



MEMORANDUM

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

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

SUBJECT: **Follow-up School Activity Funds Audit
Green Run High School**

DATE: January 17, 2025

BACKGROUND

As part of the 2024 Audit Work Plan, the Department of Internal Audit (IA) has performed the Follow-up School Activity Funds Audit for Green Run High School.

The principal has the responsibility for safeguarding, accounting and managing the school activity funds. The school activity funds are accounted for using the cash basis of accounting and are recorded by the bookkeeper in School Funds Online, the division's school-level accounting software. Examples of other discretionary income received by schools are payments made by parents, fundraisers and other miscellaneous sources. Expenditures include school activities such as clubs, fundraisers, etc.; payroll expenditures are not allowed to be paid from these funds. School activity account regulations provide administrative control over the income and disbursement of monies for school activities and provide an accurate record of all financial transactions of these activities and organizations.

**AUDIT OBJECTIVES, METHODOLOGY,
RESULTS, AND CONCLUSIONS**

Inquiry and examination of documents and data, interviews and site visits were the methods of reviewing internal controls. IA judgmentally selected transactions to ensure that a variety of vendors and deposits were analyzed throughout the audit period, and as a result, this sample cannot be extrapolated across the entire population. The audit period was July 1, 2024, through December 31, 2024. The audit objectives, methodology, results and conclusions are as follows:

1. Objective: Determine if cash balances were fairly stated for the audit period.
Methodology:
 - IA traced the prior year's ending balance to this year's beginning balance;

AUDIT OBJECTIVES, METHODOLOGY, RESULTS, AND CONCLUSIONS, CONTINUED

- IA reviewed the bank reconciliation, year-end investment statement, as applicable, and the original bank statements during the audit period for unusual transactions;
- IA reviewed transfers reducing cash and other material transfers for allowability;
- IA reviewed a sample of cash disbursements to determine if the amounts paid matched the invoice/receipt and were coded to the correct account;
- IA reviewed a sample of cash receipts to determine if the amount collected was deposited and coded correctly;
- IA reviewed unpaid invoices;
- IA counted change funds, as applicable;
- IA inspected the contents of the school's safe(s); and
- IA reviewed the general ledger to determine if there were any unusual transactions or accounts with inconsistent activity.

Results:

- IA determined from analysis and transactional testwork that the account balances appeared reasonable.

Conclusion: IA concluded that the cash balances at the school level are fairly stated.

2. Objective: To assess compliance with applicable policies and procedures.

Methodology:

- IA reviewed a sample of cash receipts to determine if the amounts were deposited timely;
- IA reviewed a sample of cash disbursements to determine if invoices were paid timely and if the check contained signatures for two authorized signatures;
- IA reviewed a sample of procurement card transactions to determine if the amounts paid were reasonable, were approved by the principal and contained an itemized receipt or invoice to support the purchase;
- IA reviewed applicable disbursements over \$10,000 to determine if they were paid from a contract and/or were approved by the Office of Procurement Services; and
- IA evaluated certain policies and procedures related to transfers, banking and account usage.

Results:

- All cash receipts reviewed were deposited timely;
- All invoices reviewed were paid timely, and the checks contained two authorized signers;
- All of the procurement card transactions reviewed were reasonable, were approved by the principal and contained an itemized receipt or invoice to support the purchase;
- There were no disbursements above \$10,000; and

AUDIT OBJECTIVES, METHODOLOGY, RESULTS, AND CONCLUSIONS, CONTINUED

- From items reviewed, IA noted two exceptions related to certain policies and procedures with transfers, banking and account usage. One disbursement was made without adequate supporting documentation and several related transactions were incorrectly coded.

Conclusion: IA concluded that the school is compliant with the applicable policies and procedures with the exception of one disbursement made without adequate supporting documentation and inconsistently monitoring account balances.

3. Objective: To determine if internal controls are adequate and functioning as intended.

Methodology:

- IA conducted internal control interviews with the principal and the bookkeeper regarding the system of internal controls; and
- IA identified key internal controls and performed sample testwork on these significant controls to determine if they were working as intended.

