



Internal Audit Report: Fiscal Year 2025-26 Follow-Up

Volusia County Schools, Florida

May 14, 2026

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TRANSMITTAL LETTER

May 14, 2026

The Audit Committee of
The School Board of Volusia County, FL
200 North Clara Avenue
DeLand, FL 32720

Pursuant to the Volusia County Schools' ("VCS," "District") approved internal audit plan for fiscal year ("FY") 2026, we hereby present the results of our follow-up procedures over the five (5) previously issued internal audit reports. The objective of this follow-up was to obtain the status of prior audit observations, and management's remediation progress to-date. We will be presenting this report to the next scheduled meeting for the Audit Committee of VCS. Below is a summary of the closed, in progress, and open observations within these internal audit reports.

					Open	
Internal Audit Report	Issued	Total Audit Items	Total Closed	Closed During This Round	In Progress	Risk Rate Reduction
Design and Construction	October 2020	6	6	1	-	-
Maintenance Operations	September 2021	5	5	1	-	-
Purchasing and Procurement	August 2023	8	2	2	6	2
Student Discipline	March 2024	5	5	5	-	-
Purchasing Cards – District Funds	June 2024	9	1	1	8	5
Total		33	19	10	14	7

We would like to thank the staff and all those involved in assisting our firm with our follow-up procedures.

Respectfully Submitted

RSM US LLP

RSM US LLP

DESIGN AND CONSTRUCTION

Issued: October 7, 2020

OBSERVATIONS MATRIX: DESIGN AND CONSTRUCTION

3. Negotiation of Stipulated Rates		Status: Closed
Original Observation Summary		
During our detailed testing of construction invoices and in conversations with Management, we noted the District sometimes negotiates with contractors to establish rates within Construction Manager at Risk (“CMAR”) agreements. Although rates may be agreed with contractors, the District does not consistently maintain documentation supporting the reasonableness and methodology for determining the rates and did not modify contract language to reflect acceptable billing support for these items. Specifically, we noted instances where the District agreed to labor rates by position and to stipulated monthly vehicle rates. By design, CMAR agreements provide transparency of costs versus construction manager profits, by establishing a guaranteed maximum price (“GMP”) that includes actual costs, plus a percentage fee (profit). The contract templates utilized by the District contain provisions that require detailed support of actual costs for all items within the GMP. Although establishing rates can reduce administrative burden related to invoice review, this practice removes transparency of costs from the negotiated components. While negotiations to establish rates for certain components are commonplace, best practices include documenting the agreement in writing with the contractor, and documenting methodologies employed by the District for determining the reasonableness of rates agreed.		
Original Recommendation Summary		
When Management agrees to stipulated rates for certain components of a CMAR agreement, we recommend the District insert language or formal contract amendments, specifying which portions are stipulated rather than cost reimbursable. Further, we recommend the District perform pre-audits to support the reasonableness of fixed components, including documents reviewed to validate actual costs, historical cost comparisons, independent estimates, etc.		
Internal Audit Review		
During previous rounds of follow-up, RSM verified that the construction agreements were amended as of August 2024 to include new language relating to proof of payroll and requiring timesheets to be included in the submitted payment applications. General Requirements/General Conditions (“GC / GR”) were amended to require that any changes to rates previously documented in the GC / GR will be indicated within the pay applications. These changes were reflected and utilized for all construction projects moving forward, starting in Summer 2025. RSM selected a sample of three (3) construction contracts and a sub sample selection of three (3) pay applications per project. RSM verified that all necessary and required documentation was retained within the pay application, including time sheets and rate information. Additionally, RSM verified the mathematical accuracy of the pay application, and verified the rates listed agreed to the original GC / GR and contract language. The District continues to determine reasonableness of rates per institutional knowledge and does not currently retain written documentation to evidence. Formal processes to document the reasonableness comparison will be further evaluated in the FY25 Planning and Zoning internal audit follow up. This observation is deemed closed.		

