



MEMORANDUM

DATE: April 6, 2022

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

FROM: Terrie L. Pyeatt, CPA *TP*
Director, Office of Internal Audit

SUBJECT: **Change in Bookkeeper School Activity Funds Audit
Seatack Elementary School**

We have audited the accompanying statement of cash receipts and disbursements of the school activity funds for Seatack Elementary School for the eight-month period from July 1, 2021 to February 28, 2022. This financial statement is the responsibility of management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We are required to be independent of Seatack Elementary School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. An audit includes examining, on a test basis, evidence supporting the amounts in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Government Auditing Standards also require that we consider internal controls over financial reporting and compliance with requirements of laws, regulations, contracts, and grants. Management is responsible for establishing and maintaining effective internal controls. In planning and performing our audit, we considered internal control over compliance with requirements that could have a direct and material effect on the financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement. Accordingly, we do not express an opinion on the effectiveness of internal control over financial reporting.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving control over financial reporting and its operation that we consider to be material weaknesses.

Emphasis of Matter – Basis of Accounting

As described in Note 1, Seatack Elementary School prepares the school activity funds financial statement on the cash basis of accounting, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this manner. The principal is responsible for the financial records, maintained on a cash basis, which reflect the receipt and disbursement transactions of the school activity funds.

In our opinion, the financial statement included in this report presents fairly, in all material respects, the school activity funds cash balance for Seatack Elementary School as of February 28, 2022, and the recorded cash transactions for the eight-month period then ended using the cash basis of accounting as described in Note 1, which is a basis of accounting other than U.S. generally accepted accounting principles.

cc: Mr. Vincent M. Darby, Sr., Principal
Ms. Danielle E. Colucci, Senior Executive Director of Elementary Schools
Dr. Eugene F. Soltner, Chief Schools Officer

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

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For the Eight-Month Period Ended February 28, 2022

Account Group	Balance 7/1/2021	Cash Receipts	Cash Disbursements	Net Transfers	Balance 2/28/2022
Administrative Accounts	\$ 12,199	1,755	998	-	12,956
Virginia High School League Accounts	1,735	-	-	-	1,735
Club and Student Activity Accounts	2,569	-	-	-	2,569
Departmental Accounts	2,633	127	-	-	2,760
VBCPS Accounts	-	775	620	-	155
Class/Scholarship/Grant Accounts	(291)	399	-	-	108
Clearing Accounts	-	1,040	1,040	-	-
Total	\$ 18,845	4,096	2,658	-	20,283
Bank Interest	\$ 75	2	-	-	77
Pictures	3,611	930	-	(321)	4,220
Staff Welfare	1,145	485	998	-	632
Professional Development	(332)	-	-	321	(11)
Donations	7,150	45	-	-	7,195
Office Depot Rebate	195	168	-	-	363
Procurement Card Rebate	185	125	-	-	310
Bottled Drinks Vending	170	-	-	-	170
Administrative Accounts	12,199	1,755	998	-	12,956
Yearbook	1,735	-	-	-	1,735
Virginia High School League Accounts	1,735	-	-	-	1,735
Student Activities	1,249	-	-	-	1,249
Student Council Association	778	-	-	-	778
Student Recognition	22	-	-	-	22
Go Green Club	520	-	-	-	520
Club and Student Activity Accounts	2,569	-	-	-	2,569
Library	2,068	127	-	-	2,195
Field Trips	565	-	-	-	565
Departmental Accounts	2,633	127	-	-	2,760
Technology	-	775	620	-	155
VBCPS Accounts	-	775	620	-	155
Title I Reimbursement	(399)	399	-	-	-
Outside Organization Grants	108	-	-	-	108
Class/Scholarship/Grant Accounts	(291)	399	-	-	108
United Way	-	1,040	1,040	-	-
Clearing Account	-	1,040	1,040	-	-
Total	\$ 18,845	4,096	2,658	-	20,283

NOTE TO THE FINANCIAL STATEMENT

NOTE 1 – Reporting Entity

Nature of Activities

The Commonwealth of Virginia requires that school activity funds be audited at least once a year by a duly qualified accountant or accounting firm approved by the local school board. School Board Policy 3-46 Audits requires that a special audit of individual school accounts be conducted whenever there is a change in principal or bookkeeper or at the request of the Audit Committee. School activity funds are comprised of numerous extracurricular school activities, groups, and clubs existing in the schools for the benefit of the students. The principal at each school is responsible for the records that are maintained for each fund.

Significant Accounting Policy

The financial statement has been prepared on the cash receipts and disbursements basis of accounting. Under that basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and noncash transactions are not recognized. The cash basis differs from accounting principles generally accepted in the United States of America primarily because the effects of outstanding receivables and payables at the date of the financial statement are not included in the financial statement.

Cash

The principal and bookkeeper must establish a bank account in the name of the School Board of the City of Virginia Beach and the school's name using the School Board's Federal Identification Number. This shall be the account for all school activities and all school activity funds. The account should be an interest-bearing checking account. The principal is also authorized to open a savings account or a certificate of deposit in the name of the school. During the audit period, there were no significant violations of those provisions.

The bank balances were collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act"). Under the Act, banks holding public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks.