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Fairfax County School Board Audit Committee Meeting, Monday, October 12, 2026

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- Official meeting video (YouTube): https://www.youtube.com/watch?v=nL_LmSUywig
- Official School Board page (FCPS): <https://www.fcps.edu/about-fcps/leadership/school-board>

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[00:00:02] okay this October 12th 2026 regular meeting County School Board audit committee will now come to order mr. moon has submitted a request to attend this afternoon or I guess it's his early morning meeting remotely due to personal travel as he has a work conflict and is located in Seoul Korea I performed an initial review of mr. moon's request and having found it to be in compliance with the school board's remote participation resolution I have approved their request. Mr. Moon, please check your audio and video. Good morning, good afternoon, Mr.

[00:00:41] Chairman. I'm in the second largest city in Korea, Busan. Okay, thank you. I don't know why every meeting says you're in Seoul, but we are okay. Yes, we are we are lucky to have you from Busan. Okay, all those in favor of confirming the approval of Mr. Moon's request, that is unanimous for the members in the room.

[00:01:04] and so we'll move on we will now approve the minutes from the audit from the August 25th 2026 audit committee meeting do I have a motion okay okay move yes moved by miss Marin that the audit committee approved the minutes from the August 25th 2026 meeting with leave for the clerk to correct any formatting technical or grammatical errors do I have a second miss Henderson thank you very much all those in favor that is you have some those in the room and mr. moon

[00:01:40] online thank you okay we're now on to item 1.03 FY 26 specific contracts vendor management audit report I call on mr. Luke Robertson for item 1.03 thank you so OAG conducted a performance audit of specific contracts and vendor management for contracts administered by the Department of Special Services or DSS as well as instructional services department ISD the objective of the audit was to evaluate the two user departments controls over vendor management covering contract administration processes and controls for

[00:02:17] contract for contracts that were active between July 1 2024 and December 31st 2025 as of December 31st the total contract value for active contracts was approximately \$68 million for DSS and \$254 million for ISD. In performing this audit we reviewed applicable regulations and policies, vendor management procedures, contract documentation, purchase orders, and invoices. This audit did not focus on the procurement processes as an audit of that topic was recently performed in fiscal year 2025. So as a result we identified two low-risk findings. The

[00:02:57] first finding relating to invoice and purchase order errors so while reviewing nine point three million dollars worth of purchase orders across the sampled contracts we identified approximately thirty two hundred dollars in erroneous payments across four contracts the errors included prices that were above contract rates double and overlapping services at specific sites and duplicate charges for the same service period approximately nineteen hundred dollars worth of these errors had been rectified between oag making management aware of the erroneous invoices and the finalization of the report there is not a

[00:03:34] documented control prescribed by the departments that ensures that these improper payments are prevented and detected thus some invoices and purchase orders did not align with the contract terms as the total erroneous payments consisted of point zero three percent of the total purchase orders that we reviewed during this audit we found these errors not to be systemic and therefore met the criteria of what we would consider to be a low-risk finding we did recommend that the departments enhance procedures by requiring documented verification that purchase order and invoice amounts agree with

[00:04:10] pricing schedules as negotiated that build services do not include duplicate or overlapping charges and invoices have not already been paid before payment is approved. Our second low-risk finding relating to annual contractor performance assessment reports, so we found that... Mr. Chairman, Mr. Chairman? Yes, Mr. Moon. Could I have the volume up a bit?

[00:04:34] I somehow, Mr. Robertson's voice seems to be soft. Okay, yeah, we will adjust manually. Let's see. Luke, can you try speaking like... Is this better? Much better, thank you. Okay, so the second finding, we found that annual contractor performance assessment reports were not being consistently completed in accordance with the contract administration best practice guidance within the procurement manual these best practices do not differentiate between requirements for annual assessments and renewal assessments leading to department confusion on the responsibilities this reduced the

[00:05:13] assurance that contractor performance is consistently monitored and documented throughout the contract term we recommended that the office of Procurement Services or OPS, who established the contract administration guidance for the departments to follow, that they review that guidance for clarity on the annual and renewal assessment requirements for program managers and departments, and that the departments ensure that contractor performance assessment reports are completed annually in accordance with that guidance. So overall, our findings highlight the areas for improvement within the

current control environment, while our recommendations focus on strengthening the department controls

[00:05:52] to reduce risk of erroneous payments, promote consistency in invoice review practices, and encourage accountability through documenting performance monitoring. So OPS, DSS, and ISD concurred with our findings, and then they provided specific actions within the report to address the proposed recommendations, and additional background information and detailed findings can be found within the full report.

[00:06:17] Greatly appreciate the consultation, cooperation, and courtesies extended to our team by DSS, ISD, and OPS during this audit. And with that, I'll turn it over to the chair. Great. Thank you so much. Yes, Ms. Henderson.

[00:06:35] Luke, if I understood the report correctly, you were able to find out, even though it wasn't documented, that some kind of a review was done on all of the contracts, either annual or at renewal? is that correct yes so there's a process for during contract renewals when they're expiring that they have to fill out a checklist to show that they are reviewing and that the contract is in good standing the vendors performing as they should be and then they're eligible for renewal the best practices also stipulates that an annual review be done as well that for one of the

[00:07:11] departments DSS was not being done on an annual basis but they were being done upon contract renewals but we also did see evidence that they were continually continuously monitoring the performance of the vendor through like they had regular biweekly meetings with some vendors they had status reports they were getting reports on KPIs on outcomes of the specific contracts so that we considered as well as the lack of annual reports that's why we felt that there was a low risk as well are the bulk of the contracts annual or are they multi-year contracts they're multi-year usually like five years is the contract

[00:07:50] period so after that five-year period sorry I want to pull that a little closer after that five-year period they are being subject to renewal that's when that renewal assessment is this done okay and you think it's really just a confusion between annual and renewal and not that maybe the review the review form is too complex and people just aren't bothering with it because it's too burdensome I think it was a sort of a misunderstanding of the requirement because it references annual performance evaluations being done and then the the checklist that it cites in the appendix of the best practice refers to