MAINTENANCE OPERATIONS

Issued September 16, 2021

OBSERVATIONS MATRIX: MAINTENANCE OPERATIONS

4. Work Order Management		Status: Closed
Original Observation Summary		
Based upon discussion with Maintenance & Operations personnel, along with a review of current policies, procedures, and best practices, we noted the following exceptions: 20% of the sampled work orders were created and approved by the same person; 20% of the sampled work orders did not have evidence of work order creation approval; 70% of the sampled work orders did not contain reference to a Customer Service Request (“CSR”), which would have initiated the work; and 100% of the sampled work orders did not have evidence of Supervisory review.		
Original Recommendation Summary		
We recommend the Maintenance & Operations Department revisit the policies and procedures associated with customer service requests, work order creation and approval, as well as the review of completed work. We recommend strengthening the current processes to confirm work orders include appropriate documentation of the CSR, and that all work orders receive proper approval. Further, we recommend that the 5% supervisory audit and review requirement is monitored and that functionality be introduced into the AiM workflow to appropriately document work order review requirements. This functionality will be able to drive reporting to validate compliance with review requirements.		
Internal Audit Review		
RSM selected a sample of ten (10) work orders, comprising of five (5) proactive and five (5) reactive types. These work orders were tested for appropriate creation, retention, reference to the Customer Service Request (“CSR”), approval from the supervisor for reactive work orders, and segregation of duties between the creator and approver. We noted that 100% of our samples contained reference to the CSR, had work order entry creation approval, reflected appropriate segregation of duties between the creator and data entry approver, and contained technical supervisory review approval.		
This observation is deemed closed.		

PURCHASING AND PROCUREMENT

Issued August 16, 2023

OBSERVATIONS MATRIX: PURCHASING AND PROCUREMENT

1. Manual Contract Management	Risk Rating: High	Status: Open
Original Observation Summary		
During the review of Volusia County Schools' purchasing and procurement function, it was observed that numerous contract management processes are performed manually, including vendor spend monitoring, document retention, contract expiration tracking, and workflow communication. Inconsistencies were identified between the District's Master Contract Listing in Smartsheets and the VendorLink platform, and no integrated process exists to monitor commodity spend across purchase orders, p-cards, internal accounts, and direct payments. Additionally, formal approval documentation was lacking for several manual processes, including solicitation approvals, rejected bids, and non-competitive purchase exceptions, creating gaps in the audit trail. The absence of an automated contract management system increases the likelihood of non-compliance with contract terms, missed expiration dates, and untimely legal reviews.		
Original Recommendation Summary		
We recommend that VCS consider integrating a contract management system into its processes to enhance manual procedures through automated workflows and approvals, complete and centralized document revision history, improved document repository capabilities, and tracking of important contract terms and expiration dates. If the District elects not to purchase a full software package, other software capabilities should be explored to automate some of the manual procedures. Additionally, the District should establish a comprehensive methodology to monitor spend by commodity and / or by vendor to ensure compliance with District policy, Florida Statute, and federal procurement thresholds.		
Management's Response: May 2026		
Response: The District remains confident that the implementation of the Focus ERP system will significantly improve spend monitoring and reporting capabilities. Integration of the AiM and Transman systems with Focus is still ongoing. Once complete, the District anticipates having more comprehensive spend metrics across all procurement channels. As purchase orders are routed through Focus, the District has gained greater visibility into purchasing activity and can utilize pre-built reports to analyze spending by vendor, including both District and Internal Accounts (IA) purchases. Additionally, VendorLink continues to serve as the District's contract management repository and provides automated notifications for contract and insurance expirations, helping ensure timely renewals and compliance. Based on these improvements and the continued implementation of Focus, the District believes substantial progress has been made toward addressing this observation. Responsible Party: Procurement Updated Estimated Completion Date: December 31, 2026		
Internal Audit Review		
The District continues to use Vendorlink as the primary method for tracking procurements as a repository of documentation with spend tracking continuing to be performed manually. The District's goal is to utilize the new ERP platform Focus to automate many phases of these manual processes. The District expects the new system to possess capabilities to generate reports to monitor vendor spend and promote increased visibility. This observation remains open.		

OBSERVATIONS MATRIX: PURCHASING AND PROCUREMENT (CONTINUED)

2. Vendor File Management	Risk Rating: High	Status: Open
Original Observation Summary		
Through inquiry and walkthroughs of the vendor management process, it was identified that limited monitoring activities exist over key vendor management processes, with key controls not in place to effectively validate that vendor information is current, accurate, and appropriately maintained. Vendor modification requests were not consistently documented using the required Vendor Application Form and were instead occasionally processed through email or verbal communication, resulting in a lack of audit trail for vendor information changes. Testing of a sample of 25 active vendors revealed that 80% resulted in missing or inaccurate vendor records, including missing application forms, incomplete W-9s, and one vendor with duplicate active supplier IDs in Oracle. The absence of accurate vendor data on file increases the likelihood of erroneous payments, conflicts of interest, and non-compliance with local policy or statutory requirements.		
Original Recommendation Summary		
It is recommended that Purchasing and Warehouse Services conduct a review of all vendor entries and vendor changes in Oracle to ensure all required documentation is received, accurate, and retained prior to conducting business. The Vendor Application Form should be enforced for all new vendors and vendor information updates, with all forms stored in Oracle for reference, and a checklist should be developed to standardize the processing of vendor file updates, including verification of the Vendor Application Form, W-9, and a secondary review of changes made in the system. Additionally, a process should be established to close out duplicate vendors in Oracle with open purchase orders to ensure the integrity of the vendor database.		
Management's Response: May 2026		
Response: The Procurement Department has made significant progress in strengthening vendor management controls and improving the accuracy of vendor records. Procedures have been implemented to ensure that required documentation, including Vendor Application Forms and W-9s, is collected and reviewed for both new vendors and vendor record updates. Vendor information is validated through available resources, including IRS and Sunbiz records, prior to activation or modification. Additionally, the District has conducted a comprehensive review of its vendor database and identified more than 4,000 vendor records that have had no payment activity since the end of Fiscal Year 2023. The District has made substantial progress in inactivating these vendors to improve the integrity of the vendor master file. Vendors that have been inactivated will only be reactivated upon receipt of all required documentation and successful validation through IRS and Sunbiz records. The District will continue its efforts to review and maintain vendor records, eliminate duplicate or inactive vendors, and strengthen documentation and approval processes to support an accurate and compliant vendor database. Responsible Party: Procurement Updated Estimated Completion Date: December 31, 2026		

