



MEMORANDUM

DATE: March 2, 2023

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

FROM: Karen W. Woodson, CIA ^{KW}
School Board Internal Auditor, Department of Internal Audit

**SUBJECT: Change in Principal School Activity Funds Audit
W.T. Cooke Elementary School**

We have audited the accompanying statement of cash receipts and disbursements of the school activity funds for W.T. Cooke Elementary School for the seven-month period from July 1, 2022 to January 31, 2023. 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 W.T. Cooke 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, W.T. Cooke 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 W.T. Cooke Elementary School as of January 31, 2023, and the recorded cash transactions for the seven-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: Kelly A. Padilla, Principal
Danielle E. Colucci, Senior Executive Director of Elementary Schools
Matthew D. Delaney, Chief Schools Officer

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

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For the Seven-Month Period Ended January 31, 2023

Account Group	Balance 7/1/2022	Cash Receipts	Cash Disbursements	Net Transfers	Balance 1/31/2023
Administrative Accounts	\$ 18,337	4,964	726	(3,827)	18,748
Club and Student Activity Accounts	3,104	285	2,009	1,653	3,033
Departmental Accounts	5,936	2,299	2,983	2,174	7,426
VBCPS Accounts	230	110	110	-	230
Class/Scholarship/Grant Accounts	280	4,241	4,241	-	280
Clearing Accounts	-	860	860	-	-
Total	\$ 27,887	12,759	10,929	-	29,717
Bank Interest	\$ 19	2	-	-	21
Pictures	6,457	2,429	-	(1,575)	7,311
Staff Welfare	1,699	2,435	623	-	3,511
Donations/Contributions	1,892	98	-	(83)	1,907
Office Depot Rebate	159	-	-	-	159
Staff Recognition	456	-	77	-	379
School-Wide Fundraisers	4,360	-	-	-	4,360
Indigent/Needy Students	425	-	26	-	399
Clinic	11	-	-	-	11
Procurement Card Rebate	260	-	-	-	260
Bottled Drinks Vending	430	-	-	-	430
Book Fairs	2,169	-	-	(2,169)	-
Administrative Accounts	18,337	4,964	726	(3,827)	18,748
Student Activities	-	-	1,614	1,610	(4)
SCA	1,711	285	381	-	1,615
Student Recognition	-	-	-	29	29
Art Club	-	-	14	14	-
After School Programs	445	-	-	-	445
Reach Book Club	13	-	-	-	13
Grown Green Group	935	-	-	-	935
Club and Student Activity Accounts	3,104	285	2,009	1,653	3,033
Instructional Materials	382	-	171	-	211
Library	3,132	291	103	2,174	5,494
Art	-	9	-	-	9
Reading	2,122	-	721	-	1,401
Computer Supplies	58	-	-	-	58
Field Trips	242	1,999	1,988	-	253
Departmental Accounts	5,936	2,299	2,983	2,174	7,426
Technology	130	110	110	-	130
Textbooks-Lost	100	-	-	-	100
VBCPS Accounts	230	110	110	-	230
VB Education Foundation Grants	-	4,241	4,241	-	-
Target Grants	280	-	-	-	280
Class/Scholarship/Grant Accounts	280	4,241	4,241	-	280
Clearing	-	860	860	-	-
Clearing Accounts	-	860	860	-	-
Total	\$ 27,887	12,759	10,929	-	29,717

Department of Internal Audit

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March 2023

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.