



**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 Bookkeeper School Activity Funds Audit  
Salem High School**

**DATE:** May 12, 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 Bookkeeper School Activity Funds Audit for Salem 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 March 31, 2025. 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 but three invoices reviewed were paid timely, and all checks reviewed contained two authorized signers;
- All procurement card transactions reviewed were reasonable, were approved by the principal and contained an itemized receipt or invoice to support the purchase;
- All disbursements above \$10,000 reviewed were paid from a contract and/or were approved by the Office of Procurement Services; and

## AUDIT OBJECTIVES, METHODOLOGY, RESULTS AND CONCLUSIONS, CONTINUED

- From items reviewed, IA noted exceptions related to certain policies and procedures with transfers, banking and account usage. Three disbursements were made without adequate supporting documentation, one transaction was incorrectly coded and there were two unpaid invoices older than 45 days.

Conclusion: IA concluded that the school is compliant with the applicable policies and procedures with the exception of three disbursements made without adequate supporting documentation, one transaction was incorrectly coded, three invoices were paid late and three invoices were outstanding and older than 45 days.

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, 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, Salem 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  
Mr. Carey C. Manugo, 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: Unpaid Invoices**

Two invoices were unpaid at the time of the site visit on 4/11/25.

- \$109.89 was outstanding at the time of audit, and the invoice was dated 9/5/24.
- \$1,478.40 was outstanding at the time of audit, and the invoice was dated 7/17/24. A purchase order was opened but was cancelled on 6/18/24 without payment. After IA questioned the invoice, the school made the payment on 4/28/25.

The *Business Manual for Schools*, Section 10.24 Prompt Payment Requirements, in alignment with Code of Virginia, Section 2.2-4352, states, "The required payment date shall be either...not more than forty-five days after goods or services are received or not more than forty-five days after the invoice is rendered, whichever is later." The previous bookkeeper did not create a purchase order when the purchase was approved or canceled the purchase order without completing the payment. Payments made after the due date can damage the school's reputation as well as cause the school to incur late fees.

### ***Recommendations:***

IA recommends that the bookkeeper create a purchase order when items are approved for purchase, monitor purchase orders on a frequent basis to identify outstanding invoices and pay invoices in a timely manner.

### ***Management's Response:***

The Chief Schools Officer (CSO) concurs. The bookkeeper will create a purchase order when items are approved for purchase, monitor purchase orders on a frequent basis to identify outstanding invoices and pay invoices in a timely manner.

### **Finding No. 2: Late Payment**

Three disbursements were paid late; two were part of the 30 disbursements sampled, and one was noted in the review of unpaid invoices on the day of the site visit.

<b>Vendor</b>	<b>Invoice Date(s)</b>	<b>Payment Date</b>	<b>Amount</b>
Elite Sportswear	8/23/24, 8/28/24	12/10/24	\$ 1,061.75
Spivey Services	9/3/24	12/19/24	131.75
Epic Sports	10/1/24	2/26/25	113.52
<b>Total</b>			<b>\$ 1,307.02</b>

The *Business Manual for Schools*, Section 10.24 Prompt Payment Requirements, in alignment with Code of Virginia, Section 2.2-4352, states, "The required payment date shall be either...not more than forty-five days after goods or services are received or not more than forty-five days after the invoice is rendered, whichever is later." The previous bookkeeper did not create and/or monitor open purchase orders regularly. Payments made after the due date can damage the school's reputation as well as cause the school to incur late fees.

### ***Recommendations:***

IA recommends that the bookkeeper create a purchase order when items are approved for

## AUDIT RESULTS AND MANAGEMENT'S RESPONSES, CONTINUED

purchase, monitor purchase orders on a frequent basis to identify outstanding invoices and pay invoices in a timely manner.

### ***Management's Response:***

The CSO concurs. The bookkeeper will create a purchase order when items are approved for purchase, monitor purchase orders on a frequent basis to identify outstanding invoices and pay invoices in a timely manner.