OBSERVATIONS MATRIX: PURCHASING AND PROCUREMENT (CONTINUED)

2. Vendor File Management (Continued)	
Internal Audit Review	
The District is currently in the process of transitioning from the ERP platform of Oracle to Focus for the retention of procurement and vendor information. The District is using the migration opportunity to identify and deactivate duplicate vendors and vendors that have not had activity within the last twenty-four (24) months. While the District has not yet formalized a checklist for the acquisition and retention of vendor documentation, management has indicated the Vendor Application Form will continue to serve as a method for verifying the collection of all required documentation. The District has stated that widespread utilization of the Vendor Application Form has increased, improving compliance for the retention of documentation. This will be ready for testing after the District has completed the ERP transition to Focus and fully formalized into procedure and training materials the requirement of the Vendor Application Form. This observation remains open.	

OBSERVATIONS MATRIX: PURCHASING AND PROCUREMENT (CONTINUED)

3. Legal Review of Non-Standard Contracts	Risk Rating: Low	Status: Open
Original Observation Summary		
A review of contract administration practices revealed that while standard contract templates have been pre-approved by both Purchasing and Warehouse Services and Legal Counsel, no mechanism exists to direct non-standard contracts through a legal review prior to execution. Piggyback contracts, in particular, are not reviewed by Legal Counsel, and although a piggyback checklist was recently implemented, it does not include a step for legal review, as the current practice assumes that a thorough review has already been completed by the originating entity. Sample testing confirmed that both piggyback contract samples were not reviewed by Legal Counsel, and one competitive solicitation sample, a Master Service Agreement, could not be confirmed as having received legal review prior to execution. Contract agreements not properly reviewed by Legal Counsel may lead to the District's acceptance of unfavorable terms and conditions, non-compliance with regulatory requirements, or ineffectively negotiated agreements, increasing overall risk to the District.		
Original Recommendation Summary		
To strengthen the contract review process, Purchasing and Warehouse Services should consider adding a line item to the checklist used by Buyers for competitive solicitations to document legal review, indicating whether a pre-approved template was used, whether any modifications were made, and if so, whether those modifications were properly reviewed by Legal Counsel. The checklist should include a signature and date from the reviewing attorney, or an attached copy of the approval email, to serve as an appropriate record of the review. For all non-standard contracts, a similar checklist should be utilized and include a line item to indicate whether or not legal review is necessary prior to execution.		
Management's Response: May 2026		
Response: The District has taken steps to strengthen its contract review and approval processes since this observation was identified. Standard contract templates continue to be utilized, and procedures have been enhanced to ensure that non-standard agreements and contracts containing modified terms and conditions are routed for review and approval by Legal Counsel prior to execution. Additionally, Procurement has made additional efforts to retain supporting evidence of Legal reviews. While piggyback contracts are generally based on competitively solicited agreements that have already undergone legal and procurement review by the originating agency, the District recognizes the value of documenting legal review requirements and exceptions as part of its internal approval process. The District will also continue to require vendors utilizing cooperative or piggyback contracts to execute the Cooperative Purchasing Agreement Signature Page, which formalizes the vendor's agreement to conduct business with the District. The Procurement Department will continue to work collaboratively with Legal Counsel to ensure appropriate contract oversight, maintain adequate documentation of legal reviews, and reduce risk associated with contract execution. Responsible Party: Procurement Updated Estimated Completion Date: December 31, 2026		

OBSERVATIONS MATRIX: PURCHASING AND PROCUREMENT (CONTINUED)

3. Legal Review of Non-Standard Contracts (Continued)	
Internal Audit Review	
Since January 2025, the Purchasing Department directs contracts for review to the Legal Department. However, this process remains manual and is facilitated through email communication and requests. In accordance with current requirements, all non-standard contracts valued at \$20,000 or more must be reviewed by Legal prior to final approval. Legal indicates completion of its review by responding to the email, including instances where no comments are noted. As piggyback contracts utilize pre-existing contracts from other organizations, these vendors are required to complete a standard contract agreeing to the District's requirements. As the District transitions to its new ERP, it expects to further explore capabilities and opportunities to integrate and automate the legal contract review workflow. This observation remains open.	

