



MEMORANDUM

DATE: February 22, 2021

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: Follow-Up School Activity Funds Audit
Christopher Farms Elementary School – Exceptions Noted**

The school activity funds of Christopher Farms Elementary School were audited for the seven-month period from July 1, 2020 to January 31, 2021. The primary purpose of the audit was to determine if cash balances were properly stated as of January 31, 2021, 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: Collection of Funds

As a result of the fraud that occurred at the school in the previous year, the principal has been actively working with the new bookkeeper and existing staff members to analyze the school's accounts and institute best practices. During this analysis, the principal identified certain processes that were not operating correctly. For example, the principal found that a staff member was collecting funds for the Beach Bags program, not receipting the collections, cashing the checks using her personal bank account, and using these funds to buy items for the program. In one instance, her funds were low so she turned in several receipts to the previous bookkeeper for a reimbursement. The staff member cashed the reimbursement and kept it to be used for upcoming purchases of Beach Bags. The staff member stated that this was how the previous bookkeeper trained her on the collection and spending process for the Beach Bags program. When the principal discovered this practice during the current year, the staff member had approximately \$1,300 of Beach Bags funds in her possession that she had accumulated over the last two fiscal years. She had not spent, receipted, nor deposited these funds into the school's bank account. The principal and the new bookkeeper reviewed the staff member's documentation for the Beach Bags program, but because the staff member did not write a receipt when the funds were originally received, they are unable to determine if the full amount collected was properly used on the Beach Bags program. The principal ensured the remaining funds were deposited into the school's bank account and then instituted additional procedures to ensure this would not happen again. The principal and bookkeeper are still working through the accounts to determine if there are any other financial areas that are not operating properly. We recommend that the principal continue to review the school's financial processes and retrain staff as necessary.

cc: Ms. Robyn S. Backer, Principal
Mrs. Shirann C. Lewis, Senior Executive Director of Elementary 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