



## MEMORANDUM

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

**FROM:** Ms. Karen W. Woodson, CIA, CFE<sup>KW</sup>  
School Board Internal Auditor, Department of Internal Audit

**SUBJECT:** **Change in Principal School Activity Funds Audit**  
**Creeds Elementary School**

**DATE:** February 21, 2025

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## BACKGROUND

As part of the 2025 Audit Work Plan, the Department of Internal Audit (IA) has performed the Change in Principal School Activity Funds Audit for Creeds Elementary 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 no exceptions related to certain policies and procedures with transfers, banking and account usage.

Conclusion: IA concluded that the school is compliant with the applicable policies and procedures.

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; and
- The sample testwork indicated that the school's significant internal controls are working as intended.

Conclusion: IA concluded that the internal controls are adequate and functioning as intended.

## 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 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, Creeds Elementary 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. Melanie J. Hamblin, Senior Executive Director of Elementary Schools  
Ms. Casey L. Conger, Principal

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

Attachment: Appendix

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**For the Six-Month Period Ended December 31, 2024**  
**Creeds Elementary School**

Account Group	Balance 7/1/2024	Cash Receipts	Cash Disbursements	Net Transfers	Balance 12/31/2024
Administrative Accounts	\$ 16,708	3,209	429	(4,498)	14,990
Club and Student Activity Accounts	4,364	2,066	3,905	2,082	4,607
Departmental Accounts	4,696	4,546	5,392	2,416	6,266
VBCPS Accounts	70	-	-	-	70
<b>Total</b>	<b>\$ 25,838</b>	<b>9,821</b>	<b>9,726</b>	<b>-</b>	<b>25,933</b>
Bank Interest	\$ 2	1	-	-	3
Pictures	7,863	1,328	-	(2,082)	7,109
Staff Welfare	6	-	-	-	6
Office	1,057	-	-	50	1,107
Donations/Contributions	2,137	370	-	(1,993)	514
Staff Recognition	69	1,155	429	(17)	778
School-Wide Fundraisers	2,851	35	-	-	2,886
Indigent/Needy Students	1,837	-	-	(136)	1,701
Clinic	3	-	-	-	3
Procurement Card Rebate	851	-	-	-	851
Bottled Drinks Vending	32	-	-	-	32
PTA/PTSA	-	320	-	(320)	-
<b>Administrative Accounts</b>	<b>16,708</b>	<b>3,209</b>	<b>429</b>	<b>(4,498)</b>	<b>14,990</b>
Student Activities	1,480	1,554	2,215	-	819
SCA	176	512	83	-	605
Student Recognition	499	-	1,607	2,082	974
Operation Smile Club	215	-	-	-	215
Running Club	1,252	-	-	-	1,252
STEM Club	742	-	-	-	742
<b>Club and Student Activity Accounts</b>	<b>4,364</b>	<b>2,066</b>	<b>3,905</b>	<b>2,082</b>	<b>4,607</b>
Instructional Materials	339	-	1,623	1,873	589
Library	454	1,357	13	120	1,918
Art	1,408	-	150	-	1,258
Guidance	132	-	-	-	132
Music	350	2,588	2,734	129	333
Physical Education	1,957	-	-	-	1,957
Field Trips	56	601	872	294	79
<b>Departmental Accounts</b>	<b>4,696</b>	<b>4,546</b>	<b>5,392</b>	<b>2,416</b>	<b>6,266</b>
Textbooks-Lost	70	-	-	-	70
<b>VBCPS Accounts</b>	<b>70</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70</b>
<b>Total</b>	<b>\$ 25,838</b>	<b>9,821</b>	<b>9,726</b>	<b>-</b>	<b>25,933</b>