OBSERVATIONS MATRIX: PURCHASING AND PROCUREMENT (CONTINUED)

4. Standard Operating Procedures	Risk Rating: Low	Status: Open
Original Observation Summary		
Upon review of the Purchasing Procedures Manual, it was identified that while Purchasing and Warehouse Services conducts a regular review of the manual to determine if updates are needed, this review process is not formally documented. Several areas within the manual were found to require revision, including competitive solicitation exceptions that could not be supported by Florida Statute, the absence of a consistent procedure for selection committee formation across departments, and an incorrect Florida Statute reference for Information Technology Resources. Without well-defined and accurately maintained standard operating procedures, the District faces increased risk of non-compliance, inconsistencies in procurement practices, and potential mismanagement of funds.		
Original Recommendation Summary		
Purchasing and Warehouse Services should conduct a comprehensive review of all vendor entries and vendor changes in Oracle to confirm all required documentation is received, accurate, and retained prior to conducting business. The Vendor Application Form should be enforced for all new vendors and vendor information updates, with all forms stored in Oracle for reference, and a checklist should be developed to standardize the processing of vendor file updates, including verification of the Vendor Application Form, W-9, and a secondary review of changes made in the system. Additionally, a process should be established to close out duplicate vendors in Oracle with open purchase orders to maintain the integrity of the vendor database.		
Management's Response: May 2026		
Response: The District has completed several corrective actions related to this observation. Policy 702 was revised to correctly reference the applicable Florida Statutes, and the Purchasing Card User Manual was updated to incorporate prohibited purchasing categories and other requirements. The Procurement Department is currently conducting a review of the Purchasing Manual to identify and implement necessary updates resulting from changes in law, policy, or operational practices. Regarding selection committee formation, the District recognizes the importance of ensuring committees are composed of individuals with the appropriate subject matter expertise and knowledge of the goods or services being procured. Due to the wide variety of procurements conducted across District departments, the District believes flexibility is necessary when identifying evaluation committee members. Rather than implementing a one-size-fits-all procedure, Procurement staff work collaboratively with requesting departments to identify qualified evaluators based on the specific scope and requirements of each solicitation. The District will continue to review and update its procurement policies and procedures to promote compliance, consistency, and sound procurement practices. Responsible Party: Procurement Updated Estimated Completion Date: December 31, 2026		

OBSERVATIONS MATRIX: PURCHASING AND PROCUREMENT (CONTINUED)

4. Standard Operating Procedures (Continued)	
Internal Audit Review	
The District revised Policy 702 to correctly reference “Technology Resources” as defined in Section 282.0041(20), Florida Statutes; the prior reference in the Purchasing Policy cited Section 282.0041(15). The District also updated its Purchasing Manual to incorporate prohibited categories consistent with Florida Statutes. However, the District has not yet developed or implemented formal procedures to guide departments in the selection of committee members for competitive solicitations. This observation remains open.	

OBSERVATIONS MATRIX: PURCHASING AND PROCUREMENT (CONTINUED)

