



# **Fairfax County Public Schools Internal Audit Office**

**Audit of the Technology Opportunities Program Grant**

**November 2007**

*"promoting an efficient & effective school division"*

# Executive Summary

Our review of the Technology Opportunities Program (TOP) grant for the WeCare@School project revealed that the grant appeared to be in compliance with the regulations set forth by the Technology Opportunities Program, the U.S. Department of Commerce, the U.S. Government, and applicable Fairfax County Public Schools (FCPS) regulations. In general, funding appeared to be used in accordance with grant requirements and reports appeared to be timely and adequately supported. However, there were two areas where controls could be strengthened:

- Documentation supporting all hours reported on the “In-Kind Match Contributions for Federal Programs Service/Activity Effort Certification” timesheet should be maintained in accordance with the retention period of the grant
- Current hourly wages should be used to calculate In-Kind expenditures for all reported hours

## Background

WeCare@School is an automation system project for Fairfax County Public Schools (FCPS) intended to improve the collection and communication response time of student information in the event of health, safety, or security emergencies. Collection of student information would be improved through an automated system enabling parents or guardians to submit or update student information online via a web-based application. In addition, authorized personnel would be able to access the student information database via wireless handheld technology. Student information would also be more readily available, while maintaining necessary security.

Historically, FCPS maintained student information with a paper based system that could be cumbersome and slow especially in emergency situations. Student information was acquired through paper forms completed by parents at the beginning of each school year, for athletic participation, and for each field trip. For example, in a given year, a student who participated in three sports and went on two school sponsored field trips would have six separate emergency forms on file. Access to this information was slow due to the combination of the paper based system and the size of the student population. In addition, maintenance of a system with this volume of paperwork presented its own set of issues.

Under the new system, parents would access an online database and post or update student information as necessary. Parents would be required to authenticate their identity before access was granted. However, the current paper based collection of student information would remain in place as an option.

Access to the student database through handheld devices would make acquisition of student records easier and quicker. Security would be maintained by requiring authentication before access to student information was granted. Student information would be stored on a database and not on the handheld devices, which only provided access to the information.

The proposal for the WeCare@School grant was accepted by the Technology Opportunities Program (TOP) in 2004 with the award period beginning on October 1, 2004. FCPS has partnered with webMethods, the Northern Virginia Technology Council Foundation, and Cisco Systems Inc. to develop the WeCare@school system.

FCPS is responsible for meeting the requirements of TOP as set forth in the award documentation for the WeCare@School grant. FCPS must comply with all applicable standards, both in general for federal grants, and for standards specific to this award.

## Scope and Objectives

This audit was performed as part of the fiscal year 2007 Annual Audit Plan. The audit covered the period of October 1, 2004 through March 31, 2007 and was conducted in accordance with generally accepted government auditing standards. Our audit objectives were to determine that grant funds were used, accounted for, and managed in accordance with the grant.

## Methodology

Audit methodology included a review and analysis of compliance with the general terms of the grant as set forth by the TOP grant program, including the Department of Commerce Financial Assistance Standard Terms and Conditions. Also reviewed were Special Award Conditions for compliance with more specific terms of the TOP grant. Our audit approach included a review of bi-annual financial reports and quarterly performance progress reports, interviews with appropriate employees and a review of applicable regulations and procedures. Information was extracted from the FAMIS Accounting System for sampling and verification to source documentation during the audit. However, our audit did not include an independent review of the system controls. Our transaction testing did not rely on those controls; therefore, this was not a scope limitation.

During the audit period a total of five bi-annual financial reports (SF-269) and ten quarterly performance reports were submitted. Each of these reports were reviewed for completeness, comparison of information reported to planned or anticipated activities, timeliness of submission, approval status, agreement with support information submitted, and mathematical accuracy, where appropriate.