### **Finding No. 3: Inadequate Documentation**

Two cash disbursements of the 30 tested had inadequate documentation. An invoice or itemized receipt was not included in the supporting documentation for two payments of \$1,061.75 and \$113.52, each for cheerleading. The payments were made using a quote. After IA questioned the transactions, the sponsor or vendor provided itemized invoices. IA reviewed the itemized invoices and determined the purchases were reasonable.

The *Business Manual for Schools*, Section 10.1A School Activity Account Disbursements states, "All school activity account disbursements must ...be supported by the following documentation: itemized receipts/invoices." The previous bookkeeper did not obtain complete documentation, and the principal signed the check without supporting documentation. Supporting documentation that itemizes the purchase is required to substantiate that the school's funds are being properly spent.

### ***Recommendations:***

IA recommends that the bookkeeper obtain complete documentation, including an invoice or an itemized receipt for each purchase. The documentation should be reviewed by the principal before signing the check.

### ***Management's Response:***

The CSO concurs. The bookkeeper will obtain complete documentation, including an invoice or an itemized receipt for each purchase. The principal will review the documentation before signing the check.

### **Finding No. 4: Incorrect Account Coding**

One procurement card purchase of the 44 transactions tested was incorrectly coded. A \$141.62 purchase of cooking ingredients for Family and Consumer Science catering services was coded to the school's coffee shop. The *Business Manual for Schools*, Section 6.1B Coding of Activities Overview – Schools states, "...receipts and disbursements of each school activity must be recorded in the proper school activity account..." This error was caused by lack of review by the previous bookkeeper and principal. Incorrect account usage inaccurately reflects spending activity.

### ***Recommendations:***

IA recommends that the bookkeeper and principal review all procurement card purchases for correct account usage.

## AUDIT RESULTS AND MANAGEMENT'S RESPONSES, CONTINUED

### ***Management's Response:***

The CSO concurs. The bookkeeper and principal will review all procurement card purchases for correct account usage.

### **Finding No. 5: Signature Authority**

A disbursement of \$4,386.00 for cheerleading was not approved by the signature authority (principal) and had inadequate documentation. The assistant principal approved the purchase. The previous bookkeeper used a packing slip to process the check, which was also signed by the assistant principal.

The *Business Manual for Schools*, Section 12.1 Procurement Overview states, "...no purchase may be made from school activity funds without the prior written approval of the Principal or a designated Department of School Leadership staff member in the principal's absence." The previous bookkeeper or sponsor did not obtain approval from the principal for the purchase. The principal's approval ensures that the school's funds are being properly spent.

The *Business Manual for Schools*, Section 10.1A School Activity Account Disbursements states, "All school activity account disbursements must ...be supported by the following documentation: itemized receipts/invoices." The previous bookkeeper did not obtain complete documentation from the sponsor/vendor prior to preparing the check. Supporting documentation that itemizes the purchase is required to substantiate that the school's funds are being properly spent.

### ***Recommendations:***

IA recommends the sponsor/bookkeeper obtain approval from the principal for all purchases and obtain complete documentation, including an invoice or an itemized receipt.

### ***Management's Response:***

The CSO concurs. The bookkeeper/sponsor will obtain the principal's approval for all purchases including an itemized invoice/receipt that supports the purchase.

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**For the Nine-Month Period Ended March 31, 2025**  
**Salem High School**