Results:

- The principal and bookkeeper provided internal control information consistent with division requirements with the exception of controls related to fundraiser oversight; and
- The sample testwork indicated that the school's significant internal controls are working as intended.

Conclusion: IA concluded that substantially all internal controls are adequate and functioning as intended. The controls related to fundraiser oversight will be addressed in a separate investigation.

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, findings and suggestions for improvement for this audit were discussed with management. Audit results are based on School Board policies and regulations, accounting procedures, the *Business Manual for Schools* and proper internal controls. The Statement of Cash Receipts and Disbursements has been included in the Appendix to this report. We thank management and staff of the Department of School Leadership, Green Run High School and all others that were contacted for their cooperation throughout the audit.

cc: Mr. Matthew D. Delaney, Chief Schools Officer, Department of School
Leadership
Dr. Walter C. Brower Jr., Senior Executive Director of High Schools
Ms. Tennille Bowser, Principal

Ms. Crystal M. Pate, Chief Financial Officer, Department of Budget and Finance
Mr. Daniel G. Hopkins, Director of Business Services

Attachment: Appendix

AUDIT RESULTS AND MANAGEMENT'S RESPONSES

Finding No. 1: Inadequate Account Monitoring

During the general ledger review, IA noted the Cheerleaders account had a negative \$30,315.09 balance as of 12/31/24. After IA questioned the negative account balance, the school determined that there were transactions totaling \$6,169.70 that were coded to the Cheerleaders account but should have been coded to a reimbursable athletic account. Once these adjustments were made, the balance was negative \$24,145.39. *The Business Manual for Schools*, Section 2.4 Bookkeeper states, "The bookkeeper under the supervision of the principal, will receipt, deposit, account for, and disburse all funds flowing through the school activity accounts." The bookkeeper should be monitoring negative account balances throughout the month, and the principal should be reviewing account balances on the monthly financial statement. IA also noted internal control issues with fundraising processes and documentation with cheerleading activities. A separate investigation was conducted to address this.

Recommendations:

IA recommends that the bookkeeper and principal monitor account balances and follow up to address and restore negative account balances.

Management's Response:

The Chief Schools Officer (CSO) concurs. The school will correct the coding errors and will find solutions to restore the negative balance in the Cheerleaders account. In addition, the principal and bookkeeper will monitor account balances to identify and address negative balances promptly.

Finding No. 2: Supporting Documentation

Supporting documentation for a disbursement of \$1,700.00 included a quote, instead of an invoice. *The Business Manual for Schools*, Section 10.1 School Activity Accounts Disbursements states, "All school activity account disbursements must...be supported by...itemized receipts/invoices." Once the service was provided, the vendor requested payment before leaving the school. The school did not follow up with the vendor to obtain an invoice/receipt. Supporting documentation for all cash disbursements is required to substantiate that the school's funds are properly spent.

Recommendations:

IA recommends that the bookkeeper obtain complete documentation, including an invoice, before writing a check and that the principal review the supporting documentation before signing the check.

Management's Response:

The CSO concurs. The bookkeeper will contact the vendor to request a receipt for this payment. The school will obtain complete documentation for future disbursements and review supporting documentation before signing checks.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For the Six-Month Period Ended December 31, 2024
Green Run High School

