



VIRGINIA BEACH CITY PUBLIC SCHOOLS

CHARTING THE COURSE

MEMORANDUM

DATE: June 16, 2022

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: School Cash Online Audit

BACKGROUND

As part of the 2022 Audit Work Plan, the Office of Internal Audit (IA) has performed a School Cash Online Audit.

The Office of Business Services (OBS), within the Department of Budget and Finance, is responsible for overseeing the implementation of the School Cash Online (SCO) program. SCO is a software program that accepts credit card payments for school-based activities, such as prom tickets, parking passes, and field trips. Credit card collections reduce the risk of funds being diverted at the school level.

All schools except the Adult Learning Center have access to SCO. Participating in the program is optional for all schools. Currently, 37 of the schools have used SCO since its implementation. SCO is operated by Kev Group, which also operates School Funds Online (SFO), the accounting software that schools use for their school activity funds.

The general process to purchase an item using SCO is as follows:

- The bookkeeper sets up an item, such as a prom ticket, to be sold in SCO.
- A parent, student, or other interested party purchases the item using a credit card.
- SCO charges the credit card for the cost of the item plus a fee. The fee is 4.5% of the cost of the item plus a \$0.10 per item fee.
- SCO deposits the full amount of the credit card charge, including the fee, into a separate VBCPS central bank account.
- SCO transfers the cost of the purchased items out of the central bank account directly into each school's bank account and the fee into Kev Group's bank account.
- SCO uploads a receipt within SFO to record the purchase.

AUDIT OBJECTIVES, METHODOLOGY, RESULTS, AND CONCLUSIONS

Inquiry and examination of documents and data, as well as site visits, were the methods of reviewing internal controls. The audit period was Fall of 2021 through April 22, 2022.

IA conducted this audit primarily to review the SCO process, not the individual transactions that occurred within the system. The system-wide processes were evaluated at two schools that actively use SCO. The results of the evaluation are representative of the overall system-wide processes. The audit objectives, methodology, results, and conclusions are as follows:

1. Objective:

Determine if SCO is charging the purchasers appropriate amounts, including transaction fees.

Methodology:

IA examined credit card payments for one day at Kempsville High School (KHS) and Tallwood High School (THS) to ensure the fees charged matched the terms of the contract. IA also compared these payment amounts to the item costs entered by the bookkeeper in SCO to ensure they matched.

Results:

The fees and item charges for the examined credit card payments at KHS and THS were correct.

Conclusion: SCO is charging the purchasers the appropriate amounts, including transaction fees.

2. Objective:

Determine if SCO is depositing credit card collections into the correct VBCPS bank accounts. Determine if SCO prohibits the bookkeeper from changing the payment method for a refund.

Methodology:

A) IA examined the 85 individual school bank accounts to ensure a test deposit was done by Kev Group and deposited into an appropriate bank account.

Results:

Each of the school's bank accounts indicated a test deposit was made into an appropriate bank account.

B) IA examined one credit card collection recorded in SCO for each of the 37 schools that have used SCO to ensure it was transferred into the school's correct bank account.

Results:

Each of the school's credit card collections tested was deposited into the correct bank account.

- C) IA examined the refund process at KHS to ensure the bookkeeper does not have access to change the payment method for a refund.

Results:

The bookkeeper at KHS cannot change the payment method for a refund.

- D) IA reviewed the bank account set-up process with OBS and the bookkeeper at KHS to ensure neither can change a school's bank account number.

Results:

Neither OBS nor the bookkeeper at KHS have access to change a school's bank account number.

Conclusion:

SCO is depositing credit card collections into the correct VBCPS bank accounts. The bookkeeper is not able to change the payment method for a refund in SCO.

3. Objective:

Determine if SCO activity is uploaded automatically and correctly into SFO.

Methodology:

IA examined credit card activity for a single day at KHS and THS to ensure the activity matched the reports in SFO.

Results:

The credit card activity at KHS and THS matched the reports in SFO.

Conclusion:

SCO activity is uploaded automatically and correctly into SFO.

AUDITING STANDARDS

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The results of the audit were discussed with management. We thank management and staff of the Office of Business Services and others that were contacted for their cooperation throughout the audit.

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