



MEMORANDUM

DATE: November 8, 2019

TO: Audit Committee of the School Board of the City of Virginia Beach

FROM: Terrie L. Pyeatt, CPA *tlp*
Director, Office of Internal Audit

SUBJECT: Expenditure Analysis – Department of Technology

BACKGROUND

As part of the FY19 Audit Work Plan, the Office of Internal Audit (IA) has performed an Expenditure Analysis for the Department of Technology (DOT). This work does not constitute an audit conducted in accordance with generally accepted government auditing standards.

DOT's mission is to advocate for and enable the integration of technology and information resources in curriculum, instruction, assessment, and administrative functions.

PROJECT OBJECTIVES

The primary objective of this project was to ensure expenditures were properly processed.

PROJECT SCOPE AND METHODOLOGY

IA reviewed non-salary/benefit related expenditures recorded in the Technology (64900) and Technology Maintenance (68400) budget codes of DOT for the period July 1, 2018 – June 30, 2019. For this period, 1,418 expenditures totaled \$5,867,677. IA examined approximately 99% of the dollar value and the number of these expenditures. IA regrouped and summarized the transactions based on expenditure type.

IA reviewed these expenditures and supporting documentation to determine if:

- The payment amount and payee matched the supporting documentation;
- The payment was made in a timely manner;
- The general ledger account coding was reasonable;
- Proper approval was obtained;
- The expenditure appeared to align with Technology's function;
- The expenditure appeared reasonable;
- Contracts over \$5,000 were approved by the Office of Business Services;
- Contracts over \$10,000 were reviewed by School Board Legal Counsel; and
- Procurement guidelines were followed on all expenditures, all attached related contracts, and all related purchase orders exceeding \$10,000.

RESULTS

Summary of Expenditures Analyzed

IA summarized the analyzed expenditures into the following categories. Note that these categories are grouped by the general type of expenditure, not by general ledger account code.

Category	Amount
Office purchases	
Computers	\$ 147,763
Out of town learning	34,281
Other materials and supplies	30,439
Furniture, fixtures, and furnishings	28,877
Local learning and local travel	22,619
Promotional items, such as bags and apparel	10,867
Supplies from Office Depot	4,590
Food, on-site and off-site	4,049
Miscellaneous	3,872
Maintenance and support agreements	
Agreements for software - See note A	1,411,406
Agreements for hardware - See note B	783,364
Equipment purchases	
Large screens, monitors, and boards	446,082
Network hardware	292,271
Backup storage	209,864
Lamp replacements	199,873
Other equipment	251,809
Services	
Cabling installation and repairs	335,861
Access switches	313,466
E-rate reimbursement for access switches	(235,057)
Consulting services - Research and advising	221,760
Consulting services - SharePoint	186,375
Cabling installation - Thoroughgood ES swing space portables	146,379
Other services	219,855
Licenses, subscriptions, and software - See note C	780,854
Total expenditures analyzed	\$ 5,851,519

Note A: The majority of this amount, or approximately 80%, consists of maintenance and support agreements for software programs such as Synergy, Schoolnet, Lawson, Bradford Networks (a network access control software), and Microsoft.

Note B: The majority of this amount, or 72%, consists of maintenance and support agreements for hardware such as enterprise printing hardware, Smartnet (network infrastructure), EMC (backup storage), and VMWare (servers).

Note C: The majority of this amount, or 57%, consists of licenses, subscriptions, and software for network monitoring software, Securly (student device filtering software), and ContentKeeper (device filtering software).

Processing of Transactions

We found that the above expenditures appeared to be properly processed with the following exceptions:

Account Coding

IA noted three instances of incorrect account coding:

- Two receipts for food at off-site meetings of \$26.39 and \$34.95 were coded to Technological Services instead of Food Services.
- One receipt for food at an on-site meeting totaling \$151.82 was coded to Technological Services instead of Food Services.

Timeliness of Payments

IA noted 35 instances of invoices being paid late out of 1,401 transactions tested. The department stated the reasons were that, in most instances, the invoices were not received timely from the vendor, the vendor submitted invoices before services were completed, or there were delays in approving or processing the payment within DOT. As a result of this expenditure analysis, DOT examined their bill payment process and plans to modify the way invoices are routed for departmental approval to accelerate the payment process.

Late Fees

IA noted three instances where late fees totaling \$32.28 were paid for invoices which appeared to have been paid promptly.

IA would like to thank the management and staff of the Department of Technology for their assistance throughout this project.

cc: David N. Din, Director, Department of Technology
Ramesh Kapoor, Chief Information Officer