5. Centralized Internal Accounts Procurement	Risk Rating: High	Status: Open
Original Observation Summary		
Inquiry with management revealed that formal procedures to monitor aggregate vendor and commodity spending across internal account and District funds do not currently exist. While Purchasing and Warehouse Services approves purchase orders executed with Internal Funds for any single transaction over \$10,000, most internal account expenditures are approved only by the School Principal, with no process in place to monitor whether total vendor expenditure has exceeded existing contract and / or approval thresholds. As a result of the lack of formal monitoring procedures, Legal Counsel may not be appropriately consulted during the contract execution process, and Purchasing and Warehouse Services Buyers are not available to assist sites with obtaining the most cost-effective vendor or identifying purchases that may be non-compliant with existing vendor contracts. Without formal procedures to monitor total expenditure, the District may be unable to accurately identify contracting requirements and establish District-wide contracts where appropriate.		
Original Recommendation Summary		
The District should establish formal procedures to evaluate vendor spending across both Internal Accounts and District funds to determine when a vendor or commodity exceeds the threshold for contract execution. All purchase orders should be reviewed and approved by Purchasing and Warehouse Services prior to execution to determine if the purchase requires a contract and/or Legal Counsel review before goods or services are obtained. Centralizing the oversight of all vendor expenditures would better position the District to identify contracting requirements, leverage District-wide purchasing power, and maintain compliance with applicable procurement thresholds.		
Management's Response: May 2026		
Response: The implementation of the Focus ERP system has enhanced reporting capabilities to allow the District to analyze vendor spend across both District and Internal Accounts purchase orders, increasing visibility into aggregate expenditures by vendor. As additional system integrations, including AiM and Transman, are completed, the District anticipates having access to more comprehensive spend data and reporting metrics across all purchasing channels. These enhanced reporting capabilities will allow Procurement to more effectively identify vendors and commodities approaching procurement thresholds and evaluate opportunities for districtwide contracts and strategic sourcing initiatives. Additionally, Procurement and Finance are evaluating process enhancements that would increase oversight of Internal Account purchases. Currently, Finance reviews Internal Account orders of \$500 or more, while Procurement reviews orders exceeding \$10,000. The District is exploring workflow changes that would provide additional visibility to both departments and strengthen oversight of vendor spending across all funding sources. Procurement will continue to work with Finance and Information Systems staff to leverage system capabilities that support compliance with procurement requirements, contract thresholds, and legal review processes where applicable. This observation remains in progress as the District continues implementation and optimization of Focus reporting, workflow enhancements, and system integrations.		
Responsible Party: Procurement		
Updated Estimated Completion Date: June 30, 2027		

OBSERVATIONS MATRIX: PURCHASING AND PROCUREMENT (CONTINUED)

5. Centralized Internal Accounts Procurement (Continued)	
Internal Audit Review	
Management stated that vendor spend monitoring system capabilities will be further explored upon the implementation of the new Focus ERP system and indicated that this observation is not ready to test during this round of follow-up (FY26). We recommend the performance of follow-up testing after the remediation actions have been completed. This observation remains open.	

OBSERVATIONS MATRIX: PURCHASING AND PROCUREMENT (CONTINUED)

6. Procurement Training		Status: Closed
Original Observation Summary		
Through our review of procurement training practices, it was identified that formal in-person procurement training has not been conducted for departments and schools since 2019, despite the availability of an online training site with reference documentation and system training videos. No consistent mechanism exists to notify site staff of new or updated materials as they become available, leaving individual questions to be addressed on a case-by-case basis by Purchasing and Warehouse Services staff. Ongoing training is essential to educating each department on the various procurement requirements, purchasing thresholds, purchase order processes, and the expectations of Purchasing and Warehouse Services, including items related to Legal Counsel's concerns to maintain full compliance with Florida Statutes.		
Original Recommendation Summary		
Purchasing and Warehouse Services should coordinate with Finance to implement mandatory annual training for site stakeholders, including Bookkeepers, Secretaries, department Directors, and Principals, that is reviewed and approved by the Purchasing Director. Training should also be provided to new hires who work directly with the purchasing process to establish a baseline understanding of procurement requirements from the outset of their employment. Incorporating topics related to Legal Counsel's expectations and Florida Statute compliance into the training curriculum would further strengthen the District's overall procurement practices and reduce the risk of non-compliance.		
Internal Audit Review		
The District has implemented additional training and development opportunities for staff. These opportunities now allow for annual education and regular communication from the Procurement Department regarding changes to the P-Card program. In 2025, the Clerical Institute served as the primary annual training for both Bookkeepers and Procurement staff. We examined the roster logs for this event, confirming attendees from both categories. These trainings are also available for site employees, such as Principals and Department Heads to attend. The District has also enhanced its employee resources, making them available within its Teams repository to include reference and training material from employee onboarding. This observation is deemed closed.		

OBSERVATIONS MATRIX: PURCHASING AND PROCUREMENT (CONTINUED)

