



**MEMORANDUM**

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

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

**SUBJECT:** Annual Cash Disbursements Audit

**DATE:** December 16, 2025

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**BACKGROUND**

As part of the 2025 Audit Work Plan, the Department of Internal Audit (IA) has performed the Annual Cash Disbursements Audit.

Departments, offices and schools (User) can pay for goods or services by making a direct payment or by requesting a payment against a purchase order. Both methods flow through Oracle Cloud (Oracle), the procurement and payment processing system used by Virginia Beach City Public Schools (VBCPS).

The User enters the item they want to buy in Oracle. The Accounts Payable division (AP) of the Office of Business Services (OBS) reviews the account code and ensures the workflow includes the signature authority for the assigned cost center. The signature authority reviews the requisition to ensure that the purchase is warranted. The Office of Procurement Services ensures that all procurement requirements are met before converting the purchase requisition to a purchase order to order the item. Once the item is received, the User enters an electronic receipt in Oracle. The vendor or user submits the invoice to AP, who ensures that the dollar amount matches the electronic receipt and the purchase order. A three-way match of the purchase order, receipt and invoice will generate a payment.

When a direct payment is requested, the User obtains the item directly from the vendor without using a purchase requisition. After the User receives the item, they enter the request to pay the invoice in Oracle. The signature authority for the assigned cost center reviews and approves the request, and AP reviews the account code, the approval and confirms that the vendor's name and amount match the invoice.

Payment information and dates are recorded in Oracle. The Treasurer for the City of Virginia Beach uses the data in Oracle to make payments for VBCPS. VBCPS is required to pay all invoices within 45 days of the invoice date or the date goods and/or services are received.

## BACKGROUND, CONTINUED

OBS has a *Travel/Professional Development/Employee Reimbursement Manual* that explains the travel reimbursement process. Professional development costs and reimbursements for local travel can be paid with a procurement card (pcard), by a direct payment or may be reimbursed to an employee. Accounting Technicians in AP review 100% of all travel related disbursements. Various types of travel expenditures/claims include the following:

- Reimbursement made to employee's paycheck for travel expenses incurred personally by a VBCPS employee;
- Travel reimbursement made to employee's paycheck for local mileage (mileage between VBCPS buildings and within the metropolitan area); and
- Travel-related pcard charges.

## AUDIT OBJECTIVES, METHODOLOGY, RESULTS AND CONCLUSIONS

IA reviewed 90 non-payroll invoices greater than \$500 but less than \$100,000 that posted to the general ledger in Oracle between September 2024 – August 2025 and 10 payroll journal entries that contained 42 individual employee travel reimbursements made between September 2024 – August 2025. Inquiry and examination of documents and data, as well as interviews, were the methods of reviewing internal controls for this limited-scope audit.

OBS provided IA with Excel files from Oracle containing all AP-approved invoices and travel reimbursement journal entries. The files contained approximately 7,776 unique invoice numbers during the audit period. IA judgmentally selected 90 invoices from the files. IA selected the invoices judgmentally so that there would be a variety of invoices across the division without selecting multiple invoices from the same vendor while including invoices across several funds and cost centers. IA also judgmentally selected 10 payroll journal entries so that there would be a variety of travel reimbursements selected across several funds and cost centers. The results cannot be extrapolated to the entire population. IA examined AP procedures, VBCPS records, Oracle general ledger and Laserfiche records for the 90 cash disbursement invoices and 10 payroll journal entries.

IA conducted this audit primarily to review the cash disbursement process. The audit objectives, methodology, results and conclusions are as follows:

1. Objective:

Review and analyze 90 invoices to determine if they were processed according to division requirements as follows:

- The signature authority approved the purchase;
- The items purchased were reasonable based on the function of the department/school/office and were coded correctly;
- The invoice was paid within 45 days of the invoice date or the date the goods or services were received;
- The approved payment amount and vendor match the invoice;
- The invoice amount matches any contracts referenced in Oracle; and

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

- The approval guidelines were followed for invoices over \$10,000, if applicable.

