balance. Therefore, on a reasonable basis, there is no material effect on the *FY 2025 Statement of Cash Receipts and Disbursements* for FCPS as a division.

Continuous Monitoring – Appropriated and Non-Appropriated Transactions

OAG presented the results of the continuous monitoring on the FY25 appropriated and non-appropriated transactions for Quarter 1 and Quarter 2 at the April and for Quarter 3 and Quarter 4 at the November 2025 Audit Committee meetings.

Continuous monitoring procedures are conducted for appropriated and non-appropriated transactions on a quarterly basis. In addition to transaction testing, the process includes selecting a sample of sites that will be subject to additional testing procedures via site visits. The non-appropriated transactions are used to form the basis of transaction testing for the annual LSAF audit, and any exceptions are reported as part of the FY25 LSAF audit for the year ending June 30, 2025. Any exceptions related to appropriated funds may be analyzed to determine if a Business Process Audit is warranted in FY26.

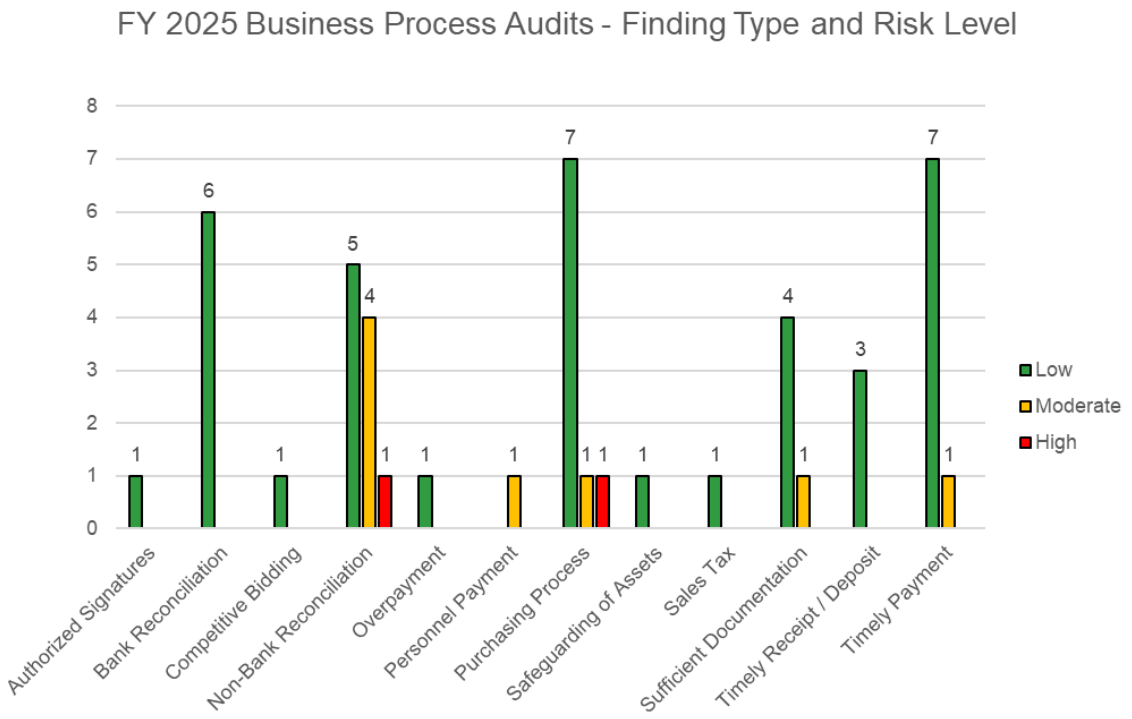
During FY25, out of 202 sites, 103 sites had no exceptions noted; 55 sites had exceptions noted in three or fewer areas; and 44 sites did not have any transactions appear in the sample of transactions. OAG visited a total of 68 sites in person.

Business Process Audits (BPA)

BPAs are performed on an ad hoc basis depending on changes in management/staff; the results of the continuous monitoring audit process; or situations as deemed necessary. The scope of work included appropriated and non-appropriated transactions and processes taking place during FY25, up until the date of the visit. The objectives of BPAs were to:

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

OAG presented the results of BPAs performed at one office and 13 schools to the Audit Committee throughout the FY25 school year. During the performance of these BPAs, OAG identified two high risk, eight moderate risk, 37 low risk findings, and one observation. The findings were related to purchasing process, timeliness of payments, procedures related to bank and non-bank reconciliations, outstanding deposits, and sufficiency of documentation.



High risk findings are identified when 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 FCPS program/operational objectives. Moderate risk findings are identified when 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. Low risk findings are identified when controls are in place, but the level of compliance varies; and compliance with government regulations of FCPS policies and established procedures varies. A management response is obtained for moderate and high-risk ratings and follow-up is completed after the implementation date.

Audit Recommendation Follow-up

OAG performs follow-up reviews to determine if timely corrective actions have been put in place to address the findings identified during performance audits. OAG also performs follow-up on moderate or high-risk findings for BPAs.

At the beginning of FY25, 14 recommendations from prior year audits remained outstanding. During the year, OAG made 45 new recommendations as a result of audit work performed and reported 30 recommendations closed. As of July 31, 2025, 29 recommendations from the current and prior years remained outstanding. The outstanding recommendations are related to the following four audits:

- FY24 Food and Nutrition Services Audit has two recommendations outstanding that were not due as of July 31, 2025.
- FY25 Procurement Process Audit has six recommendations outstanding that were not due as of July 31, 2025.
- FY25 Critical Process Review – Hiring Audit has 11 recommendations outstanding, of which nine recommendations were not due as of July 31, 2025, and two recommendations were in process.
- FY25 Construction & Renovation Contracting Process Audit has ten recommendations outstanding that were not due as of July 31, 2025.

The July 31, 2025 follow-up report was presented at the September 15 Audit Committee meeting.

Appendix – OAG Links

Risk Assessment / Internal Audit	Fraud, Waste, and Abuse Reporting	Outreach and Education
Audit Standards Audit Process Audit Plan Audit Reports	Objective What is Fraud, Waste and Abuse? How to Report Fraud, Waste, and Abuse? *Online Submission Form* What Happens After You Report? Anonymous Fraud, Waste, and Abuse Hotline: **571-423-1333**	"What is OAG" Video Fraud, Waste, and Abuse Training (*For FCPS employees only*) OAG Annual Reports (Search "annual report") Audit Buzz

Office of Auditor General

Mission and Vision Statement

Independence

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