7. Direct Payments of Contracted Services	Risk Rating: Moderate	Status: Open
Original Observation Summary		
Detailed testing of vendor invoices identified several payments made without an approved purchase order within the Oracle system, with five (5) of the fifty (50) vendors selected for testing, or 10%, paid through direct payment by Finance without the knowledge or approval of Purchasing and Warehouse Services. Payments were processed using either direct pay approval forms, spreadsheets, or batch Excel files in place of standard procurement documentation. Additionally, utility payments were identified as being consistently processed through direct payments rather than blanket purchase orders, further limiting Purchasing and Warehouse Services' ability to review purchases for total spend, procurement compliance, or budget control. The absence of procurement review increases the risk of non-compliance with federal, state, and District policies, and the lack of budget monitoring through encumbrances raises the risk of overspending without proper oversight.		
Original Recommendation Summary		
To strengthen procurement oversight, the District should consider utilizing blanket purchase orders, reviewed, approved, and monitored by Purchasing and Warehouse Services, for all purchases and contracted services in place of direct payments. Implementing this process would provide Purchasing and Warehouse Services with greater visibility into total vendor spend, supporting compliance with applicable federal, state, and District procurement policies. Additionally, incorporating encumbrances through the purchase order process would improve budget monitoring and reduce the risk of overspending across all vendor expenditure categories.		
Management's Response: May 2026		
Response: The District has made significant progress in reducing the number of vendors paid through direct payment and continues to transition appropriate vendors and services to the purchase order process. This effort has increased Procurement's visibility into vendor expenditures and strengthened compliance with procurement requirements. The District recognizes that certain payment categories, such as utilities and other operationally necessary expenditures, may continue to require alternative processing methods. However, the District remains committed to expanding the use of purchase orders and blanket purchase orders where appropriate to improve spend monitoring, budget control through encumbrances, and compliance with procurement policies. The District will continue to work collaboratively across Procurement, Finance, and Information Systems to identify additional opportunities to leverage Focus functionality and further reduce reliance on direct payments. This observation remains in progress as these system and process improvements continue to be evaluated and implemented. Responsible Party: Procurement and Finance Updated Estimated Completion Date: December 31, 2026		

OBSERVATIONS MATRIX: PURCHASING AND PROCUREMENT (CONTINUED)

7. Direct Payments of Contracted Services (Continued)	
Internal Audit Review	
The District is currently shifting selected direct payment vendors to be processed with a purchase order. The District expects to explore system capabilities upon the implementation of the new Focus ERP system that may limit direct payments from being processed without the knowledge or approval of the Procurement Department. We recommend the performance of follow-up testing after the remediation actions have been completed. This observation remains open.	

OBSERVATIONS MATRIX: PURCHASING AND PROCUREMENT (CONTINUED)

8. File Retention and Storage		Status: Closed
Original Observation Summary		
A review of procurement file organization practices revealed that documents related to procurement are primarily stored electronically on the District's "I Drive," which is accessible by Purchasing and Warehouse Services staff; however, file organization within the system was found to be nonstandard and difficult to navigate when identifying required auditable documentation. Through sample requests and discussions with several members of Purchasing and Warehouse Services staff, it was confirmed that no consistent file naming convention or organizational structure is followed across the department, resulting in documents that may not be readily identifiable by staff when needed. Without a formal and consistently followed process for file retention, required procurement documents may be unable to be accurately located to support contracting requirements or District-wide compliance obligations.		
Original Recommendation Summary		
A formal file architecture plan should be developed and implemented, establishing a standard naming convention for all documents housed within the "I Drive" to promote consistency and accessibility across Purchasing and Warehouse Services staff. Standardizing the file structure would streamline the process of confirming that all required procurement documents have been collected and make the retrieval of those documents more efficient for both day-to-day operations and future reviews. Adherence to the established naming conventions and file architecture should be incorporated into departmental procedures to promote long-term compliance across all staff members.		
Internal Audit Review		
As of April 2024, the District has transitioned from a series of decentralized document repositories through various folders within the "I Drive" to a central Teams platform. RSM inspected the District's new implementation and verified a clear and consistent methodology of document organization and retention. Documentation is now centralized under one platform, with a standardized numbering system for bids and contracts. This observation is deemed closed.		

STUDENT DISCIPLINE

Issued March 6, 2024

OBSERVATIONS MATRIX: STUDENT DISCIPLINE

1. Student Discipline Policy Non-Compliance	Status: Closed
Original Observation Summary Stemming from detailed testing of sixty-six (66) sampled SESIR referrals, it was noted that sixty-four (64) samples, or 96.7%, did not assess the minimum expected mandatory disciplinary consequences as outlined through the Discipline Matrix, resulting in non-compliance with the Student Discipline Policies and the under-discipline of both ESE and general education students. Per Section 1415(k)(1)(B) of IDEA and 34 C.F.R. 300.519, a Behavioral Intervention Plan and Functional Behavioral Assessment are expected to be completed and considered in the application of disciplinary consequences for ESE students; however, the District did not consistently maintain documentation to substantiate any permissible deviations from the Student Discipline Policies within Focus. Without consistent application of the mandatory disciplinary consequences assigned to each behavioral violation, the District risks inequitable application of discipline amongst students and an incomplete audit trail to support the allowability of any deviations made on behalf of students with disabilities. Original Recommendation Summary The District should uphold and enforce the minimum discipline standards as defined within its Student Discipline Policies and aligned with the Discipline Matrix, with expected disciplinary consequences clearly communicated to school sites to promote equitable treatment among students. Consideration should be given to bifurcating the Discipline Matrix into separate Elementary and Secondary matrices to allow for increased flexibility in addressing the generally less severe nature of elementary student behavioral violations, with any updated matrix reinforced through training and ongoing monitoring. As school principals ultimately retain responsibility for determining the appropriate level of disciplinary consequence for each behavioral violation, the Discipline Matrix should serve as a standardized minimum threshold, with principals maintaining the authority to increase discipline appropriately beyond the minimum standards based on the specific circumstances of each incident.	
Internal Audit Review The District has made enhancements to the VCS Discipline Matrix allowing for progressive discipline that is dependent on the number of offenses for the given behavioral incident. The updated Discipline Matrix now details minimum and maximum standards for disciplinary actions that more closely align with the severity and number of offenses committed by the student. This allows administrators to have the necessary flexibility to determine corrective discipline depending on the nature of the occurrence, but also with clear minimum and maximum expectations provided by the District. As a part of our review, we sampled twenty-five (25) behavioral incidents, comprised of fifteen (15) general population students and ten (10) ESE students, and examined whether the disciplinary action administered corresponded to the parameters defined within the Discipline Matrix. We did not observe any instances in which students were under or over disciplined outside of the instruction set forth within the matrix. This observation is deemed closed.	

