The school activity accounts\(^1\) for Fairfax County Public Schools (FCPS) were audited for the period from July 1, 2018 to June 30, 2019. The primary purpose of the audit was to determine if cash\(^2\) balances were properly stated as of June 30, 2019, but an important secondary purpose was to determine the level of compliance with policies and procedures. The school activity accounts were examined as of year-end at the 203 sites in the division.\(^3\) This report summarizes the observations the Office of Auditor General (OAG) noted at schools that were in conflict with FCPS policies and procedures, but do not have a material effect on the financial statements.

Audit results are based on School Board policies and regulations, FCPS' accounting procedures, and proper internal controls. For example, Policy 5810 *Administration of School Activity Funds* states that “The Division Superintendent shall establish rules, regulations, and procedures for the conduct, operation, and maintenance of school activity funds and for the safeguarding, accounting, and auditing of all funds received and derived from school activities.” Regulation 5810 *School Activity Funds Management* establishes these “divisionwide policies and accounting procedures to ensure uniformity in the administration of school activity funds and establish proper management procedures for school activity fund accounts.” Additional guidance is provided through training, documented manuals, outreach visits, and email updates.

During the audit, OAG examined the following areas in Cash Receipts, Cash Disbursements, and Accounting Procedures:

**Cash Receipts**
- Controls and safeguards over cash receipts
- Timeliness of deposits
- Completeness of the School Finance Deposit Slip (FS-131)
- Collections by staff and the timely transmittal of these receipts to the finance technician/administrative assistant
- Receipts for accuracy and compliance with policies, regulations, and procedures

**Cash Disbursements**
- Purchases made for allowable goods and services based on the source of funds
- Purchases made in accordance with policies, regulations, and procedures
- Expenditures for proper supporting documentation

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\(^1\) School activity funds are not allocated by the School Board during the budgetary process. School activity funds are non-appropriated funds received from school activities (e.g., athletic gate receipts, club dues, donations, fees, fundraising, grants, PTA/PTO support, etc.).

\(^2\) Cash includes all cash and cash equivalents: currency, coins, and checks

\(^3\) The 203 sites consist of 25 high schools, 23 middle schools, 141 elementary schools, three departments, and 11 academies/centers/alternate high schools.
Accounting Procedures

- School safes to ensure they were securely located, properly locked, and access properly restricted
- Bank/Non-Bank Reconciliations for completeness, accuracy, and timeliness
- Fund transfers between cash accounts
- Deficit accounts for appropriateness

FY2019 Results

All observations noted were communicated to the individual sites after the audit was completed. Out of the 203 sites, 132 sites had no observations noted; 64 sites had three or fewer observations; and the remaining seven sites had four or more observations.

The graphs summarize the number of sites with reportable observations in the three areas examined. A site may have had more than one type of observation in an area or in more than one area.

Cash Receipts

The following graph summarizes the number of sites and provides examples of the types of observations noted in the area of Cash Receipts:

<table>
<thead>
<tr>
<th>Observation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Timely Deposits</td>
<td>Deposits were not made in a timely manner.</td>
</tr>
<tr>
<td>Timely Receipts</td>
<td>Sponsors/teachers did not turn in funds daily to the finance technician/administrative assistant.</td>
</tr>
<tr>
<td>Sufficient Documentation</td>
<td>• Documentation identifying the source of funds was not complete.</td>
</tr>
<tr>
<td></td>
<td>• No evidence funds were verified prior to deposit.</td>
</tr>
<tr>
<td></td>
<td>• A ticket reconciliation was not on file to support the submission of gate receipts for deposit.</td>
</tr>
</tbody>
</table>
Cash Disbursements

The following graph summarizes the number of sites and provides examples of the types of observations noted in the area of Cash Disbursements:

<table>
<thead>
<tr>
<th>Observation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Timely Payments</td>
<td>Invoices not paid prior to the due date.</td>
</tr>
<tr>
<td>Competitive Bidding</td>
<td>No evidence that bids had been obtained.</td>
</tr>
</tbody>
</table>
| Sufficient Documentation     | • No evidence of preapproval.  
• Procurement of items not listed on the approved purchase order.  
• Procurement of items exceeding the dollar amount listed on the approved purchase order.  
• No invoice, receipt, or other supporting documentation on file to validate the items purchased or the amount spent. |
| Appropriate Use of Funds     | Sales tax was paid for tax exempt purchases.                                                                                                  |
Accounting Procedures

The following graph summarizes the number of sites and provides examples of the types of observations noted in the area of Accounting Procedures:

<table>
<thead>
<tr>
<th>Observation</th>
<th>Description</th>
</tr>
</thead>
</table>
| Appropriate Centralized Procedures | • Not utilizing Online Travel to document and obtain approval for attending a training course and the use of a personal credit card to pay for the related lodging.  
• Not recording a change fund in the accounting system correctly.  
• Issuing one check to establish a change fund for two different individuals. |
| Bank Reconciliation | • The adjusted book balance detailed in the bank reconciliation did not agree with the amount listed on the trial balance.  
• Outstanding checks greater than 180 days had not been cleared.  
• Outstanding deposits greater than five days had not been cleared.  
• The principal did not sign/date the reconciliation to show evidence of review and approval. |
| Fund Account Balance | Fund accounts held deficit balances at year-end and the balances were not represented on the year-end reports (e.g. Athletics fund account, Dance Club fund account, Marching Band fund account, etc.). |
| Non-Bank Reconciliation (Procurement Card Reconciliation) | • The principal did not sign/date the reconciliation to show evidence of review and approval.  
• The reconciliation was not completed timely. |
| Safeguarding of Assets | A procurement card was in the possession of an employee who had not completed an Employee Acknowledgement form. |