[00:08:30] renewal evaluation so I think it's OPS did concur with us and they're updating the best practice to clarify that there is an annual review requirement as well as the renewal review requirement that was one of their corrective actions okay and then just one other clarifying thing on page nine it looked like they were the contract population was 195 contracts but when I went back to the same period on pages three and four it looked like it was actually closer to 300 total contracts so what did I miss that so when we were doing the sampling we ended up removing three contracts from the sample they were active

[00:09:10] contracts but just due to the lack of purchasing activity we deem them to be not really suitable for testing just because they would not have had a lot of activity on them right right but the total contract populations 195 on it's because I can't add never mind I take that back okay great miss Marin yes so I just want to understand for finding one I understand that it's a low risk rating

[00:09:46] because it was such a small percentage of the spending but the errors it says it includes prices above the contract rates double and overlapping services and duplicate charges for the same service period and those seem like pretty basic things that shouldn't be going wrong so I'm trying to like I don't know balance is this a bigger problem than it is I mean it just seems so basic should it be I don't know what to do with that observation I welcome input yeah Yeah, General Koh.

[00:10:22] Thank you, and good afternoon, everyone. So Ms. Marin, that's a great question, right? When we looked at the why it generated 3,000, it's really overwhelming, right? Like why the team did not catch those issues. But I understand that they are maybe-- is it like human error, like not systemic?

[00:10:45] And also maybe, I don't know if Dr. Reed or your team would like to talk about the controls or the checks and balances you all may have put in to kind of limit the situations from happening again in the future. And I do know that one of them, Miss Marin, that they have fixed it, which is the \$1,700 one, the number four.

[00:11:05] So meaning that we will build more than what we should. And then Department of Special Services have rectified them since we noticed them. But should they not be happening at the first place? Yes. But I do think maybe some of the processes are manual in nature.

[00:11:23] But I don't know if management you would like to add on. Sure, Esther. And I think not all of the processes are reviewed at the procurement level, as you indicated. This was the Department of Special Services that was monitoring that, I believe. But Ms. Pratt, do you want to respond, please?

[00:11:42] Sure. I think a couple of things. When the purchase order is written, office verifies that what is attached to the purchase order in the detail in the purchase order aligns with the contract what happens once services begin to be delivered is the department is responsible for certifying that the services were performed as requested and in compliance with the contract the vendors performing and once that certification happens an invoice comes in the match between the hours worked in this instance and the invoice amount is

[00:12:19] aligned and the invoices paid I think what may have happened in this instance is that there were multiple invoices for the same person performing services with multiple students and so there was some discrepancy in the information locally within the office. I think one way we can help departments monitor that more closely is some additional training and alignment of service delivery, hours

[00:12:54] worked, tracking, that kind of thing. I hope that's helpful. Okay. Okay. Okay. Yes, Ms. St. John-Conney.

[00:13:10] I know. I'm sorry. So actually following up on what you were saying about the training my question for this is will the program managers and staff receive that new 10-point manual checklist will they get dedicated training and software tools or will this shift additional manual auditing work onto instructional

[00:13:37] and specialized service staff will some of this still be manual I think depending on it kind of depends I think there's some options and certainly as new tools become available and funding becomes available some automation might be possible I think knowing what to look for and how to avoid some of these common pitfalls would be where our focus is right now um thank you and then

[00:14:13] another question I was going to ask I did see where you outlined where it's on page 11 where you talked about the findings that you had and it seems like a and D we were able a we were able to recuperate the money and D they canceled the check but was there any ability to get the reimbursement for B and C thank you that's a great question but I need to defer to management and then to see if there are any updates on that especially I think for the 1,300 one

[00:14:51] right which is item C I don't know if there are anything being done on that Michelle do you know which grant was the 1,301 SEMA do you have it I guess the broader question this is like down in the weeds a broader question is what is our ability to recoup some of this when these errors have been made well I think the team follows I think one of the errors when I spoke to Esther was a duplicate invoice so the error was corrected in general Michelle do you want

[00:15:30] to clarify what how staff supports retrieving our resources I guess for lack of a better term sure so the procurement office will often intervene and assist the end-user departments with kind of negotiating or mediating any kind of dispute which I would argue this might be ensuring that appropriate credits are come back to us and can be applied appropriately to invoices or an account and in some cases we have multiple accounts with the same vendor so again we're trying to help the departments keep all of those things straight as well but that is something that we do the appropriate contract

[00:16:09] administrator would intervene and and assist I do not know the status of this particular amount but we certainly can find out just just as long as there's processes again I know this is very down in the weeds like for us to be able to recoup may I just also a very quick comment to that we will conduct follow up like I think this one we have a follow-up date of September 30th so it's actually past the due date so when we checked up with management you know like

[00:16:48] it will be likely this month or next month then we will validate if the amount has been collected and then we will bring it back to the audit committee to update everyone about the status thank you mr moon oh thank you mr chairman i was looking for uh a particular number which i don't see so we are only looking at a contract for dss and isd correct correct

[00:17:23] all right i i could you could you refresh my memory whether we did also take a look at dit contracts some time ago so so maybe let me just make sure like I can talk a little bit about the scope mr. moon is that okay so for this particular audit we looked at the contract monitoring being done by Department of Special Services and instruction instructional services department each year we try to

[00:18:03] to select different users so if you yeah so if you recall last year we select an other department and then this coming fiscal year 27 which we are right now in that we will be looking at DIT okay okay so if the timing is a little bit right because this is a carryover audit from fiscal year 26 because of reporting you know the so now we are doing this but currently we have the DIT specific contract monitoring audit that is going on. Okay okay thank you. Thanks for

[00:18:43] thanks for the explanation. I appreciate it. I guess you know my next question perhaps is outside the scope of OAG and maybe for Dr. Rich conservation and response if she can uh we have all these contracts administered by and overseen by various various

[00:19:11] different departments a is there a way for board board to be uh how do i put this more adequately informed about impacts if any of our current contracts is terminated how that how that affects

[00:19:51] operation of the system i'm asking that question uh you know from the a perspective from the perspective of what if we have to make a certain cut certain budgetary adjustments and gotta look at the contracts and for the board to be able to do that we need to understand how adjusting or

[00:20:27] terminating any of the contracts how that how that impact the school systems operation is that something that we should be discussing with the superintendent or that has ever been done so i think for the current scope that's not kind of sort of explained and so mr moon your question is correct if this is something we have to consider right in the future it will be

[00:21:02] something that management would need to comment upon and I don't really know about the impact if in the near future there may be budget cut that we have to consider which contracts to keep and which contracts we may not be able to keep that will be a management you know decision any any comment dr. Reed I I think, how many contracts roughly do we have in the division, just anecdotally?