OBSERVATIONS MATRIX: STUDENT DISCIPLINE (CONTINUED)

2. Retention of Discipline Documentation	Status: Closed
Original Observation Summary Across the sixty-six (66) sampled referrals, significant gaps in the retention and completeness of discipline documentation were identified, with 45.5% of samples missing a physical copy of the referral issued to the student and 48.5% retaining an incomplete referral, including missing parental and administrator signatures. With respect to Notices of Suspension, 31.8% of samples did not retain a physical copy of the notice issued to the student, and documentation of parent and student conferences was largely absent, with 72.7% and 77.3% of samples respectively failing to retain evidence of these required conferences. For ESE students specifically, four (4) out of twenty-five (25) sampled referrals, or 16%, did not initiate, upload, or retain a required Functional Behavioral Assessment as required by statute, placing the District out of compliance with applicable regulatory requirements. Without complete and accurate document retention, the District risks being unable to support the appropriateness of the disciplinary consequences administered for each behavioral violation. Original Recommendation Summary To strengthen the retention of disciplinary consequence and referral documents, the District should explore existing Focus capabilities as a document repository and establish standard operating procedures to standardize electronic document retention practices across all school sites. Fields should be added within Focus to designate when conferences with parents and students occurred, as well as the outcome of each conference, to maintain a complete and consistent record of all disciplinary actions taken. Additionally, the District should consider leveraging Focus capabilities to distribute referral and notice of suspension documentation electronically, allowing documents to be virtually signed, timestamped, and provided to students and parents or guardians without the need to re-upload any documentation.	
Internal Audit Review As a part of our review, we sampled fifteen (15) general population student and ten (10) ESE student behavioral incidents. These samples were assessed for retention of key discipline documentation as required per the District's policies and procedures. Of the twenty-five (25) sampled students, no instances of documentation retention non-compliance were identified. We did not identify any instances of missing / undocumented referrals or documented communication of suspensions, when applicable. This observation is deemed closed.	

OBSERVATIONS MATRIX: STUDENT DISCIPLINE (CONTINUED)

3. Accuracy and Completeness of Discipline Documentation	Status: Closed
Original Observation Summary	
An examination of sixty-six (66) sampled referrals revealed that fourteen (14), or 21.2% of the sample population, were identified as missing one or more required fields or had fields completed incorrectly, including instances of insufficient narratives, mismatched behavioral codes, incorrect student classification, and disciplinary consequence dates that pre-dated the violation occurrence. Additionally, three (3) samples, or 4.5% of the population, were identified where edits made by Student Services and ITS prior to state SESIR reporting were only applied to the reported data submitted to the state and were not corrected on the source referral documentation within Focus, resulting in discrepancies between the reported data and the underlying records. Incorrect, incomplete, or inconsistent reporting of behavioral violations risks the improper administration of disciplinary consequences per the Discipline Matrix and may result in the incorrect categorization of locally defined violations as SESIR incidents, or vice versa, leaving an incomplete record to substantiate reported data.	
Original Recommendation Summary	
The District should provide training to reinforce the requirement for all schools to confirm that information reported in Focus is accurate and that each behavioral code is sufficiently supported through violation narratives, with particular emphasis on the proper distinction between similar behavioral classifications. Focus data should be monitored on a regular basis for compliance, completeness, and accuracy, with Student Services providing ongoing support to school sites in the application of the District's discipline policies and procedures. When corrections to behavioral codes or incident data are identified prior to state SESIR reporting, any edits applied to the reported data should also be reflected in the source referral documentation within Focus to maintain consistency and a reliable audit trail.	
Internal Audit Review	
As a part of our review, we sampled fifteen (15) general population student and ten (10) ESE student behavioral incidents. These samples were assessed for completion and retention of key discipline data within the referral as required by District policies and procedures. These key fields include violation location, violation date, time, SESIR related elements, and a narrative of the event by the school staff. During the previous round of follow-up, we observed no instances of insufficiently substantiated narratives, unjustified discipline code assignment, misclassification of student categories, or discrepancies with the behavioral violation code and the source referral. During this round of follow up, we observed no instances of misassigned behavioral codes or non-agreement with the provided narrative. We observed one (1) sample in which the disciplinary action date preceded the incident date. RSM verified this data inconsistency was corrected by District staff. This observation is deemed closed.	

