



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: **Change in Bookkeeper School Activity Funds Audit
Corporate Landing Elementary School**

DATE: December 4, 2025

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 Corporate Landing Elementary School.

The principal has 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 money 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, 2025, through October 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 all 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 Business Services (OBS) or Office of Procurement Services, as applicable; and
- IA evaluated certain policies and procedures related to transfers, banking and account usage and procedures for cash collection and disbursements.

Results:

- All cash receipts reviewed were deposited timely;
- All 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;
- There were no disbursements above \$10,000.

AUDIT OBJECTIVES, METHODOLOGY, RESULTS AND CONCLUSIONS, CONTINUED

- From items reviewed, IA noted one exception related to certain policies and procedures with transfers, banking and/or account usage; and
- IA noted one exception related to cash collections procedures.

Conclusion: IA concluded that the school is compliant with substantially all applicable policies.

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 and findings for this audit were discussed with management. Audit results are based on The Code of Virginia, School Board policies and regulations, accounting procedures, the *Business Manual for Schools (Business Manual)* 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, Corporate Landing 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. Angela K. Munari, 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: Improper Cash Receipting

A staff member used the same Internal Accounting Control Sheet (IAC) to record field trip collections received over a two-week period. The initial \$10.00 collection was turned in to the bookkeeper on the first day of collection, and the remaining \$60.00 was turned in after the field trip occurred. *Business Manual*, Section 9.1 School Activity Receipts states, "All collections must be receipted in a pre-numbered IAC...all funds must be turned in daily to the bookkeeper." Section 9.6 Receipt and Transmittal of Collections states, "A new pre-numbered IAC is used each day." The staff member collecting money for the field trip did not have a clear understanding of the collection and receipting process. The collections occurred during the transition between the old and new bookkeepers; therefore, the problem had not been detected. When funds are receipted at the point of collection and turned in and deposited daily, it reduces the risk of loss or theft.

Recommendations:

IA recommends that the new bookkeeper receive training from OBS to obtain an understanding of the internal controls for the collection and receipting process. In addition, IA recommends that the principal and bookkeeper ensure that all staff members are re-trained on the collection and receipting process.

Management's Response:

The Chief Schools Officer (CSO) concurs. The new bookkeeper will receive additional training on the internal controls for the collection and receipting process from OBS by mid-December. The principal and bookkeeper will ensure that all staff members are re-trained on the collection and receipting process by January 27, 2026.

Finding No. 2: Incorrect Account Coding

One procurement card purchase of the 14 transactions tested was incorrectly coded. A \$40.00 purchase for a fifth-grade fieldtrip was coded to the fourth-grade fieldtrip account. *Business Manual*, Section 6.1 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 was not noticed by the principal. Incorrect account usage inaccurately reflects spending activity.

Recommendations:

IA recommends that the bookkeeper correct the account coding. In addition, the bookkeeper and principal should carefully review all procurement card purchases to ensure the correct account is used.

Management's Response:

The CSO concurs. The bookkeeper will correct the account coding by December 19, 2025, and the bookkeeper and principal will carefully review all future procurement card purchases to ensure the correct account is used.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For the Four-Month Period Ended October 31, 2025

Account Group	Balance 7/1/2025	Cash Receipts	Cash Disbursements	Net Transfers	Balance 10/31/2025
Administrative Accounts	\$ 14,633	4,630	1,911	(4,783)	12,569
Club and Student Activity Accounts	1,045	207	141	34	1,145
Departmental Accounts	3,267	268	2,070	4,749	6,214
VBCPS Accounts	136	17	30	-	123
Class/Scholarship/Grant Accounts	17	1,964	1,956	-	25
Clearing Accounts	-	100	100	-	-
Total	\$ 19,098	7,186	6,208	-	20,076
Pictures	\$ 2,749	1,459	-	(34)	4,174
Staff Welfare	89	1,420	100	-	1,409
Office	387	-	60	50	377
Donations/Contributions	841	-	-	-	841
Office Depot Rebate	618	-	-	(50)	568
School-Wide Fundraisers	3,778	-	-	-	3,778
Indigent/Needy Students	395	-	-	-	395
Procurement Card Rebate	1,022	-	-	-	1,022
Bottled Drink Vending	5	-	-	-	5
Book Fairs	4,749	1,751	1,751	(4,749)	-
Administrative Accounts	14,633	4,630	1,911	(4,783)	12,569
Student Activities	439	-	26	26	439
SCA	598	207	99	-	706
Student Recognition	8	-	16	8	-
Club and Student Activity Accounts	1,045	207	141	34	1,145
Instructional Materials	703	-	-	-	703
Library	507	5	8	4,749	5,253
Art	1,729	-	1,508	-	221
Music	100	5	259	-	(154)
Computer Supplies	-	23	-	-	23
Field Trips	228	235	295	-	168
Departmental Accounts	3,267	268	2,070	4,749	6,214
Technology	53	17	30	-	40
Textbooks – Lost	83	-	-	-	83
VBCPS Accounts	136	17	30	-	123
VB Education Foundation Grants	14	1,964	1,956	-	22
Outside Organization Grants	3	-	-	-	3
Class/Scholarship/Grant Accounts	17	1,964	1,956	-	25
Change	-	100	100	-	-
Clearing Accounts	-	100	100	-	-
Total	\$ 19,098	7,186	6,208	-	20,076