

**2.1 FY20 OAG Internal Audit Status
For October 14, 2020 Audit Committee**

Engagements	2020						2021					
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
1. Construction Contract Management Audit	Exe		Rpt									
2. Procurement and Contract Management Audit	Exe			Rpt								
3. Local School Activity Funds Audit - June 30, 2020	Exe			Rpt								
4. Comprehensive Program Review of FCPS' Special Education Services			Ongoing									
5. Fidelity of Implementation of School Board Actions Audit				Ongoing								
6. Hiring and Onboarding Practices Audit					Ongoing							
7. Business Continuity Plan Audit								Ongoing				
8. Local School Activity Funds Audit - June 30, 2021					Ongoing							
9. Continuous Monitoring	Ongoing											
10. Other OAG Duties	Ongoing											

Planning, Execution (Exe), Reporting (Rpt) determined once scoping complete

1. Construction Contract Management

Performance Audit - Carried Over from FY20 Audit Plan

Construction is defined as new school construction, capacity enhancement and school renovations according to the FCPS FY2020-2024 Capital Improvement Plan. Bond funds are used to finance capital improvement projects for FCPS. During FY18, FCPS incurred total expenditures of approximately \$162M in construction projects. Construction procurement and monitoring are managed by the Facilities and Transportation Services Department.

Areas of potential risk are ineffective procurement practices and insufficient construction contract monitoring.

Preliminary audit objectives are to review the contracts solicitation process; review selected construction contracts related to the relevant procurement process; evaluate vendor compliance with contract terms and conditions; and confirm that contract management policies and procedures are being followed. The remainder of this performance audit is estimated to take approximately two months to complete.

2. Procurement and Contract Management

Performance Audit - Carried Over from FY20 Audit Plan

During FY18, FCPS incurred \$735M expenditures by vendors (excluding expenditures with Facilities and Transportation Services). FCPS utilized different methods of procurement including small purchase, open market, competitive sealed bidding, competitive negotiation, sole source, and emergency (according to Regulation 5012 Purchasing Goods and Services Using Appropriated and Nonappropriated Funds Section VII – Methods of Procurement).

Areas of potential risk are ineffective procurement practices and insufficient contract monitoring. The purpose of the audit is to evaluate if there is adequate management control framework in place with respect to governance and internal control to effectively support contracting and procurement activities; and determine compliance with Virginia Public Procurement Act, Fairfax County Purchasing Resolution, and FCPS Policies and Regulations.

The focus of this audit will be on sole source contracts or amendments executed after June 1, 2019¹. OAG may also select contracts and amendments of other procurement types. The remainder of this performance audit is estimated to take approximately two months to complete.

3. Local School Activity Funds for Year ending June 30, 2020

Financial Audit - Carried Over from FY20 Audit Plan

In accordance with the Code of Virginia (8VAC20-240-40), all Local School Activity Funds (i.e. including all the approximate 200 FCPS sites) shall be audited annually no later than the end of the following fiscal year. These financial audits require verification that local school financials and year-end (i.e. June 30) cash reporting are not materially misstated. In addition, OAG reviews selected revenue and expenditure transactions, including purchases made using nonappropriated procurement cards, to ensure that transactions are processed

¹ The current version of Regulation 5012, Purchasing Goods and Non-Professional Services Using Appropriated and Nonappropriated Funds, became effective, May 10, 2019.

according to the applicable FCPS policies, regulations, or guidance. The final division-wide report is expected to be presented to the Audit Committee in October 2020.

4. Comprehensive Program Review of FCPS' Special Education Services

Non-audit service

The Individuals with Disabilities Education Act (IDEA) requires local education agencies, such as FCPS, to provide students with disabilities a free appropriate public education, including special education and related services according to each student's Individualized Education Program (IEP). The purpose of an IEP is to provide a plan to help a student meet individual outcomes or goals beyond his or her current skills. According to the FY20 Approved Budget, for special education, the average cost per pupil is \$26,041 and average cost per service is \$15,061. Comparatively, the average cost per pupil for general education is \$13,478.

In December 2019, there was a School Board forum topic which requested OAG to amend the annual audit plan to address ongoing concerns related to IEP compliance, inclusion, professional development, and reporting. In May 2020, FCPS issued a Request for Proposal to solicit proposals for the provision of a comprehensive review of FCPS' special education services. OAG will serve as the project liaison for this review.

