




**MEMORANDUM**

**DATE:** October 21, 2021

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

Terrie L. Pyeatt, CPA   
Director, Office of Internal Audit

**SUBJECT: FY21 School Activity Funds Audit – Exceptions Noted**

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The school activity accounts of the Virginia Beach City Public Schools (VBCPS) were audited for the period from July 1, 2020 to June 30, 2021. The primary purpose of the audit was to determine if cash balances were properly stated as of June 30, 2021, but an important secondary purpose was to determine the level of compliance with policies and procedures. The school activity accounts were examined as of year-end at the eighty-six schools in the division. This report details the items the Office of Internal Audit (IA) noted at the schools that were in conflict with VBCPS policies and procedures and/or best practices but do not have a material effect on the financial statements.

IA tested cash receipts and cash disbursements and performed analytical procedures on all schools. The results of the audit were provided to each individual school detailing the items noted during the audit. IA identified areas of improvement to ten high schools, eight middle schools, and twenty-five elementary schools. IA did not identify areas of improvement to the remaining schools.

Audit results are based on School Board policies and regulations, accounting procedures, the Business Manual for Schools, and proper internal controls. Each principal received a copy of his or her school's individual audit results with an opportunity to respond. A summary of all audit results has been included in an appendix to this report.

All or some of 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

- Bank statements received directly from the bank;
- Fund transfers for proper use;
- Deficit accounts and proposals to eliminate the deficit balances for reasonableness;
- Other accounts as to the purpose, source, and use of funds; and
- Fluctuation analysis of accounts.

The following discrepancies were noted during the audit and were communicated directly to the schools after each school visit.

### **Exception No. 1: Cash Receipts**

Several schools had a variety of discrepancies related to cash receipts. These discrepancies included:

- Deposits not being made on a daily basis;
- Bank deposit and point-of-collection don't match; and
- Sponsor not receipting funds when collected.

### **Exception No. 2: Cash Disbursements**

Several schools had a variety of discrepancies related to cash disbursements. These discrepancies included:

- Incorrect refund process;
- Incomplete supporting documentation;
- Over/underpayments;
- Late payment of invoices;
- Incorrect account usage;
- Insufficient check signers; and
- Excessive tip on food bill.

### **Exception No. 3: Accounting Procedures**

Several schools had a variety of discrepancies related to other accounting procedures. Some of these discrepancies included:

- Inappropriate fund transfers;
- Fundraiser forms not completed timely; and
- Principal not checking safe periodically.

cc: Mr. Daniel G. Hopkins, Director, Office of Business Services  
Ms. Crystal M. Pate, Chief Financial Officer

Ms. Danielle E. Colucci, Senior Executive Director of Elementary Schools  
Dr. James J. Smith, Senior Executive Director of Middle Schools  
Mr. Matthew Delaney, Senior Executive Director of High Schools  
Dr. Eugene F. Soltner, Chief Schools Officer

Attachment: Appendix

**SCHOOL ACTIVITY FUNDS AUDIT  
AUDIT RESULTS BY SCHOOL  
FISCAL YEAR ENDED JUNE 30, 2021**

IA did not provide any suggestions for improvement for the following schools:

**High Schools:**

Green Run  
Kempsville  
Renaissance Academy  
Salem  
Tallwood  
Technical and Career Education Center

**Middle Schools:**

Bayside  
Bayside Sixth Grade Campus  
Independence  
Kempsville  
Old Donation  
Plaza  
Salem

**Elementary Schools:**

Alanton  
Arrowhead  
Bayside  
Birdneck  
Christopher Farms  
Diamond Springs  
Fairfield  
Glenwood  
Green Run  
Hermitage  
Kempsville  
King's Grant  
Kingston  
Landstown  
Linkhorn Park  
Luxford  
Newtown  
Parkway  
Pembroke  
Point O'View  
Princess Anne  
Providence  
Rosemont  
Salem  
Seatack  
Strawbridge  
Thalia  
Three Oaks  
White Oaks  
Windsor Woods

**SCHOOL ACTIVITY FUNDS AUDIT  
AUDIT RESULTS BY SCHOOL  
FISCAL YEAR ENDED JUNE 30, 2021**

IA identified the following areas that could be improved at the indicated schools:

Accounting Procedures	Incorrect Account Coding	Over/Underpayment	Incomplete Documentation	Bank Deposit and Point of Collection Don't Match	Late Payment	Late Deposit	Inadequate Check Signers	Inappropriate Transfer	Incorrect Process	Wrong Amount Paid
									Refunds	

**High Schools:**

Adult Learning Center	1	1				2				
Advanced Technology Center	1								X	0 of 9
Bayside								2		
First Colonial					2	3				
Floyd E. Kellam			1	1			3		X	0 of 78
Frank W. Cox	1	1	2		1	1				
Green Run Collegiate			3							
Landstown						2				
Ocean Lakes							1		X	0 of 116
Princess Anne			1			2				

**Middle Schools:**

Brandon				1					X	0 of 1
Corporate Landing			2				1			
Great Neck						1			X	1 of 2
Landstown						1			X	0 of 1
Larkspur									X	0 of 2
Lynnhaven					1					
Princess Anne						1				
Virginia Beach			2							

**Elementary Schools:**

Bettie F. Williams	1					2			X	0 of 2
Brookwood						1				
Centerville					1					
College Park									X	0 of 1
Corporate Landing									X	0 of 1
Creeds							1			
Holland									X	0 of 4
Indian Lakes									X	0 of 5
John B. Dey									X	0 of 1
Kempsville Meadows	4		1							
Lynnhaven									X	0 of 11
Malibu								2		
New Castle									X	0 of 3
North Landing						1				
Ocean Lakes					1					
Pembroke Meadows						1				
Red Mill									X	0 of 5
Rosemont Forest									X	0 of 5
Shelton Park		1								
Tallwood									X	0 of 2
Thoroughgood									X	0 of 2
Trantwood						1				
Windsor Oaks			4						X	0 of 2
W.T. Cooke									X	0 of 3
Woodstock						2			X	1 of 5

# (ex. 1, 2, 3, etc.) = No. of exceptions found  
X = Inadequate process identified