

McLean Citizens Association



One Hundred Years and Counting

**McLean Citizens Association Resolution  
School System Financial and Program Audits  
January 7, 2015**

**Whereas**, the McLean Citizens Association (MCA) Board of Directors passed a resolution on November 7, 2012 regarding School System Financial and Program Audits calling in part for changes in the composition of the Audit Committee of the Fairfax County Public School (FCPS) School Board to ensure its independence from management, see Attachment A; and

**Whereas**, the School Board subsequently voted to create a new Auditor General position, to be held by someone who would supervise both financial and performance audits done by the existing FCPS internal audit group; and

**Whereas**, the School Board subsequently voted for a FY 2015 Audit Plan, which did not allocate any internal auditor time or resources to analyzing FCPS program audits done by the Office of Program Evaluation under the FCPS Superintendent; and

**Whereas**, the School Board has been considering a proposal to add two community appointees to the Audit Committee; and

**Now, therefore, be it resolved** that the MCA:

1. Commends the School Board for:
  - a. creating the Auditor General position;
  - b. increasing the number of internal auditors who will report to the Auditor General; and
  - c. adopting a FY 2015 Audit Plan that includes some performance audits; and
2. Urges the School Board by July 1, 2015 to increase the functional independence of the Audit Committee by changing the Audit Committee membership to:
  - a. add two community appointees selected solely by School Board members, at least one of whom qualifies as a financial expert as described in Government Finance Officers Association Best Practice for Audit Committee, and
  - b. remove the three non-voting managers who currently serve as non-voting members or participants on the Audit Committee; and

3. Urges the School Board, in consultation with the Auditor General, to adopt Audit Plans for FY 2015 and subsequent years that allocate substantial time to having internal auditors:
  - meet with the FCPS Office of Program Evaluation (OPE) regarding the design and methodology of program evaluations, and
  - analyze OPE's program evaluations, and
  - report to the Audit Committee and, if appropriate, the full School Board on what was and was not analyzed in FCPS program evaluations, and
  - identify processes needed to ensure independent, objective and transparent program and other performance audits by the beginning of FY 2016.

Cc: Tamara Kaufax, Chair, FCPS School Board  
Ted Velkoff, Vice-Chair, FCPS School Board  
Ilryong Moon, Chair, FCPS School Board Audit Committee  
Dan Storck, FCPS School Board Audit Committee  
Pat Hynes, FCPS School Board Audit Committee  
Jane Strauss, FCPS School Board Audit Committee  
Dr Karen Garza, FCPS Superintendent  
Sharon Bulova, Chair, Fairfax County Board of Supervisors  
John Foust, Chair, Fairfax County Board of Supervisors Audit Committee  
Michael Frey, Vice-Chair, Fairfax County Board of Supervisors Audit Committee  
Pat Herrity, Fairfax County Board of Supervisors Audit Committee  
Michael J. Hershman, Citizen Appointee, Fairfax County Board of Supervisors Audit Committee  
Christopher Wade, Citizen Appointee, Fairfax County Board of Supervisors Audit Committee  
Ed Long, Fairfax County Executive



**McLean Citizens Association Resolution**  
**School System Financial and Program Audits**  
**November 7, 2012**

**Whereas**, the county's FY 2013 Budget includes a transfer to Fairfax County Public Schools (FCPS) totaling \$1.85 billion, or 52.2 percent of total county disbursements; and

**Whereas**, the Government Finance Officers Association (GFOA) Audit Committee Best Practice emphasizes the responsibility of the audit committee to provide independent review and oversight, and recommends that audit committees have access to at least one financial expert; and

**Whereas**, other jurisdictions' school board audit committees include voting members other than school board members, to provide financial expertise; and

**Whereas**, other jurisdictions' school board audit committees exclude individuals (other than School Board members) who are currently employed by the school district, or who provided goods or services to the school district in the prior two years; and

**Whereas**, the GFOA defines a financial expert as one who, through both education and experience, and in a manner specifically relevant to the government sector, possesses:

- 1) an understanding of generally accepted accounting principles and financial statements;
- 2) experience in preparing or auditing financial statements of comparable entities;
- 3) experience in applying such principles in connection with the accounting for estimates, accruals, and reserves;
- 4) experience with internal accounting controls;
- 5) an understanding of audit committee functions; and

**Whereas**, the FCPS Office of Internal Audit does not evaluate FCPS policies, programs and its use of funding, staffing and other resources to ensure that they are deployed consistent with the School Board's intent; and

**Whereas**, FCPS programs are evaluated by the FCPS Department of Professional Learning & Accountability, which reports to the Deputy Superintendent; and

**Whereas**, the School Board Audit Committee includes three voting School Board members without financial expertise as defined by the GFOA and three non-voting managers plus a staff liaison; and

**Whereas**, the "School Board auditor" is not independent of management because she reports to an Audit Committee that includes the Superintendent, Deputy Superintendent and CFO; and

**Whereas**, the Superintendent and his staff participate in the hiring and evaluation of the "School Board auditor"; and

**Whereas**, the Supervisors' Audit Committee is comprised of four Supervisors plus two community members appointed by the Supervisors, and includes multiple financial experts; and

**Whereas**, the Fairfax County Board of Supervisors' Internal Audit Office "evaluate[s] the adequacy and effectiveness of the system of internal control and the quality of program performance"; and

**Whereas**, the Supervisors' separate Office of Financial and Program Audit (OFPA), led by the Auditor to the Board, provides an "independent means for determining the manner in which policies, programs and resources authorized by the Board of Supervisors are being deployed by management consistent with the intent of the Board;" and

**Whereas**, the Supervisors select, evaluate and fire their Auditor of the Board; and

**Whereas**, the transparency and financial accountability of the school system would improve if the:

- (1) School Board Audit Committee included two voting community appointees with financial expertise within the meaning of the GFOA who are completely independent of management; and
- (2) School Board Audit Committee did not include any managers, even as non-voting members; and
- (3) School Board established a separate Office of Financial and Program Audit, led by an independent Auditor who is hired and evaluated solely by voting Audit Committee members;

**Now, therefore, be it resolved** that the MCA urges the School Board to:

- (1) add two or more voting community representatives to the School Board Audit Committee, who are qualified financial experts as defined in GFOA best practices for audit committees and who are completely independent of FCPS management; and
- (2) remove FCPS managers from the School Board Audit Committee; and
- (3) establish a separate School Board Office of Financial and Program Audit to perform functions similar to those performed by the Supervisors' OFPA, and to be managed by an Auditor of the School Board who is hired by, evaluated by, and reports solely to an Audit Committee that has no members of management as voting or non-voting members; and
- (4) change the title of the "School Board auditor" to "Director of Internal Audit," to more accurately reflect the responsibilities of that position and clearly distinguish it from the new position for an Auditor of the Board.

*Approved by the MCA Board of Directors*

*November 7, 2012fv*