### Methodology:

- IA used source documents from Oracle to determine if the purchases were approved by the signature authority, appeared reasonable based on the function of the department/school/office and were coded to the correct general ledger account.
- IA compared the payment dates to the invoice date or the date of receipt of goods or services, whichever is later, to determine if the payment was made timely and compared the payee and dollar amount of the invoices to source documents in Oracle. IA compared the electronic receipt and invoice in Oracle for payments made against purchase orders, if applicable, to determine if they matched.
- IA compared applicable invoices from Oracle to the terms and conditions of the contracts in Oracle to determine if they match and ensured the approval path in Oracle included the required approval for any invoices over \$10,000.

### Results:

- Source documents for all invoices reviewed indicate that the purchases were approved by the signature authority, appeared reasonable and were coded to the correct general ledger account.
- Eighty-eight of 90 invoices reviewed were paid within 45 days of the invoice date or the date the goods or services were received. All payees and dollar amounts of invoices matched the source documents in Oracle. All electronic receipts and invoices in Oracle matched payments made against the purchase order.
- All invoices reviewed, as applicable, matched the terms of the contract, and all invoices over \$10,000 had the required approval in Oracle.

### Conclusion:

All purchases were processed according to division requirements with the exception of two invoices that were not paid within 45 days of the invoice date or receipt of goods.

## 2. Objective:

Review and analyze 10 departmental/school travel reimbursement journal entries to determine if the professional development reimbursement and/or the local travel reimbursement followed VBCPS travel and professional development guidelines.

### Methodology:

IA reviewed documents for each journal entry in Laserfiche to ensure:

- The local travel/professional development reimbursement requests were approved by the signature authority;
- Itemized receipts/invoices were included to support the charges incurred by the traveler;
- General Services Administration (GSA) per diem rates were followed for all meals, and local travel mileage calculation was correct;

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

- The amount reimbursed to employee matched the amount on reimbursement request form;
- The request was submitted within 10 business days of conclusion of trip/local travel; and
- The reimbursement was coded to the correct general ledger account.

### Results:

IA examined 42 local travel/professional development reimbursement requests.

- All were approved by the signature authority and included itemized receipts/invoices to support the charges incurred by the traveler, which were coded to the correct general ledger account;
- GSA per diem rates were followed for meals, and local travel mileage calculations were correct. Amounts reimbursed to employees matched the amount on the reimbursement request form; and
- All local travel/professional development reimbursement requests were submitted within 10 business days of conclusion of trip/local travel.

### Conclusion:

All departmental/school travel reimbursement requests followed VBCPS travel and professional development guidelines.

## AUDITING STANDARDS

IA conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that IA plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. IA believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

The results of the audit were discussed with management. IA thanks management and staff of OBS and others that were contacted for their cooperation throughout the audit.

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

Matthew D. Delaney, Chief Schools Officer, Department of School Leadership  
Jack Freeman, Chief Operations Officer, Department of School Division Services

## AUDIT RESULTS AND MANAGEMENT'S RESPONSES

### **Finding No. 1: Late Payments**

Two invoices out of 90 invoices examined were paid late. A \$13,776 invoice for exam fees dated 11/18/24 was paid on 1/15/25. The school registered for the tests but overlooked the invoice from the vendor.

An invoice of \$5,250 for roof maintenance dated 11/25/24 was not paid until 2/12/25. The office marked the roof repairs as completed in Oracle on 11/25/24, but the invoice was not submitted to AP to be paid from the purchase order until 2/7/25.

Virginia State Code §2.2-4352 states, "The required payment date shall be...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." Payments made after the due date can damage VBCPS's reputation as well as cause the school/office to incur late fees.

### ***Recommendations:***

IA recommends that Green Run Collegiate develop a process to ensure that purchases are tracked, and the related invoices are paid promptly. IA recommends that the Office of Maintenance Services assign a staff member to monitor open purchase orders to ensure prompt payment.

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

The Chief Schools Officer concurs. Green Run Collegiate will develop a process by 1/27/26 to follow up on open invoices to ensure prompt payment.

The Chief Operations Officer concurs. The Office of Maintenance Services will assign a staff member by 1/30/26 to monitor open purchase orders to ensure prompt payment.