Account Group	Balance 7/1/2024	Cash Receipts	Cash Disbursements	Net Transfers	Balance 3/31/2025
Administrative Accounts	\$ 26,154	68,682	6,132	(44,482)	44,222
Virginia High School League Accounts	12,737	5,265	1,271	478	17,209
Club and Student Activity Accounts	21,503	35,460	49,621	5,288	12,630
Athletic Accounts	45,892	54,359	97,886	33,284	35,649
Departmental Accounts	25,320	60,996	46,250	4,991	45,057
VBCPS Accounts	1,400	1,574	1,564	-	1,410
School Board Allocation Accounts	73	4,570	523	-	4,120
Class/Scholarship/Grant Accounts	34,068	47,167	43,994	441	37,682
Clearing Accounts	251	12,611	10,790	-	2,072
<b>Total</b>	<b>\$ 167,398</b>	<b>290,684</b>	<b>258,031</b>	<b>-</b>	<b>200,051</b>
Student Concession/Vending	\$ -	1,054	-	(667)	387
Staff Concession/Vending	-	612	-	(275)	337
Pictures	5,772	4,830	-	(7,434)	3,168
Staff Welfare	326	1,390	539	(72)	1,105
Supply Store	1,095	378	579	-	894
Professional Development	(1,946)	4,210	4,435	-	(2,171)
Office	-	-	135	135	-
Postage	971	-	-	-	971
Copier	1	-	-	-	1
Donations/Contributions	5,785	16,885	-	(15,485)	7,185
Office Depot Rebate	839	-	-	-	839
Staff Recognition	-	-	10	140	130
School-Wide Fundraisers	-	19,332	36	(19,296)	-
Parking	4,571	12,165	368	-	16,368
Clinic	-	-	30	30	-
Procurement Card Rebate	1,995	-	-	(500)	1,495
Bottled Drinks Vending	6,745	7,826	-	(1,058)	13,513
<b>Administrative Accounts</b>	<b>26,154</b>	<b>68,682</b>	<b>6,132</b>	<b>(44,482)</b>	<b>44,222</b>
Debate	5	-	-	-	5
Forensics	304	200	-	(296)	208
Literary Art Magazine	218	-	-	274	492
Newspaper	1,005	902	1,271	500	1,136
Yearbook	7,974	4,163	-	-	12,137
VHSL Regions 5A/6A	3,231	-	-	-	3,231
<b>Virginia High School League Accounts</b>	<b>12,737</b>	<b>5,265</b>	<b>1,271</b>	<b>478</b>	<b>17,209</b>
Student Activities	(5,000)	5,000	398	293	(105)
SCA	-	14,625	26,855	4,795	(7,435)
Student Recognition	306	-	-	-	306
Animal Awareness	196	-	-	-	196
Academy Chorus Club	764	8,418	8,400	-	782
Band Club	220	-	-	-	220
DECA	115	165	210	-	70
FBLA	882	-	-	-	882
FCCLA	(191)	1,012	857	-	(36)
Fashions	37	-	-	-	37
FACS	2,004	-	-	-	2,004
Garden Club	1,052	305	1,153	-	204
Salem Sundevil Squad	137	-	-	-	137
Key Club	668	-	-	-	668
Math Honor Society	10	240	240	-	10
NJHS/NHS	709	2,431	1,497	200	1,843
The Nobleteen	339	-	-	-	339
Natl Social Studies Honor Society	847	284	27	-	1,104
Natl French Honor Society	45	-	102	-	(57)

Appendix

Change in Bookkeeper School Activity Funds Audit  
Salem High School  
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**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS, CONTINUED**  
**For the Nine-Month Period Ended March 31, 2025**