[00:21:36] A little over 600. 600. So certainly we can review those. I mean, I don't expect you to be able to review 600 contracts anytime soon, but I think this was something that I was saying at the last group of the meeting as well, that maybe perhaps starting with contracts with the largest amount. And it doesn't have to be a deep analysis,

[00:22:09] but it will be worthwhile for board members to understand what the impacts would be. For example, if we did away with a certain contract, we're not going to be able to pay employees, et cetera.

[00:22:25] And that would be good to know. Right. I mean, I think there's some contracts. Yes, we could, I guess, take a look at that. I could go back to the team and see what that would look like. i think we did something with the largest contracts recently i can't recall it was two years ago three years ago but we pulled some of those okay but we can certainly go back and look at that again okay thank you dr re that's what i have okay thank you mr moon um miss st john cunning

[00:23:00] yeah i just have one more question on page five when we look at the sole source contracts and dss has 27% sole source contracts as support as opposed to 14%.

[00:23:16] My question would be, what is the reason that DSS would have that percentage difference? And what are we doing to ensure that throughout the implementation of those contracts that those sole source rates remain competitive during a multi-year terms?

[00:23:40] So Ms. Pratt? I think it's it's the percentage of sole source contracts in the space of special ed is not is relative relevant to the uniqueness of the services required by that by that department and those students the rigor in which we are approving sole source contracts and of course we bring all sole source contracts over the two hundred thousand dollar threshold to the board for approval but

[00:24:18] the rigor applied to this the justification and determination that in fact the requirement meets the definition of a sole source has been significantly improved in the last six to eight years and that is part of what brought the two hundred thousand dollar approval threshold so we have four to five layers of approval required for sole sources and again I think just the the higher percentage largely is the uniqueness of the services required by

[00:24:50] that in that area yeah thank you thank you okay seeing nothing further thank you mr. Robinson for the Robertson now we're going to move to item 1.04 audit follow-up so I call on Danielle Moore for that thank you Ryan I will be presenting the status of the audit recommendation follow-up as of July 31st 2026

we currently have 10 audits with open audit recommendations our first audit is food and nutritional services food and nutrition services excuse me

[00:25:25] there is currently one audit recommendation open we have closed one other audit recommendation as it relates to benchmarking so OAG did verify that FNS has collected two years of data and performance updates and will be reporting these during starting the school year our second audit is the procurement process audit we currently have four recommendations open related to the procurement process audit those include the revising the regulations this currently the updates were currently made by DIT and this pending

[00:26:02] DIT leadership I just wanted to note that items two three and four which are clarifying vendor review requirements scoping the vendor review process and incorporated the key performance indicators are dependent on those regulations that under number one revising the regulations which is regulations 40 6410 and 70 6710 excuse me our next audit is the critical process review hiring audit there are currently three recommendations that are in process that were due as of July 31st that includes regularly cleansing the

[00:26:41] instructional pools improving client communicate candidate communication implementing data reporting processes and the final one is I'm sorry that's three sorry so three of those excuse me our fourth item is the construction and renovation contracting process audit OEG verified and closed the following recommendations related to finalizing the design and construction procedure manuals update so OEG did obtain the updated manual and the second one is establishing and documenting internal and external benchmarking and key

[00:27:18] performance indicators which are KPIs there is currently one recommendation in process that was due also as of July 31st related to actively exploring solutions for creating dynamic dashboards so that is in process our next audit which is the hourly employee and stipends audit there is one recommendation that we close related to talent acquisition and management establishing a monitoring framework surrounding the HR 11 process and the HR 11 process on form is the time and information form and this form is given to your hourly

[00:27:54] employees by the principal and the program manager to it identifies the codes that need to be put into my time to make sure that they are getting paid their appropriate rate and we currently have eight recommendations that are outstanding but none were due as of July 31st our next item six through ten are our business process audits we had the Marshall High School process audit OIG verified and closed two recommendations the first one was related to sufficient sufficient documentation for the student auto sales program and so we we went

[00:28:31] through and we saw that a mandatory pre-sale checklist had been implemented as well as the second recommendation is related to the student auto sales pricing protocols and we noted that the vehicle pricing will now be based on the Kelly Blue Book private seller values there currently one recommendation still in process is relating to the tracking of repair orders and vehicle usage and I just wanted to note that our career and technical education team is here with us tonight and they will be available to answer any questions I believe in the June 15 meeting where we presented this business process audit there were some

[00:29:07] questions related to the agreement that we have with fate our next business process audits Annadelle High School so two recommendations were closed related sufficient documentation and the

person purchasing process and our last audits the recommendations related to Lewis High School Bryant alternative high school and Waples Mill Elementary School were not due as of July 31st so we will continue to follow up on those open recommendations and report out quarterly so I'll turn it back over to Ryan great thank you miss Moore so as Miss Moore clarified we do have folks in the room from ISD facilities and

[00:29:46] transportation CTE and they stand by to answer any questions yes miss st. John Cunning so a lot of my questions are always related to some of my experiences in the school and on slide 9 when you're talking about the hourly higher the hourly rates and stuff so does that so I mean I formulated the question does the new email confirmation requirement for hourly training create processing the for school principals and hiring managers trying to fill temporary or