Primary objectives of this comprehensive review are (a) to evaluate the design, structure, and established processes of educational services offered by FCPS in meeting the needs of students with disabilities, and the degree of fidelity of implementation of special education services at schools, as well as the continuous monitoring of the effectiveness of the processes; (b) to evaluate the adequacy of human capital resources assigned to special education students, the qualification of the staff, and the level of professional development received by them; (c) to analyze to what degree implementation of special education services at schools aligns with evidence-based practices; and (d) to evaluate the effectiveness of communication strategies to keep stakeholders informed about services for students with disabilities.

In serving as the project liaison, OAG will provide oversight and ensure that the required tasks are completed in a timely manner; help identify the key point of contacts within FCPS; monitor completion and delivery of key milestones and timeline; coordinate regular status update meetings; be informed of any requests related to this comprehensive review; be informed of any anticipated challenges and potential delays to meet the established timeline; and be informed of any potential staff changes and responsible to review resumes of the replacement candidates. This comprehensive review is estimated to take approximately two years to complete, with annual reporting to the School Board.

5. Fidelity of Implementation of School Board Actions

Performance Audit

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 FCPS programs. It is thus critical to ensure actions approved by the School Board are implemented in a timely manner by FCPS management. For the purpose of this audit, School Board actions are defined as: (i) motions and amendments approved by majority vote at regular School Board meetings, (ii) outcomes agreed to by consensus at School Board forums,

and (iii) next steps, agreed to by consensus at School Board work sessions. This audit will not include implementation of or responses to individual School Board member requests to the Superintendent and the staff.

Areas of potential risk are inadequate tracking and inconsistent implementation of approved School Board actions. This may lead to FCPS operating in an inefficient manner and not being fully accountable to the Fairfax County citizens.

The preliminary audit objectives are to review and evaluate the processes used by FCPS management to track, respond to, and implement School Board approved actions; to identify opportunities to improve existing process; and to determine the costs and resources to track, respond to, and implement School Board approved actions.

This performance audit is estimated to take approximately five months to complete.

6. Hiring and Onboarding Practices

Performance Audit

FCPS hired approximately 3,400 new employees in FY18 and approximately 2,400 new employees in FY19. A well-established hiring and onboarding process is critical to the success of these new employees and to FCPS accomplishing its mission. In the context of this audit, onboarding is defined as the process of (a) Human Resources onboarding, and (b) initial content supports provided to FCPS new hires.

FCPS's Human Resources Department, through the Talent Acquisition and Management office, is dedicated to selecting and hiring an outstanding and diverse workforce committed to fostering educational excellence. This includes handling the recruitment and hiring for each FCPS position. Together with the Human Resources Department, the Office of Professional Learning and Family Engagement, along with offices and schools, provide onboarding content for new hires.

Areas of potential risk are ineffective hiring controls and practices, and insufficient onboarding preparation provided to new hires.

Preliminary audit objectives are to evaluate hiring policies and procedures of new employees and review for consistent adherence at schools and central offices; to test for non-existing employees; to evaluate the effectiveness and efficiency of the onboarding process; to determine if current process ensures new hires and the respective schools or offices maintained necessary information and documentation. This performance audit is estimated to take approximately five months to complete.

7. Business Continuity Plan

Performance Audit

A comprehensive business continuity plan provides a roadmap for continuance and/or restoration of mission-critical functions during and after a disaster, such as a fire, flood, tornado or even a disease epidemic. Being able to continue critical business functions while responding to a major disaster, and subsequently being able to return to normal operations efficiently and cohesively, is a critical success factor for all organizations. An effective continuity plan is vital as it allows program managers to proactively plan responses to different

scenarios, in advance of the actual incident(s), rather than simply reacting to the event. In order for the continuity plan to be successful, its development, implementation, and execution must be adequately planned and receive frequent attention and support from management.

Areas of potential risk include confusion among employees; lack of long-term planning; lack of unity; inconsistent messaging from leadership; and ineffective practices and monitoring of critical operations.