Naval Science Club	\$ 12,366	2,330	9,782	-	4,914
Natl Music Honor Society	198	465	-	-	663
Operation Smile Club	479	-	-	-	479
Spanish Honor Society	727	-	100	-	627
Salem Scholars	65	-	-	-	65
Thespians/Theater Club	4,528	185	-	-	4,713
<b>Club and Student Activity Accounts</b>	<b>21,503</b>	<b>35,460</b>	<b>49,621</b>	<b>5,288</b>	<b>12,630</b>
Athletics Reimbursement	190	27,493	33,992	-	(6,309)
Officials Reimbursement	-	2,940	2,940	-	-
Baseball Club	1,064	-	1,476	384	(28)
Basketball	6,624	-	5,573	4,177	5,228
Field Hockey	2,226	111	681	277	1,933
Football	2,332	-	14,004	15,799	4,127
Golf	1,077	-	350	192	919
Gymnastics	2,210	980	888	192	2,494
Soccer	6,423	-	-	768	7,191
Softball	237	-	392	192	37
Tennis	1,720	-	-	384	2,104
Track	7,657	-	450	960	8,167
Volleyball	5,754	-	1,000	768	5,522
Wrestling	257	150	1,685	1,409	131
Aquatics Team	2,587	925	2,882	384	1,014
Tournament Reimbursement	-	4,138	4,474	-	(336)
Regional 5A/6A Tournament Host	15	-	-	(1,035)	(1,020)
Training Room	347	-	339	-	8
Cheerleaders	(21)	16,886	18,964	384	(1,715)
Invitational Tournaments	-	-	988	-	(988)
General Athletics	-	736	6,478	6,897	1,155
Lacrosse	799	-	330	768	1,237
Cross Country	4,191	-	-	384	4,575
Weight Room	203	-	-	-	203
<b>Athletic Accounts</b>	<b>45,892</b>	<b>54,359</b>	<b>97,886</b>	<b>33,284</b>	<b>35,649</b>
Instructional Materials	640	-	2,748	2,108	-
Library	97	276	-	-	373
Art	400	-	-	-	400
Guidance	86	-	-	-	86
Language Arts	609	-	-	-	609
Physical Education	6,950	683	-	-	7,633
Social Studies	-	-	79	79	-
Special Education	6,440	14,247	11,652	-	9,035
SOLS	-	-	290	200	(90)
Technical Education	240	910	-	-	1,150
AVID	3,381	45	-	-	3,426
Business	6	-	-	-	6
Foreign Language	115	-	-	-	115
Family and Consumer Science	1,399	19,246	15,230	2,604	8,019
Computer Supplies	884	-	-	-	884
Fine Arts Academy	2,130	24,933	15,268	-	11,795
Field Trips	579	-	61	-	518
College Board Tests	90	36	-	-	126
VA Teachers for Tomorrow	-	450	450	-	-
Theater	1,274	170	472	-	972
<b>Departmental Accounts</b>	<b>25,320</b>	<b>60,996</b>	<b>46,250</b>	<b>4,991</b>	<b>45,057</b>
Calc/Heart Mon-Lost/Damaged	700	-	-	-	700
Technology	350	1,424	1,364	-	410
Textbooks-Lost	350	150	200	-	300
<b>VBCPS Accounts</b>	<b>1,400</b>	<b>1,574</b>	<b>1,564</b>	<b>-</b>	<b>1,410</b>

Appendix

Change in Bookkeeper School Activity Funds Audit  
Salem High School  
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**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS, CONTINUED**  
**For the Nine-Month Period Ended March 31, 2025**

Div and Equity	\$ 73.00	800	523	-	350
Summer School-ESY	-	3,770	-	-	3,770
<b>School Board Allocation Accounts</b>	<b>73</b>	<b>4,570</b>	<b>523</b>	<b>-</b>	<b>4,120</b>
Senior Class	7,250	16,289	22,225	350	1,664
Junior Class	2,336	17,478	12,415	441	7,840
Sophomore Class	1,559	368	406	-	1,521
Freshman Class	-	1,420	1,997	-	(577)
Alumni	1,522	-	-	(350)	1,172
VB Education Foundation Grants	121	2,000	2,000	-	121
Outside Organization Grants	8	-	-	-	8
NJROTC Federal Program	19,702	9,612	3,901	-	25,413
Class/Club Scholarships	1,070	-	1,050	-	20
Indiv/Memorial Scholarships	500	-	-	-	500
<b>Class/Scholarship/Grant Accounts</b>	<b>34,068</b>	<b>47,167</b>	<b>43,994</b>	<b>441</b>	<b>37,682</b>
Change	-	-	100	-	(100)
United Way	-	655	655	-	-
Clearing	85	199	198	-	86
Charity Fundraisers	50	-	-	-	50
District-Wide Events	116	11,757	9,837	-	2,036
<b>Clearing Accounts</b>	<b>251</b>	<b>12,611</b>	<b>10,790</b>	<b>-</b>	<b>2,072</b>
<b>Total</b>	<b>\$ 167,398</b>	<b>290,684</b>	<b>258,031</b>	<b>-</b>	<b>200,051</b>