[00:30:23] hourly vacancies quickly I'm not sure there has been any delay since it has been implemented we've kind of didn't look at that because that was a part of the corrective action but I will say we have we are currently hiring an hourly employee in our office and it the process was very seamless email was sent from HR and I just had to confirm that I am applying the hourly pay band in accordance with FCPS policies and regulations so it should it was just a reply back to what you know and also the training for when people are filling that out because I think sometimes there's confusion and I know there's

[00:31:00] been cases where the incorrect hourly band has been applied and there are some employees that have had to pay back money or have been shortchanged so you know making sure that those the people that are doing that are trained adequately and are putting the right hourly band in there when when they're processing and I also I don't know why to add on to that mercy I also want to say maybe we can just recall a little bit about why we requested that for the automation is because during the audits that we found that there's a lot of

[00:31:37] inconsistency about the hourly band used versus the work that was actually performed so that's why in order to standardize it and make it like a consistent practice that's why we suggest to management and I'm very grateful that management is taking that and then be able to kind of make the process more robust and of course the intention is never to make it more burdensome for our employees but we just want to make sure that that we do apply the rate consistently across not just in one school right but across all school within the district I think also making sure that the employee is aware

[00:32:15] because you know you should be aware of what your hourly pay is that if you see a discrepancy in your paycheck you should be able to but sometimes I think some of our early employees are not as aware so that's and then on slide 10 just a question of how we equip our school administrative staff with upfront training and tools prior to auditing their business processes like again how does that training occur so that they know you know we're gonna and I know that's a year-long thing and it shouldn't be just before the audit it how

[00:32:51] do we do that and thank you that's a great question I always love training you know to making sure that that the the schools and principal administrator they got all the answers to the audit questions before we come so we have been trying to do active training, so like with the school-based administrators, so I again I'm very thankful Dr. Reed always giving me some time at the leadership kickoff so the school-based administrators understand you know the importance of audits and then we also go and you know to speak with the principal for example at the the monthly meeting I always try to invite myself

[00:33:30] like let's say we have some school audits and we want to share with them And what are the common audit findings so that they can get an A's in the audit subsequently? And then we also work very

closely with the Comptroller Office.

[00:33:46] And Sima is here to provide training for finance technicians and administrative assistants for elementary school. Because we know that they have very busy work schedule. So we want to making sure to let them know what we are looking at so that they can be well prepared.

[00:34:03] Yeah. I mean, I've been in offices where there's that panic. They're going to come out at me, and it shouldn't be that way. So thank you. Thank you. OK, Ms. Merritt and then Ms. Henderson. Sure. If the clerk team could please pull up slide five. I'd appreciate that. Thank you.

[00:34:19] So I just wanted to understand about the regulations. So if I'm understanding this correctly, these regulations are still with the Department of Information Technology for final review.

[00:34:34] they were due 10 months ago, December 2025. I have talked at the dais about trying to codify when the regulations should be provided to the board after a policy is changed.

[00:34:53] And whether this audit is saying that it was due or our policy said we should have a regulation, neither box is checked. So like regulation 6410, that was updated-- Well, if it was due then, I do want to know why it continues to be held up.

[00:35:20] And I'm trying to do this on the fly because I just saw all this kind of fresh. If we just pause there, if I look at the Regulation 5012 about purchasing goods and non-professional services, so there again it says that this regulation is pending review of Department of Information Technology, which I think is curious because I don't know why that's really not related to technology the way that the first one is.

[00:35:49] But we passed 5011 as a policy in March of 2023. So that means that regulation was already supposed to be done soon after March of 2023. We have not codified when that's supposed to happen, but there was a discussion that generally the regulation should follow after a policy has been updated.

[00:36:07] At the time, we'd said like three months. So that regulation is now coming on three years, if not more, four years of being out of date. Same with policy 5015 that's related. So I was trying to crosswalk the regulation with the policies.

[00:36:25] And the bottom line is that those policies that are related to regulation 5012 were last done in March 2023. They should have had a regulation updated just by standard practice for the board. That didn't happen. The auditor found that in September of 2025, DIT asked to pause the further review of that regulation.

[00:36:47] And this concerns me. It concerns me as a board member at the dais when we're talking about policy, but it concerns me here now as a member of the audit committee where, again, the auditor is now finding that the regulations are being held up. And this is something that I've tried to codify through our executive limitations, and that was rejected.

[00:37:04] But I do want to continue to raise that it is a problem that the board passes policies and the superintendent does not update regulations. And now the auditor has found it as well. So I do urge my colleagues to take this seriously At the dais, it's not just me being picky.

[00:37:20] This is a problem. And only the board is going to be able to say to the superintendent, this is the timeline. And it's very troubling that it's DIT holding these up. And if I could just finish, I could say as governance chair last year, constantly our policies were delayed by DIT review.

[00:37:38] And now they are delaying regulations related to procurement. Would administration like to respond to that?

[00:37:56] wasn't sure what the question was is there a question in that there's a statement that the superintendent's office is not producing regulations in a timely manner and I found that as a board member as a governance chair and now as an auditor as an audit committee member and the auditors showing that these regulations are being delayed DIT only has three policies six policies related to it and three of the regulations here or two of them at least and the 6,000s are DITs.

[00:38:30] So my statement is, it's troubling that policies and regulations related to DIT continue to be delayed. It's troubling that the superintendent doesn't have a firm timeline by which to provide updated regulations.

[00:38:46] It's now been found by the auditor. So I'd love to hear, what's the process breakdown? When these were due 10 months ago, December of 2025, when will they be done? So, Mr. Sethi, do you want to respond, please?

[00:39:04] Let me try and unpack a few of these things. So, the audit was related to process for procurement, and the regulation that lines up with that was 6410, which is our digital privacy and evaluation criteria. As part of the audit, the recommendation from the audit committee was to synthesize and improve the process flows from the regulation perspective, which actually a lot of the work has been done in terms of risk-based evaluations of technology purchases and tools.

