



MEMORANDUM

DATE: February 19, 2020

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

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

**SUBJECT: Change in Principal School Activity Funds Audit
Virginia Beach Middle School – Exceptions Noted**

The school activity funds of Virginia Beach Middle School were audited for the four-month period from July 1, 2019 to October 31, 2019. The primary purpose of the audit was to determine if cash balances were properly stated as of October 31, 2019, but an important secondary purpose was to determine the level of compliance with policies and procedures. This report details the items the Office of Internal Audit (IA) noted at the school that were in direct conflict with Virginia Beach City Public Schools (VBCPS) policies and procedures and/or best practices but do not have a material effect on the financial statements.

Audit results are based on School Board policies and regulations, accounting procedures, and proper internal controls. Audit results are included in this report and were reviewed with the principal. The following items were examined during the audit:

Cash Receipts

- Controls and safeguards over cash receipts;
- Timeliness of deposits;
- Collections by staff and the timely transmittal of these receipts to the bookkeeper; and
- A sample of receipts for accuracy and compliance with policies, regulations, and procedures.

Cash Disbursements

- Canceled checks for proper signatures;
- Procurement for compliance with policies, regulations, and procedures; and
- A sample of expenditures for proper supporting documentation and compliance with policies, regulations, and procedures.

Other Areas

- Fund transfers for proper use;
- Other accounts as to the purpose, source, and use of funds; and
- Analysis of the financial statement.

The following discrepancies were noted during the audit:

Exception No. 1: Incomplete Documentation

Supporting documentation for a field trip disbursement of \$77.00 did not include any documentation from the vendor. The payment was made using a verbal quote. The bookkeeper did not follow up with the sponsor after the field trip to ensure the proper amount was paid. After IA questioned this transaction, the bookkeeper contacted the vendor to obtain an invoice. IA noted the invoice amount matched the amount paid to the vendor. In general, invoices should be obtained and included in the supporting documentation for vendor payments.

cc: Ms. Paige D. Scherr, Principal
Mrs. Cheryl R. Woodhouse, Senior Executive Director of Middle Schools
Dr. Donald E. Robertson, Jr., Chief Schools Officer

Ms. Crystal M. Pate, Director, Office of Business Services
Mr. Farrell E. Hanzaker, Chief Financial Officer