



VIRGINIA BEACH CITY PUBLIC SCHOOLS

CHARTING THE COURSE

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 Principal School Activity Funds Audit
Christopher Farms Elementary School**

DATE: February 20, 2026

BACKGROUND

As part of the 2026 Audit Work Plan, the Department of Internal Audit (IA) has performed the Change in Principal School Activity Funds Audit for Christopher Farms 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 (SFO), 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 January 31, 2026. The audit objectives, methodology, results and conclusions are as follows:

1. Objective: Determine if cash balances were fairly stated.
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 disbursements to determine if the amounts paid were reasonable, were approved by the principal, contained an itemized receipt or invoice to support the purchase and two authorized signatures on checks, as applicable;
- 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 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 disbursements reviewed were reasonable, were approved by the principal, contained an itemized receipt or invoice to support the purchase and two signatures as applicable;
- There were no disbursements above \$10,000;
- From items reviewed, IA noted no exceptions related to certain policies and procedures with transfers, banking and procedures for cash collections and disbursements; and
- IA noted one exception related to account usage.

AUDIT OBJECTIVES, METHODOLOGY, RESULTS AND CONCLUSIONS, CONTINUED

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, findings and suggestions for improvement 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, Christopher Farms 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. Kristen L. Shuman, 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: Incorrect Account Coding

One procurement card purchase of the 13 transactions tested was incorrectly coded. *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..." Flag football equipment, totaling \$55.99, was coded to the Tae Kwon Do Fundraisers account instead of the Physical Education account, where the transaction should have been recorded. This error was caused by lack of review by the bookkeeper and was not noticed by the previous principal. Incorrect account usage inaccurately reflects the amount of funds spent and/or available for use.

Recommendations:

IA recommends that the bookkeeper review procurement card transaction coding for accuracy and the principal monitor account balances and question any discrepancies.

Management's Response:

The Chief Schools Officer concurs. The principal will remind the bookkeeper to review the procurement card transaction coding for accuracy by March 2, 2026. The principal will monitor account balances and question any discrepancies.

- *IA noted the account coding was corrected in SFO before the report was issued.*

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For the Seven-Month Period Ended January 31, 2026
Christopher Farms Elementary School

Account Group	Balance 7/1/2025	Cash Receipts	Cash Disbursements	Net Transfers	Balance 1/31/2026
Administrative Accounts	\$ 43,078	5,782	790	(4,076)	43,994
Club and Student Activity Accounts	646	-	3,148	3,064	562
Departmental Accounts	7,882	8,566	13,242	1,012	4,218
VBCPS Accounts	100	87	87	-	100
Total	\$ 51,706	14,435	17,267	-	48,874
Bank Interest	\$ 8	9	-	-	17
Pictures	21,521	2,188	-	(3,512)	20,197
Staff Welfare	470	-	470	-	-
Supply Store	282	-	-	-	282
Office	-	-	115	115	-
Donations/Contributions	2,350	1,000	-	-	3,350
Office Depot Rebate	736	-	-	(43)	693
Staff Recognition	-	-	149	149	-
School-Wide Fundraisers	16,374	2,085	56	-	18,403
Indigent/Needy Students	70	-	-	(64)	6
Procurement Card Rebate	664	-	-	(72)	592
Bottled Drinks Vending	603	-	-	(149)	454
PTA/PTSA	-	500	-	(500)	-
Administrative Accounts	43,078	5,782	790	(4,076)	43,994
Student Activities	-	-	1,414	1,414	-
SCA	506	-	84	-	422
Student Recognition	-	-	1,650	1,650	-
Environmental Club	140	-	-	-	140
Club and Student Activity Accounts	646	-	3,148	3,064	562
Library	7,784	309	6,628	-	1,465
Special Education	49	-	-	-	49
Foreign Language	-	907	1,061	-	(154)
Gifted	-	124	124	-	-
Field Trips	49	7,226	5,429	1,012	2,858
Departmental Accounts	7,882	8,566	13,242	1,012	4,218
Technology	-	87	87	-	-
Textbooks-Lost	100	-	-	-	100
VBCPS Accounts	100	87	87	-	100
Total	\$ 51,706	14,435	17,267	-	48,874