| Account Group | Balance 7/1/2024 | Cash Receipts | Cash Disbursements | Net Transfers | Balance 12/31/2024 |
|---------------------------------------------|---------------------|------------------|-----------------------|------------------|-----------------------|
| Administrative Accounts | \$ 11,580 | 18,874 | 3,778 | (9,948) | 16,728 |
| Virginia High School League Accounts | 10,805 | 135 | (2,271) | (20) | 13,191 |
| Club and Student Activity Accounts | 38,360 | 13,411 | 17,005 | 5,431 | 40,197 |
| Athletic Accounts | 23,053 | 83,817 | 121,014 | 6,310 | (7,834) |
| Departmental Accounts | 31,413 | 29,273 | 27,267 | (973) | 32,446 |
| VBCPS Accounts | 983 | 733 | 753 | - | 963 |
| School Board Allocation Accounts | - | 500 | 230 | - | 270 |
| Class/Scholarship/Grant Accounts | 52,277 | 73,663 | 13,995 | (750) | 111,195 |
| Clearing Accounts | 101 | 305 | 585 | (50) | (229) |
| Total | \$ 168,572 | 220,711 | 182,356 | - | 206,927 |
| Student Concession/Vending | \$ 446 | 946 | 605 | - | 787 |
| Bank Interest | 21 | 98 | - | - | 119 |
| Pictures | 469 | 527 | - | - | 996 |
| Sunshine - Staff Welfare | 534 | 2,355 | 273 | - | 2,616 |
| Supply Store | 2,185 | 645 | 1,143 | 760 | 2,447 |
| Professional Development | - | - | 312 | 312 | - |
| Office | - | - | 59 | 59 | - |
| Donations/Contributions | 428 | 10,498 | - | (4,496) | 6,430 |
| Office Depot Rebate | 89 | - | - | (89) | - |
| Staff Recognition | - | - | 1,139 | 1,139 | - |
| School-Wide Fundraisers | 1,554 | 1,525 | - | (2,560) | 519 |
| Parking | 1,076 | 2,280 | 247 | (643) | 2,466 |
| Procurement Card Rebate | 4,778 | - | - | (4,430) | 348 |
| Administrative Accounts | 11,580 | 18,874 | 3,778 | (9,948) | 16,728 |
| Debate | 591 | - | - | - | 591 |
| E Sports | 480 | 50 | - | (20) | 510 |
| Yearbook | 9,734 | 85 | (2,271) | - | 12,090 |
| Virginia High School League Accounts | 10,805 | 135 | (2,271) | (20) | 13,191 |
| Student Activities | 1,948 | (3,000) | 3,395 | 5,578 | 1,131 |
| SCA | 5,091 | 5,518 | 3,046 | - | 7,563 |
| Student Recognition | 1,382 | 210 | 62 | - | 1,530 |
| Student Orientation | - | - | 166 | 166 | - |
| Band Club | 876 | 3,747 | 1,220 | - | 3,403 |
| DECA | 2,320 | - | 245 | (308) | 1,767 |
| Dance Team | 1,571 | 3,729 | 2,193 | 75 | 3,182 |
| FBLA | 70 | - | - | - | 70 |
| FCCLA | 1,040 | - | - | - | 1,040 |
| Game Club | 229 | - | 75 | 20 | 174 |
| Leadership Skills | 1,836 | - | - | - | 1,836 |
| NJHS/NHS | 372 | 848 | 763 | (100) | 357 |
| Orchestra Club | - | 1,265 | 1,362 | - | (97) |
| PBIS | 863 | - | 253 | - | 610 |
| Thespians/Theater Club | 20,762 | 1,094 | 4,225 | - | 17,631 |
| Club and Student Activity Accounts | 38,360 | 13,411 | 17,005 | 5,431 | 40,197 |
| Athletics Reimbursement | - | 1,500 | 1,500 | - | - |
| Officials Reimbursement | - | - | 3,510 | - | (3,510) |
| Baseball | 1,895 | 376 | 1,139 | - | 1,132 |
| Basketball | 2,363 | 10,059 | 9,219 | 3,355 | 6,558 |
| Field Hockey | 1,737 | - | - | - | 1,737 |
| Football | (583) | 28,739 | 24,853 | 992 | 4,295 |
| Golf | 958 | 100 | 851 | - | 207 |
| Gymnastics | 1,357 | - | - | - | 1,357 |
| Soccer | 1,928 | 240 | - | - | 2,168 |
| Softball | 5,458 | - | 3,261 | 1,500 | 3,697 |

