



**MEMORANDUM**

**DATE:** March 18, 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:** **Change in Bookkeeper School Activity Funds Audit  
Princess Anne High School – Exceptions Noted**

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The school activity funds of Princess Anne High School were audited for the six-month period from July 1, 2020 to December 31, 2020. The primary purpose of the audit was to determine if cash balances were properly stated as of December 31, 2020, 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: Refund Checks**

During FY21, the previous bookkeeper issued 140 refund checks while the current bookkeeper issued 70 refund checks totaling approximately \$8,700 for the entire year. There was no evidence that the previous bookkeeper reviewed the original POCs prior to making refunds. The current bookkeeper stated that she reviewed the POCs prior to making refunds but did not make copies of the POCs for her records. IA found several over and underpayments made by the previous bookkeeper as well as discrepancies in the collection process. IA did not find any over or underpayments of refunds made by the current bookkeeper.

In FY21, the previous bookkeeper was refunding one primary event, the FY20 Ring Dance tickets. Below are the details for that event:

#### **Ring Dance Refunds**

According to the Ring Dance sponsors, they gave the previous bookkeeper access to a Google spreadsheet during FY20 collections for the dance. They completed IACs for their collections but did not include a complete list of the students on the IAC. They stated the bookkeeper was using the detailed list of names on the spreadsheet to support the funds collected each day. For example, IA noted that one IAC had a single line item for the day's cash collections totaling \$1,140 but no students were listed. However, when IA attempted to tie out the amounts on the IACs, we could not match them to the spreadsheet. The current bookkeeper attempted to match the collections on the spreadsheet to the IAC form and was unable to reconcile the two. Based on discussions with the sponsors, they did not provide any additional information to the previous bookkeeper to make refunds after the dance was canceled and that they believed the bookkeeper used the Google spreadsheet as support for the refunds.

IA requested that the sponsors reconcile the Google spreadsheet to the collections recorded on the IACs during FY20 so that IA could agree the FY21 refunds to the spreadsheet. As a result, we identified errors in the collection process as well as the refund process. See details below:

- The Google spreadsheet showed total collections of \$13,530 while the IACs and SFO totaled \$12,900, resulting in \$630 collected but not deposited into the bank. However, while the sponsors were reconciling the

spreadsheet, they found an additional \$840 in collections (\$680 cash and \$160 checks) in their classroom closet that they had not given to the bookkeeper in March 2020. The students representing those collections were recorded on the spreadsheet, so the final difference of \$210 indicates that there are some students missing from the spreadsheet. However, IA found that the sponsors could not entirely reconcile the spreadsheet to the IACs which made the funds deposited into the bank appear to be incorrect. Sometimes collections on the spreadsheet were low and other times were high. IA was unable to determine if funds were properly deposited into the bank nor could we determine the exact amount of over or underpayments made during the refund process.

- Based on the records provided, the previous bookkeeper appears to have made the following over/underpayments for the Ring Dance during FY21:
  - Eight overpayments totaling \$680.00
  - Three underpayments totaling \$50.00

Note that several of these overpayments were due to the sponsors not being able to locate the original POC, the spreadsheet amounts not matching the refund amounts, or the amounts paid were made to the incorrect person.

- IA did not audit the refunds made during FY20, but the sponsors identified some potential overpayments while doing their reconciliation.

#### **Other Refunds:**

IA noted the following over/underpayments for other types of refunds made in FY21, including prom tickets, AP exams, and field trips:

- Eight overpayments totaling \$341.50
- One underpayment of \$15.00

We recommend the principal and bookkeeper work with employees collecting funds at the school to ensure they understand the proper process of collecting funds, turning them in daily to the bookkeeper, and properly receipting funds. We recommend the bookkeeper train all staff on the proper receipting processes at the beginning of school year 2022.

#### **Exception No. 2: Late Deposits/Receipting Process**

Two collections were deposited late. Details are as follows:

- Collections totaling \$714.00 were collected for IB exams on 12/15/20 and 12/16/20 but not deposited until 12/21/20.
- IA reviewed the contents of the safe on the day of the audit, 1/21/21, and found \$20.00 cash dated 1/14/21.

The bookkeeper stated the late deposits could have been a result of her working a rotating schedule or staff members could have held the funds instead of turning them in daily.

During discussions with the principal and bookkeeper, IA found that funds were coming into the school and not being receipted upon initial collection. The principal attempted to address the cash receipting process in a December 2020 email to staff members to reiterate the correct process when receipting money. On the day of the audit, we witnessed funds being turned in without being receipted.

We recommend the principal and bookkeeper continue to monitor the cash receipting process and that the bookkeeper make all bank deposits in a timely manner.

**Exception No. 3: Payment Over \$10K**

The current bookkeeper made a payment of \$55,995.00 to International Baccalaureate for IB exams and did not submit it to the Office of Purchasing Services (OPS) for review. The bookkeeper stated she was not aware this needed to be done. When IA spoke with the principal regarding this payment, the principal stated that in previous years, sometimes the review process in BuySpeed would take so long that the school would have to pay late fees for this vendor. As a result, this year he chose to pay it directly from SFO instead of flowing it through BuySpeed which would have included OPS's review. In general, purchases made from a vendor for over \$10,000 must be reviewed by OPS to ensure procurement requirements are met.

**Exception No. 4: Inadequate Supporting Documentation**

Supporting documentation for a disbursement of \$70.00 did not include an itemized invoice; payment was made using an email from the vendor with the total amount due. After Internal Audit questioned this transaction, the school contacted the vendor to obtain an itemized invoice. Once the invoice was obtained, Internal Audit determined the charges seemed reasonable. In general, the bookkeeper should only make disbursements after itemized invoices are obtained. The principal should not sign checks until he reviews adequate supporting documentation.

**Exception No. 5: Late Payment**

Payment of \$70.00 was made on 9/3/2020 for an invoice dated 9/12/2019. In general, payment is due within 45 days of the invoice date. We recommend the bookkeeper monitor outstanding invoices and ensure payment is made promptly.

cc: Mr. Danny M. Little, Principal  
Mrs. Cheryl R. Woodhouse, Senior Executive Director of High 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