[00:39:35] And we have partnered up with procurement to make those changes in the process flows itself. 6410, I believe, was last updated in October of 2025. So it is not an aging regulation per se, but if the policy was changed and that's what the OAG found, then I would like to know that.

[00:39:53] But I don't believe it was linked to a policy change. We are working with the OAG because the procurement process was to be improved to streamline procurement practices. Because in the past, we had long queues on security reviews and privacy reviews where the tool procurements were delayed waiting on the security teams to finish their reviews.

[00:40:14] The changes to the regulation, it's process change, which is sort of a large chunk of the work. and the regulation has to keep up with the process change because we are fine-tuning the process to ensure our teams can review every tool that is in the pipeline in an appropriate manner.

[00:40:30] We're committing to SLAs of actually doing the reviews within weeks, not months, as it was in the past. So the process changes has been most of the bulk of the work, and the process changes have been put into place. The regulation update, the last thing that happened, which is why it is currently held up, We found a procurement slash end of contract challenge that we noticed in our current flows, which is not captured in any regulation, so we are adding that to the new regulation and updating the regulation, which we hope to have within days, if not a week or two.

[00:41:06] Yeah, well, I'd love to hear if our Auditor General then finds that to be, you know, an appropriate response to the recommendations that are noted here as being overdue. I don't know if there's like a formal statement that is exchanged so that things don't look late if they're not late but the slides from the auditor say that these things were due December 2025 and they're not done so mr. Sethi just provided some updates are those satisfactory how do we go through this so

[00:41:43] we know what is due and what is not or what is outstanding what's not thank you Miss Marin so we like when Miss Moore explain our quarterly check-in process that we are working with our state holders regularly to ensure like you know with due diligence that the recommendations are being closed so this one was I think is particularly more complex than the other ones because he's involved multiple offices because his procurement office and he's also involve the the the data the system checks and to ensure that that process

[00:42:21] is part of the procurement and so everything everyone understand kind of where the division is heading to so I think we for keeping up process we will keep the due date as December 25 and highlight them for audit committee to be aware that we are we have been waiting for the updates to come through and then And we will keep on following up on them so that we will provide another update at the Audit Committee in three months.

[00:42:50] And then we will ensure and working closely with our DIT colleagues to ensure that what they are going to update satisfy completely about the ask from the audit. And then we will bring it back to the Audit Committee.

[00:43:06] Ms. Henderson? This is actually an OAG process question. Some of the audit items, it does seemed like it takes a long time to get completed and you know sometimes for justifiable reasons and sometimes it's not so obvious but I think what kind of adds a layer of complexity to it is that we seem to get these updates pretty late so that what we're reading then isn't the most up-to-date information so it gets a little bit confusing during the meeting like these are updates as of

[00:43:42] July 31st and we had a meeting in August but we're discussing them now so So, and then I see that the next update is supposed to be as of October 31st, but we're not going to see that until February. Is there a way to better line up the updates so that they're closer to our meeting times?

[00:44:01] Is that something that can be looked at? Yeah, thank you for the question, and that makes a lot of sense. But at the same time, as an auditor, we have to validate it, what management said, right? So like for example, this recommendations were due back in July 31st.

[00:44:19] And then we have to follow up with management what they have done, demanding or requested documentation to substantiate. If you say you have done that, showed us the evidence. And it takes time. Sometimes it may be some kind of negotiation to write, I see this, but then your statement said that it's not quite exactly.

[00:44:39] And then we may have a dialogue of discussion. So now we are in the month of October. And so August, I would say, is a little bit tight. But we can re-examine, Nanette, with the question. The next one will be for-- is it October?

[00:44:57] October 31st. So we can see if we can get all the supporting documentation and be able to validate before the December 7th meeting. But it also requires a lot of support from management as well to ensure we get the documentation timely and be able to validate that.

[00:45:16] But we can work towards that. Great. I will take a turn. So I know our CTE staff has graciously made time to be here today. So I wanted to just continue the conversation that's been ongoing both at this table as well as at the FATE presentation over the summer.

[00:45:41] So can you speak to, and if we can get the clerk to move down to the item number that dealt with-- there we go, last slide, yeah, 10. Can you speak to the changes that have been made in the process, as evidenced here, and how you feel those are being implemented?

[00:46:04] Sure, thank you. From our CTE office, we've been working over the past year and a half to two years with all of our automotive programs working with the auditors as well to update our processes for the automotive programs which we have 13 of them in our school district over the course of the year we have updated regulation 3620 as of I believe was last year yeah effective 116 2026 so we've updated that we've also put in new processes for our repair orders that they conduct at the schools is completely through our Great

[00:46:44] Plains system now where the inventory at each school that holds inventory is tracked and documented on every repair order every repair that is done if they do not have an inventory of the school was also tracked and coincides with a vendor ticket from the from the supplier as well as invoicing the amount for that so we have we've done a good job of streamlining every school all 13 schools are now using the Great Plains system which we have access to to see and overlook all of the financial that they are preparing for the repair orders as

[00:47:22] well which we did not have that process in place prior so we we've streamlined that as effectively and all the schools are using them at this point okay well that's I mean it's good news and I'm grateful to the audit team who is who's brought forward these concerns that have led to these changes this has been you know we've had some persistent issues with with auto sales program which is a fabulous program but I'm glad to see that we're bringing it into the systems appropriately and making sure transactions are being conducted

[00:47:58] appropriately any other questions on these okay great we will then move on to item number 1.06 oag internal inquiry updates I call on general co oh sorry engagement status updates I call on miss Moore thank you Ryan I will be providing a status of all oag engagements for FY 27 we are currently

[00:48:33] all audits are on track to be completed based on our timeline some of the key updates relate to the local school activities fund year-end audit that ends June 30th, 2026, which includes our continuous monitoring. This is a carryover from FY26. The audit is currently in the reporting phase and will be presented at the audit committee in December 2026. The FY26 specific contracts vendor management audit, which is a carryover, is what Luke just presented to us today.