Further review of the bi-annual financial reports was conducted on a sample basis. Three reporting periods, 10/01/04 to 03/31/05, 10/01/05 to 03/31/06, and 10/01/06 to 03/31/07, were judgmentally selected for review. For each report selected, 100% of the reported expenditures were reviewed. This included a verification of the rates used to calculate the in-kind hour expenditures for this period. As a total of 138 different individuals reported 2,779.07 hours for the three reporting periods selected, the number of in-kind hours was subjected to further selection for a review of supporting documentation as follows:

- All individuals with a total of ten or more hours for the three reporting periods were judgmentally selected for verification (49 individuals)
- Of the remaining 89 individuals, not meeting the ten hour threshold, 26 were randomly selected
- For each individual selected, the month with the highest reported in-kind hours was verified

This criteria resulted in a total of 75 individuals and 1002.35 hours selected. Support documentation accepted as suitable for verification of work performed included Magic Tickets, Outlook Calendar appointments, email communications, meeting sign-in sheets, and third party confirmations.

The FCPS Office of Internal Audit is free from organizational impairments to independence in our reporting as defined by generally accepted government auditing standards. We are organizationally part of the Office of the Superintendent and report directly to the Audit Committee. Organizationally, we are outside the staff or line management function of the units that we audit. We report the results of our audits to the management of the department under review, the appropriate leadership team member, the Superintendent, and the Audit Committee, and reports are available to the public.

## Findings, Recommendations, and Management Response

### 1. Support documentation was not maintained for all in-kind hours reviewed

Appropriate support documentation for 83.55 hours of the 1002.35 hours included in our sample could not be provided. The hours represent some, and in certain cases, all the hours submitted for 17 of the 75 individuals reviewed. Supporting documentation should be available for all hours submitted. Individuals completing the “In-Kind Match Contributions for Federal Programs Service/Activity Effort Certification” form certify that supporting documentation is available.

**Recommendation:** Documentation supporting hours reported on the “In-Kind Match Contributions for Federal Programs Service/Activity Effort Certification” form should be maintained in accordance with the retention period of the grant. Criteria for appropriate documentation in support of In-Kind hours may include but are not limited to IT Magic tickets, meeting sign-in sheets, Outlook calendar appointments, email communications and examples of work produced.

**Management Response:** The WeCare@School grant project retained the outputs of the work performed. This included documents such as purchase orders, invoices, reports, presentations, meeting minutes, software development documentation, change requests, and trouble tickets. Retention of these documents enabled the audit group to verify nearly 92% of the hours reported in the sample selected. It should be noted, however, that the TOP grant did not clearly specify retention requirements nor provide guidance on what documentation would be sufficient for verifying in-kind hours.

The WeCare@School project is now past the period of performance for the grant. Thus it is not possible to adjust for the creation and retention of additional documentation. However, we will provide instructions to staff on the archival and retention of existing project documents by November 2007. In addition, for future grants, we will collaborate with the FCPS grants office upon project initiation to establish document retention standards.

## **2. Hourly rates used for expenditure calculations resulted in a net understatement**

Hourly rates used to calculate in-kind expenditures for 33 of the 75 individuals reviewed did not agree with their hourly rates for the period being reported. The cumulative result was a net understatement of \$445.11 for the 1002.35 hours reviewed. Due to this net understatement, the benefit calculation used for financial status reports (SF-269) may result in an additional understatement of expenditures.

**Recommendation:** Hourly rates used for in-kind expenditure calculations should represent the employees' actual rate for the period being reported. Rates can be obtained from the unified hourly salary scale or from the Employee Customer Service Center.

**Management Response:** The WeCare@School project provided a web site with the time sheet form, a filled-in example, and the hourly rate schedule. We also provided monthly email reminders on time sheet submissions and an annual reminder on the change in the hourly rate schedule due to cost of living increases. We also provided personal guidance to staff on the proper completion of the time sheet forms. The cumulative net understatement of \$445.11 constitutes a 1.1% error on the total expected dollar value for this sample of \$38,751.61.

The 1.1% understatement was a result of human error. These errors resulted from staff that inappropriately rounded their hourly wage rates or did not take into account the effect of their step increases. It should be noted that an employee's grade, step, anniversary date, and hourly wage rate were not available in UConnect or the employee's pay advice statement. To reduce the likelihood of these errors for future grants, in November 2007, we will submit a software change request for UConnect to be modified to include employee grade, step, anniversary date, and hourly wage. In addition, for future grants, we will provide the financial analyst charged with processing time sheets with sufficient access to Lawson in order to verify reported hourly rates.