Appendix

Follow-up School Activity Funds Audit
Green Run High School
February 2025

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS, CONTINUED
For the Six-Month Period Ended December 31, 2024

| | | | | | |
|-----------------------------------------|-------------------|----------------|----------------|--------------|----------------|
| Tennis | \$ 184 | - | - | - | 184 |
| Track | 1,073 | 310 | - | - | 1,383 |
| Volleyball | 1,562 | 8,261 | 6,425 | 100 | 3,498 |
| Wrestling | (460) | 619 | - | - | 159 |
| Swimming | 30 | 229 | 2,483 | - | (2,224) |
| Tournament Reimbursement | - | 6,120 | 5,136 | (984) | - |
| District Tournament Host | - | 6,422 | 6,422 | - | - |
| Regional 5A/6A Tournament Host | (1,282) | 1,887 | - | - | 605 |
| State Tournament Host | 1,875 | - | 1,875 | - | - |
| Cheerleaders | 2,205 | 13,939 | 46,658 | 200 | (30,314) |
| General Athletics | 82 | 4,391 | 7,682 | 2,042 | (1,167) |
| Lacrosse | 1,451 | - | - | - | 1,451 |
| Cross Country | 675 | - | - | - | 675 |
| Sports Camps | 545 | 625 | - | (895) | 275 |
| Athletic Accounts | 23,053 | 83,817 | 121,014 | 6,310 | (7,834) |
| Library | 1,222 | 283 | - | - | 1,505 |
| Art | 78 | - | - | - | 78 |
| Guidance | 588 | - | - | - | 588 |
| Language Arts | 364 | - | - | - | 364 |
| Math | 320 | - | - | - | 320 |
| Music | 100 | - | - | - | 100 |
| Physical Education | 167 | 5 | - | - | 172 |
| Social Studies | 60 | - | - | - | 60 |
| Special Education | 18,787 | 23,175 | 20,088 | (3,228) | 18,646 |
| Chorus | 1,969 | 80 | 223 | - | 1,826 |
| Technical Education | 870 | 1,110 | 520 | - | 1,460 |
| AVID | 115 | - | - | - | 115 |
| Foreign Language | 1,194 | - | 935 | 723 | 982 |
| Family and Consumer Science | 269 | 2,440 | 2,847 | 436 | 298 |
| Gifted | - | 435 | 535 | 100 | - |
| Computer Supplies | 2 | - | - | - | 2 |
| Field Trips | 3,273 | 1,290 | 2,119 | 996 | 3,440 |
| College Board Tests | 657 | - | - | - | 657 |
| NJROTC | 1,378 | 455 | - | - | 1,833 |
| Departmental Accounts | 31,413 | 29,273 | 27,267 | (973) | 32,446 |
| Calc/Heart Mon-Lost/Damaged | 333 | - | - | - | 333 |
| Technology | 350 | 733 | 753 | - | 330 |
| Textbooks-Lost | 300 | - | - | - | 300 |
| VBCPS Accounts | 983 | 733 | 753 | - | 963 |
| Div and Equity | - | 500 | 230 | - | 270 |
| School Board Allocation Accounts | - | 500 | 230 | - | 270 |
| Senior Class | (668) | 28,485 | 841 | 750 | 27,726 |
| Junior Class | 312 | 1,996 | 78 | - | 2,230 |
| Alumni | 8,753 | 661 | 5,473 | (1,500) | 2,441 |
| Outside Organizations Grant | 1,605 | - | - | - | 1,605 |
| NJROTC Federal Program | 39,066 | 37,521 | 5,603 | - | 70,984 |
| Indiv/Memorial Scholarships | 3,209 | 5,000 | 2,000 | - | 6,209 |
| Class/Scholarship/Grant Accounts | 52,277 | 73,663 | 13,995 | (750) | 111,195 |
| Change | - | - | 300 | - | (300) |
| Clearing | - | 234 | 285 | - | (51) |
| Found Money | - | 71 | - | (50) | 21 |
| Restitution | 101 | - | - | - | 101 |
| Clearing Accounts | 101 | 305 | 585 | (50) | (229) |
| Total | \$ 168,572 | 220,711 | 182,356 | - | 206,927 |

Appendix

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February 2025