Preliminary audit objectives are to evaluate the existence of a division-wide business continuity plan; determine if the plan defines mission critical operations, offices, and responsibilities within each FCPS department (Financial Services, Facilities & Transportation, Information Technology, Instructional Services, Human Resources, and Special Services); evaluate the reasonableness of the plan; and confirm that the plan has been reviewed, updated, and tested periodically to ensure feasibility of implementation. This performance audit is estimated to take approximately five to six months to complete.

8. Local School Activity Funds for Year ending June 30, 2021

Financial Audit

Please refer to **(3) Local School Activity Funds Audit for Year ending June 30, 2020** for scope of work. The final division-wide report is expected to be presented to the School Board Audit Committee in October 2021.

9. Continuous Monitoring

OAG will further pursue continuous monitoring on school based and non-school based financial and non-financial data. Utilizing technology-based audit techniques to analyze patterns and trends, and select and test transactions, these methods will enable our office to further understand risks and identify exceptions in a timely and efficient manner. Technology-based resources allow users to import an infinite amount of records and execute audit specific commands to search for duplicates, detect gaps in numeric sequences, group data by categories, and filter numerous rows and columns of data in seconds.

10. Other OAG Duties

In addition to all of the above, OAG will perform the following activities during FY21:

- a) **Mid-Year and Annual Audit Reports** – OAG produces a mid-year and an annual report. These reports summarize OAG's mission and charter, accomplishments, and upcoming projects for the School Board.
- b) **Recommendation Follow-Up** – OAG performs follow-up reviews to determine if timely corrective actions have been put in place to address the weaknesses identified during performance audits. OAG also performs follow-up on moderate or high-risk findings for Business Process Audits.
- c) **Business Process Audits** – Business Process Audits will be performed on an ad-hoc basis depending on the results of the Continuous Monitoring; departures in Principals or Finance Technician/Administrative Assistants; additions in management/staff; or

situations as deemed necessary. Areas of potential risk are controls may not be in place or followed; and questionable transactions not timely identified. The focus of these audits is to evaluate the effectiveness of office processes and compliance with applicable regulations and policies; determine if controls are adequate and functioning as intended; and determine if transactions are reasonable and do not appear to be fraudulent.

- d) **Continuous Enhancement of Audit Software** – OAG began implementing an audit management software, Pentana, in FY19. This highly customizable software allows OAG to systematically record audit planning, fieldwork, findings, and recommendations, as well improving OAG’s ability to perform accurate analysis of past audit trends and follow up on outstanding audit findings. OAG will continue to refine and enhance Pentana throughout FY21.
- e) **FCPS Fraud, Waste and Abuse Inquiry** – OAG administers the FCPS Fraud, Waste, and Abuse hotline and receives inquiry via the internalaudit@fcps.edu email account, direct mails and walk-ins. OAG supports the internal review of the received information, through collaboration with Department of Human Resources and Division Counsel, in accordance with FCPS Regulation 1410.
- f) **OAG Staff Professional Development** - Government Auditing Standards require that staff performing work under the standards maintain their professional competence through continuing professional education (CPE). Staff should complete, every two years, at least 24 hours of CPE that directly relates to government auditing, the government environment, or the specific or unique environment in which the audit entity operates. Staff who are involved in any amount of planning, directing, or reporting on assignments, and those who charge 20 percent or more of their time to these assignments should also obtain at least an additional 56 hours of CPE (for a total of 80 hours every two years) to enhance audit professional proficiency. Staff holding professional certifications are required to obtain an average of 40 CPE hours per year to maintain their certification status. Qualifying CPE hours cannot be obtained through FCPS provided programs. All staff must obtain their required CPE for the current calendar year prior to December.
- g) **Preparation of FY22 Risk Assessment** – A formal risk assessment is the primary tool auditors use to establish primary, secondary, and long-term priorities and develop an annual audit plan. The assessment process evaluates each area against a variety of risk factors including financial implication, likelihood of errors, frequency of audits, prior audit issues, complexity, and turnover. The result is a combination of qualitative and quantitative data that assists in the prioritization of audit topics.
- h) **Outreach Initiatives** – During FY21, OAG will prioritize outreach to both FCPS employees and Fairfax County community members through both existing and emerging channels, including a social media pilot where OAG will collaborate with School Board members and FCPS Office of Communication and Community Relations (OCCR).