[00:49:05] The fundraising activities audit, we are currently wrapping up the planning section session of the audit and the report is for schedules to be presented in February or April of 2027 the FY 27 specific contracts vendor management audit we're currently wrapping up the planning and this is with the Department of Information Technology contracts the report is scheduled to be presented to the audit committee in February of 2027 as it relates to our other O AG duties we have our FY 28 risk assessment process we have conducted started

[00:49:44] conducting our risk assessment process to include benchmarking conducting surveys interviews and can collecting financial impacts on our on some of the audit topics the next thing is our fraud waste and abuse increase Esther will be presenting those numbers following this presentation the recommendations follow up out of recommendation follow up as of July 31 is completed and that's what I just previously presented and also we have our outreach and education always you will co-present with the Office of Staff Development and Learning on

[00:50:19] December 4th the topic is audit as ally strengthening district culture culture through ethical competencies and decision-making and for more information our audit topics are included in an appendix to this chart and I'll pass it back over to Ryan for any questions great any questions on the engagement status yes I was looking at the colorful chart and I think I misunderstood some of the timelines can you just refresh on the status for the athletic programs and for the fundraising like when that report is

[00:50:59] expected sure so the athletic programs we have not started that that's scheduled to start around January or February and I believe our report date will either be June or whatever the next audit committee day is after the year and then the fundraising activities and fundraising activities audit that one we're currently wrapping up planning and we're scheduled to present in either February or April of 2027 okay does the audit committee ever review plans like we review them annually and as part of them I meant like yes thank you I meant

[00:51:36] like the detailed planning like I wonder if some of them like would we have suggestions on places I think if you wanted to bring suggestions they could be shared here like if you wanted to accelerate something or push something back I don't know that I do I just was wondering you know if the auditors engage the committee members for any input or guidance or ideas depending on the topic especially yeah and I really appreciate that so maybe I can also explain a little bit that we intentionally start with the fundraising audit first and then followed by the athletic funds audit so that we can know

[00:52:16] a little bit more about the fundraising general practices and then lead into more specifically for the athletic side and then secondly as you mentioned about the objective and planning memo how like and what aspect for example of fundraising are we looking at? What aspect of athletic fund programs are we looking at? They are detailed in the appendix of this document as Danelle referenced to and then they are they were being like Ryan mentioned they were being reviewed by the board and then also the audit committee during the risk

[00:52:53] assessment process so that we know a little bit more right because some of the audit topics are very broad so I would like to be very like a little bit more specific about what aspect of that audit audit topics that we're looking at and making sure that we are responding to the risk that the audit committee are thinking the same way so so we discussed that and then if there are any further discussion of course that we can you know discuss that at the regular audit committee meetings as well but if there are a major change for example then it may need to bring it back to the board through our audit

[00:53:32] OAG charter that the board may need to re-approve that. But if it is like minor adjustment, and I think that we can consider that in the audit committee meeting. Thank you. So maybe if I share an example, it can help better communicate what I'm thinking. So like ticket sales, right?

[00:53:48] We have theater groups selling tickets. Booster clubs selling athletic tickets. PTA might sell tickets to the sixth grade basketball game. I'm wondering, how is all that being done? It seems like it's done differently in different schools. I'm not sure if there are any controls on that.

[00:54:04] I think some schools are paying for an e-ticket service. Now, I recall the superintendent sending an update to the board about something becoming more standardized. And so that's the kind of thing I would hope would be part of your approach. So I don't know if that's information. Like if we have a conversation, I could say, hey, I think this could be a place to dig.

[00:54:22] Or that's the kind of thing. - Yeah, and of course, I think working together as collaborative is definitely the way to go, Melanie. And for the specific example that you mentioned, and I'm very glad to say that our team, we have seven members here, so this is all OAG, Office of Auditor General, so we do go to gate receipts visit, like after school time, and then we select, for example, some of the major athletic games, like football game, And then last year, I believe, we started going

[00:54:57] to the performing art performances as well to ensure that do they have one entrance, what kind of system do they use. And in terms of systematically, I know that CIMA, our controller, actually has been spending a lot of time to kind of ensure that we have a system in place for collection, to use e-text, or I believe that we even are in the pilot situation for using Apple for our phone to improve the process further.

[00:55:30] Sima, do you want to speak to that rollout? Sure, I can speak to that. So we don't really allow schools to come up with their own ticketing method of taking in the intake of tickets and the sales. So we centrally manage that.

[00:55:46] Right now, our vendor is eTix. We've been hearing a lot from schools and others that we need better methods of collecting at the gates. So we want to have more opportunity to have Tap and Pay, Google Pay, Apple Pay, and all the nice things that the young people are using nowadays, which eTICS does not provide.

[00:56:12] So we are now doing a pilot with-- we already have MSB. So MSB has a whole ticketing component, which is more robust. And we're doing a pilot on theater first. We selected two schools. And then we're going to do athletics in spring, and then roll out the whole new ticketing method at the next school year.

[00:56:36] So we do do that centrally. Well, thank you. That is helpful. I mean, I just want to say, as a parent, I've been asked to pay for tickets on school bucks. You know, I mean, this is FCPS, right? Things get done different ways.

[00:56:52] And so I'm just wondering, what are you defining as qualifying as a fundraising activity? Is admission to the Friday Night Football game fundraising? I think that's really at the core of this. Are my PTA dues considered fundraising? Because I do donate money to that.

[00:57:10] Are the same activities being charged similarly across schools? Is a theater show at one middle school the same price as a theater show at another? Eventually, what I'm trying to figure out is, are the schools spending money on systems that we should centralize and pay for?

[00:57:27] Are there certain activities that we could actually offer for free? I mean, it's tough that we charge for all these things when sometimes we're just trying to get people in the door. We're like, well, can you pay to come to this, that, and the other? Are they fundraising for things that are even allowable? Like, are they purchasing more staff time or coaches?

[00:57:47] There's a really big variety of things here. But I think that the piece of it is what qualifies as a fundraising activity? Maybe it's more about what's ticketed. That's one aspect. But is it fundraising? So I would like to see just a real clear understanding of all the different types of money collecting that are happening for extracurricular stuff.

