



MEMORANDUM

DATE: September 15, 2019

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: Expenditure Analysis – Kempsville Middle School

BACKGROUND

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

KMS has approximately 100 staff members including the principal and one assistant principal, and has a student population of about 800 students. Money allocated to the schools are based on staffing as well as student enrollment. KMS received an allocation of \$60,415 for FY19.

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 Allocation Fund (106) for KMS's location code (0069) for the period July 1, 2018 – June 30, 2019. For this period, expenditures totaled approximately \$59,992. IA examine approximately 98% of these expenditures. IA regrouped and summarized the expenditures based on expenditure type.

IA reviewed these expenditures 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 KMS's function;
- The expenditure appeared reasonable; and
- Procurement guidelines were followed on all expenditures selected for transactions over \$10,000.

RESULTS

Summary of Expenditures Analyzed

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

Category	Amount
Educational materials/supplies-classroom	
Art	\$ 2,508
Teen Living	1,944
STEM	1,328
Physical Education	712
Math	655
Music	301
Science	292
Furniture, fixtures, and furnishings	
Library furniture	2,365
Office furniture	1,917
Student furniture	1,707
Books	5,982
Conferences and seminars	
Out of town learning	4,531
Local learning	295
Reimbursement from another budget unit	(1,500)
Food, other	
Food, on-site	2,638
Food, off-site	121
Computer equipment/technology related accessories	2,507
Staff and student awards	1,203
Other categories	
Supplies from Office Depot (office and instructional, including paper)	17,350
Printer cartridges/printing charges	5,793
Software subscriptions/licenses	1,835
Printed items (business cards, letterhead, etc.)	1,422
Postage	1,000
Other materials and supplies	973
Dues/memberships	556
Total	\$ 58,435

Processing of Transactions

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

Reasonableness of Expenditures

IA noted several travel expenditures related to the principal’s travel to a San Francisco conference that did not appear reasonable. See details below:

- KMS paid for a four-night hotel stay at a rate of \$629, \$369, \$339, and \$199 per night (excluding taxes and fees) for the dates of 2/14/19 – 2/18/19. The General Service Administration (GSA) recommended rate (excluding taxes and fees) for the same time frame was \$270/night. IA reviewed the conference website noting that there were seven recommended hotels near the conference hotel with conference rates ranging from \$199-\$275. Five of the seven hotels showed that they had run out of rooms at the conference rate. The total hotel cost including taxes and fees for this four-night trip was \$1,925.48.
 - The principal stated that because she began the hotel reservation process near the conference dates, she was unable to find a hotel still offering conference rates nor could she find availability at any other hotel.
- KMS paid the airline an additional \$106.46 at the time the ticket was purchased. The receipt did not specify the purpose of the additional charge.
 - The principal stated that she thought the additional charge may have been an upgraded seat selection charge at the time of booking.
- KMS reimbursed the principal for a \$100 overweight bag on the return flight. The airline’s website indicates that baggage fees are \$30 for the first bag with additional fees for overweight bags.

Timeliness of Payments

IA noted two instances of late payments. See details below:

Invoice Amount	Invoice Date	BuySpeed Receipt Date	Payment Processing Date
\$ 796.73	8/15/2018	7/30/2018	10/5/2018
67.58	9/22/2018	9/25/2018	11/16/2018

We would like to thank the staff and management of Kempsville Middle School for their cooperation throughout this project.

cc: Dr. Patti T. Jenkins, Principal
Mrs. Cheryl R. Woodhouse, Senior Executive Director of Middle Schools