



MEMORANDUM

DATE: February 23, 2022

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

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

SUBJECT: Expenditure Analysis – First Colonial High School

BACKGROUND

As part of FY21 Audit Work Plan, the Office of Internal Audit (IA) has performed an Expenditure Analysis for First Colonial High School (FCHS). This work does not constitute an audit conducted in accordance with generally accepted government auditing standards.

FCHS has approximately 170 staff members, including the principal and four assistant principals, and has a student population of approximately 1,700 students. Money allocated to the schools are based on staffing as well as student enrollment. FCHS received an allocation of \$141,613 for FY21 and \$114,246 for FY22.

PROJECT OBJECTIVES

The primary objective of this project was to ensure expenditures were properly processed.

PROJECT SCOPE AND METHODOLOGY

IA reviewed non-salary/benefit related expenditures recorded in the Allocation Fund (202) for FCHS's location code (7061) for the period November 1, 2020 – October 31, 2021. For this period, expenditures totaled approximately \$162,000. IA examined 100% of these expenditures. IA regrouped and summarized the expenditures based on expenditure type.

IA reviewed these expenditures to determine if:

- The payment amount and payee matched the supporting documentation;
- The payment was made in a timely manner;
- The general ledger account coding was reasonable;
- Proper approval was obtained;
- The expenditure appeared to align with FCHS's function;
- The expenditure appeared reasonable;
- Purchases over \$10,000 are approved by Purchasing in BuySpeed; and
- The contract was properly approved/signed if attached or referenced in BuySpeed.

RESULTS

Summary of Expenditures Analyzed

IA summarized the analyzed expenditures into the following categories. Note that these categories are grouped by type of expenditure, not by general ledger account code.

Category	
Computer equipment/technology related accessories	
Laptops/monitors	\$ 8,936.21
Technology accessories	2,722.30
Software	1,814.00
Hotspots	960.52
Instructional materials and supplies	
Physical Education	22,963.90
Drama	15,705.25
Technology Education	10,469.97
Band and Orchestra	5,847.59
Library	5,764.59
English	3,888.95
Science	3,840.96
Other	3,761.66
Food, on-site	6,824.65
Furniture	23,309.24
Other categories	
Supplies from Office Depot, office and instructional	19,992.42
T-shirts, staff and students	8,376.93
ESI printing charges	4,191.19
Planners	3,803.73
Postage	3,500.00
Parking items	1,044.59
Staff welfare	901.96
Cooler rental and water refills	756.93
Dues and memberships	561.00
Miscellaneous	6,049.15
Reimbursed by school-level funds	(3,718.31)
Total expenditures analyzed	\$ 162,269.38

Processing of Transactions

We found that the above expenditures appeared to be properly processed with the following exceptions:

Timeliness of Payments

Twelve payments were made late. Payments should be made, in general, within 45 days of the invoice date.

- A. Four of the invoices were not submitted and approved for payment by the bookkeeper and/or principal in a timely manner. See details below:

Vendor	Invoice Amount	Invoice Date	Principal Approval Date	Payment Date
Junior Library Guild	\$ 2,259.09	11/18/2020	1/22/2021	1/28/2021
Flinn Scientific	858.04	7/15/2021	9/28/2021	10/1/2021
PepWear	707.30	2/1/2021	3/26/2021	3/30/2021
Home Depot	75.97	1/19/2021	4/12/2021	4/14/2021
	\$ 3,900.40			

The bookkeeper stated that she does not have any documentation indicating the specific reasons for the delays.

- B. Eight of the invoices were received promptly by the Accounts Payable Division of the Office of Business Services (OBS) but were not processed and paid in a timely manner. See details below:

Vendor	Invoice Amount	Invoice Date	Date OBS Received Approved Invoice	Payment Date
Office Depot	\$ 211.03	9/24/2020	9/29/2020	11/16/2020
Office Depot	98.60	10/13/2020	10/20/2020	12/3/2020
Office Depot	84.59	9/14/2020	9/22/2020	11/20/2020
Office Depot	53.05	9/14/2020	9/22/2020	11/20/2020
Office Depot	49.17	10/12/2020	10/20/2020	12/3/2020
Office Depot	38.03	10/5/2020	10/13/2020	1/6/2021
Office Depot	17.99	10/5/2020	10/13/2020	1/6/2021
Office Depot	8.99	10/15/2020	10/20/2020	1/6/2021
	\$ 561.45			

Accounts Payable stated that the late payments were due to a variety of reasons, including the implementation of a new financial system on July 1, 2020, a significantly increased number of invoices received during this timeframe, as well as the manual processing required for Office Depot invoices.

Inadequate Supporting Documentation

Accounts Payable made one payment and applied one credit to the same vendor without proper supporting documentation. The invoice used to make the payment of \$2,259.09 did not include the vendor on the invoice, nor did the credit of \$95.69. The principal should not approve, nor should AP make payments without the vendor identified on the invoice. After Internal Audit questioned these transactions, the bookkeeper obtained evidence from the vendor showing that the payment and credit were made to the correct vendor for the correct amount.

We would like to thank the staff and management of First Colonial High School for their cooperation throughout this project.

cc: Dr. Nancy B. Farrell, Principal
Dr. Eugene F. Soltner, Chief Schools Officer

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