[00:58:12] And we could look at the platforms that are used and then enforcing it eventually. But I think those are really important questions to know. - Yeah, I think this is a great avenue to, thank you for your thoughts, and we have our fundraising audit lead here, so we take good notes about that, and then we can define what is a fundraiser, and then there are three objectives for this audit.

[00:58:39] The first one is really looking at checks and balances, and that we can certainly incorporate, Melanie, what you just mentioned into that. Secondly, to see if any schools are using any unauthorized platform, Because to me, like you mentioned, maybe the equity component, how much it was charged per event across school, that will be something that we can collect, may have data to look into.

[00:59:04] And the third one is to look at how the other school districts may be doing with fundraising. So we have these three-- and I'm just using more layman term to explain the three objectives. But we can certainly consider what you just mentioned in our planning, and then to see if we can come up with audit plans to test them accordingly.

[00:59:30] Mr. St. John Cunning. Yeah, so kind of to follow up on some of this, because we have been talking about fundraising before an audit, as you're going through this, is how is FCPS evaluating financial and legal risks associated with third-party online fundraising platforms?

[00:59:52] And the mention of PTA, which is entirely different organization and you have to pay the dues to the national state PTA versus a booster club how all of that is going to be worked out is one of the things that I'm concerned about and how will this help standardize some MOU templates so that parents and volunteers you know aren't overwhelmed legal paperwork and so that there's a consistency because I think it's there

[01:00:28] is I believe that from my past experience working in these booster clubs and again the gamut from PTA at elementary to when you go all the way to high school and you have all the other extra activities you know will there there'll be templates that can help or I guess when your audit identifies things like if you would take a look at that so that there would be that consistency I I think it's kind of along the same line of what Ms. Marin is looking at, you know, just asking those questions of you guys will be looking at that.

[01:01:06] So I can give you like a sneak peek a little bit of what we're looking at. So I think we're trying to be very intentional with how we're defining fundraising activities. So part of what we're doing is we're talking with like school leadership. We're also talking and sending questionnaires out to individual principals just to gauge exactly what is going on in their schools trying to really define a population of the activities happening both school sponsored as well as school support organization sponsored I think as far as the you know the legal risks and financial risk with the third party platforms so there are within

[01:01:44] regulations prohibitions on some of these platforms what we're doing is we've actually reached out to some of them requested data on which fundraising projects were initiated within the county already so we have that data that's part of what we're going to be testing definitely to see exactly which schools have had projects funded at on these prohibited platforms but then as well as working with the platforms to determine are there safeguards that we can apply at FCPS to then allow them to potentially continue fundraising on these platforms as long as there's guardrails to it but I think it also

[01:02:22] depends on what are the other school districts doing so it sort of ties into what are the other school districts doing how do we define fundraising and then I think more so like the MOU defining what

that might be more of a role of management to decide I think what we'd like to do is come with come to like a conclusion as to what we see across the different divisions and then let them make the decision as to how what they want to put in place but as long as it's like a standardized process that applies to all schools I think that would be satisfactory for us but we don't want to box them into something that they have to do thank you I'm gonna shift gears here because of how

[01:03:02] comprehensive all of this in terms of teacher licensure verification are there automated support and notification systems that exists within HR to help teachers renew licenses well before expiration like is there a way that that can be triggered for teachers to know that it may be a management question because we actually haven't start doing that audit yet yes ma'am there is oh I don't know that it's automated but I know that HR contacts individuals offers tutoring offers supports there's a whole timeline chronology of notification and

[01:03:41] support that's offered okay and actually I got this question from someone that used to do some of this work is how can school-based staff participate in the three-hour audit as an ally zoom sessions during the school day without creating coverage issues in their schools all FCPS employees can register for it is under my PDE in our website and our community members are welcome as well the question was how can they do it it's a three-hour audit session and that's going to create coverage issues in the schools got it got it got it how can they

[01:04:20] do that so if I'm the finance tech and I want to take it you've got three hour block we I do not have the participant list in front of me missing John's cunning but I do think that sometimes we have school based staff members who can join maybe with more detailed planning with their supervisors and and I welcome staff to provide us with feedback too right for us we try to provide as many relevant training as possible so that all staff can take advantage of that but if they run into any logistics issue they can let me know

[01:04:57] maybe I can have a one-on-one tutoring class with them like a shorter version right so that that everyone can take advantage of it we also in the summer there were summer sessions which wouldn't have required that I know I've got questions all over the place and then just towards the end of the report when so the asset usage right is what generates most of the inquiries right that you guys get for fraud and abuse so do we have clear was that the next

[01:05:35] report have I okay yeah that's the next report sorry okay miss Marin you have a go back yeah okay I'm really excited about this fundraising thing but I just want to add a few more thoughts to close it out so it sounds like there you know there's an interest in the events and that's great but like I go to the theater and my son always asks me to buy him candy that's is that a fundraising event like right there and it's usually cash and carry purchasing goods spirit where I mean that's a thing so the way I see it though is audit you're collecting info and maybe there's info that will be collected that won't

[01:06:11] be central for the audit but like for me I see an opportunity to collect information to scale that can inform the board's work you know knowing does Does every high school have a booster club for every sport? Those are kinds of things. Does every school have a PTA?

[01:06:26] Is it a PTO? I don't know if that's outside the scope of what you're doing, but that has the potential to inform so much of our work. How much funds are being raised to supplement or enhance programs? We've got marching bands raising \$20,000 over a weekend at times.

[01:06:45] How is all that accounted for? What does it do for the student's experience? Is it all secure? We want to make sure it's secure. We've got teacher wish lists. We've got donations of goods for raffles. All this stuff. And so if you want to define it, that it seems really needed.

[01:07:04] And I know you mentioned the goals of the audit. But again, I think that understanding all of the extra funds that it takes to provide the world-class experience that our students do, knowing that it's not equitable across schools, I think That would be such powerful information for us to know, in addition to making sure it's secure and we're not also duplicating fees for different platforms.

[01:07:29] Happy to talk further offline. Great. Seeing nothing further on this, we're going to move forward to item 1.06, OAG internal inquiry updates. So over to General Koh.

[01:07:46] Thank you. So this is our last public meeting document. And before I forget and get to it, and I would like to introduce our newest member to our Office of Auditor General Team, Miss Sabrina Boyd. She's our Auditor Three, which is the most experienced auditor level.

[01:08:06] And so she has a lot of experience from financial services. We are very happy to have her. So, welcome. Okay, so with that, for this item, I bring to the audit committee regularly about our statistics and also the work that my office has done about the Fraud Ways and Abuse Hotline.

[01:08:29] And not only the hotline, the phone number itself, but we also have an email account. We have direct mails. And people sometimes walked in to our office to provide us with concerns or information. So here, I just want to say a big thank you to all the claimants who report with good faith and to share information that they know with us.

[01:08:51] As I have shared in many different avenues that one of the key methods for us to identify issues before it becomes an issue is to see something, say something, so I have to say that out here, especially for the community members or the employees who are watching today audit committee meeting.

[01:09:11] So with that, I would like to say that for the three months, for this fiscal year, July 1 through September 30th, we have received a total of 25 cases. So you can see that as the last column under fiscal year 27.

[01:09:27] And here we try to lay down the landscape of the different inquiry areas across different fiscal years. So committee members can see that the workload that we have and it's under steadily increased over this four years and three-month time frame.

[01:09:50] So I would like to highlight that the reportable shares, the amount of reportable situation, is on the rise. And you may ask me what reportable means. So the definition is included under NOx 8.

[01:10:07] So reportable means that there may be credible evidence of fraud, waste, and abuse. Or there are situations involving maybe with school board or with the leadership team members, or situations that may generate systematic control deficiency.

[01:10:23] Or when there are situations that we obtain credible evidence that we may have some students who actually live outside of the county, and then their address is not in line with what they have provided in our school information system, and without paying the necessary out county fees so those are considered as reportable as you can see on this chart that those shares of reportable cases are on steady increment so for us how I interpret that is that the good faith reporting has steadily increased so for

[01:10:59] me is a great story to tell and I would like to share that at the audit committee here so for a situation that that may derive with reportable that I will be presenting to the audit committee sometimes it would need to be presented in the closed meeting because of the personnel matters that are involved so with that I would like to hand the time back to Ryan and see if there are any questions yeah missing check any yes I was getting ahead of myself so I mean looking at the charts and seeing that the majority of what we're getting is on

[01:11:37] you know the use of property and stuff so wondering if we need to refresh training on school property protocols like in at what level you know at the individual district level you know where should we do that so that people since a lot of those reports were coming through about that and people may just not know you know maybe they might just need some refreshers thank you and yeah as you correctly pointed out that the use of assets are number one you know at the highest level for the types of cases that we received and what does it

[01:12:13] include in addition to property like meaning some tangible things that we can touch and feel but it also include time so use of time so we have received cases maybe there are situation that that the employees may not work for the full contractual hours that they are supposed to and to me is actually is like an awareness right we want to ensure that that employees and community members they are aware of this method to report but then also ensure that that people are

[01:12:48] reporting time for example correctly as well so through this avenue that that we report at the audit committee I really hope that that our employees really is aware that that there is a checking mechanism right that that we really holding each other accountable so so in this avenue and then also the fact that that my office is also checking and then report to the audit committee sometimes with the specifics as well for this particular situation because there are some personnel matter that we have to discuss in an other

[01:13:23] forum not in a public forum but I hope that that that there can be checks and balances and controls be in place so going forward that that we can reduce the amount of situations that may generate a credible evidence of fraud waste and abuse in those areas thank you and then my next question is going to go to the residency requirements in terms of we also get a lot we also get a lot of those and in getting all of those number one do you see that there is probably a need to provide extra supports because I know a lot of that comes through front office staff through the SIA operator like is there enough

[01:14:03] supports for them to maybe even be able to identify it I mean some of them are reported but I know how there's ways that you can look but if there's not enough supports there necessarily you can't be identifying that so in what you've looked at do you think that that's something that needs to be looked at yeah I I would like to hear like you know management what do they think too because for this for residency this is one of the category that that we could not really drilled in too much, because you will need someone to really check out whether the families, the students, resided at the reported CIS address or not.

[01:14:43] Then you can find out, oh, maybe not. And then you can look into that further. So I would like to see if management believe that there is adequate controls, checks, and balances in place for residency cases. And for us, when we receive the cases, we refer them to the chief experience office for them to look into that further.

[01:15:09] Yeah, we'd want to get back to you on that. I mean, that's a large question. Yeah, no, thank you. Again, going from what my experience is, and I don't have any more questions. But I really do want to thank you for all the work you've put in here to make this report possible, because there is a lot of information.

[01:15:25] I think we could drill down on each one of these and spend an entire session on each one of the presentations but thank you for all the work that you put into it thanks Marcy and I would just add from my personal perspective I would be grateful for just a update from administration not only on what miss st. John Cunning reference but also the number of folks we have doing residency checks now and just a general update on that situation overall okay well with that we conclude this public portion of the meeting.

[01:16:02] So the audit-- oh, sorry, where we will be recessing. So the Audit Committee will now make a motion on October 12, 2026 to go into closed meeting to discuss personnel matters pursuant to section 2.23711A of the Code of Virginia and to consult with legal counsel regarding specific matters requiring provision of legal advice by such counsel pursuant to section 2.23711A7 and A8 of the Code of Virginia, specifically A, student discipline, and B, personnel matters.

[01:16:29] to have a motion moved by Ms. St. John Cunning, seconded by Ms. Marin. All those in favor? That is a unanimous, including Mr. Moon, online. OK, thank you, everyone. There is a pizza sitting over there, if anyone wants to grab a piece on the way out from an event earlier today.



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