OBSERVATIONS MATRIX: STUDENT DISCIPLINE (CONTINUED)

4. Standard Operating Procedure	Status: Closed
Original Observation Summary	
Upon review of the District's student discipline standard operating procedures, which are reviewed and updated on an annual basis, several functions currently performed by both Student Services and school-level staff were identified as not being incorporated into existing written guidance. At the Student Services department level, procedures were absent for key functions including the review and approval of long-term suspensions and expulsions, the facilitation of administrative hearings, the performance of school personnel training, ongoing violation and disciplinary consequence monitoring, and communication practices with law enforcement. At the school level, written procedures were lacking for violation supporting documentation retention, distribution of referrals to students, parents, and guardians, and timeliness expectations for referral entry and the performance of disciplinary consequences. Without clearly defined standard operating procedures across all levels of the discipline process, the District faces an increased risk of non-compliance, inconsistencies, and inefficiencies in the management and application of student discipline.	
Original Recommendation Summary	
The District should perform a comprehensive review of its existing standard operating procedure guidance to incorporate procedures currently performed that have not been formally documented, as well as any additional processes that the District expands upon in the future. Regular training and communication should accompany the implementation of updated standard operating procedures to facilitate staff members' understanding of and adherence to the defined processes at both the Student Services and school levels. To maintain relevance and accuracy over time, standard operating procedures should be reviewed and updated on a periodic basis to account for any changes in applicable laws, regulations, or District policies governing the student discipline process.	
Internal Audit Review	
As a part of our review, we examined the District's 2025-2026 Discipline Matrix, Code of Conduct, ESE Handbook, and other procedures the District has recently enhanced. We observed changes in the structure of the Discipline Matrix to allow for a progressive disciplinary approach, as detailed in Observation #1. Additional language has been added which outlays final decision-making authority to the principal and reinforces that the administrator must consider all relevant factors prior to making a decision. The District has further refined within its procedures processes for the facilitation of administrative hearings, performance of school personnel training, and disciplinary consequence monitoring. These items have also been updated to reflect formalized expectations for timeliness of referral entry and retention of referral documentation and information. The District has also started a "Culture Walk" program which comprises of physical presence of District personnel rotating through various schools to promote compliance, communicate updates, answer questions, and assist as needed. Between May 2025 and March 2026, 22 culture walks have been performed. These walks help to promote transparent operation and consistent communication with school-based administrators. This observation is deemed closed.	

OBSERVATIONS MATRIX: STUDENT DISCIPLINE (CONTINUED)

5. Formalized Monitoring Processes	Status: Closed
Original Observation Summary After reviewing the District's student discipline processes we noted that evidence of centralized monitoring of student discipline data is not currently formalized or retained, with data analyzed on an ad hoc basis, on individual cases as needed, or in response to specific questions from stakeholders rather than through a defined and documented monitoring structure. While Focus provides dashboard reporting and data visualization capabilities, the expectations for review of data by Student Services personnel, roles and responsibilities, and reporting requirements are not defined or documented, leaving key areas such as disciplinary consequence compliance, timeliness of process, and turnover in key roles without formal oversight mechanisms. Additionally, the District has not defined key performance metrics or established a formal cadence for reporting discipline data to leadership and the Board, limiting the organization's ability to identify trends and outliers that warrant further attention in a timely and consistent manner. Without centralized monitoring and formalized reporting practices, the District risks inconsistent application of discipline policies and a lack of transparency in the overall management of the student discipline process. Original Recommendation Summary The District should define roles and responsibilities for Student Services personnel that include a formal cadence for monitoring student behavior violations, disciplinary consequences, and key performance metrics to promote consistency and accountability across the discipline process. Student Services should coordinate with the Information Technology Services division to identify key data elements that need to be reported to each stakeholder group and communicate existing reports within Focus that can be utilized and accessed by District and school staff for a variety of monitoring purposes. Formalizing these monitoring and reporting practices will provide greater transparency to District leadership and the Board, while enabling a more proactive approach to identifying trends, outliers, and areas requiring targeted intervention within the student discipline process.	
Internal Audit Review The District has performed various enhancements and additions to its monitoring process to further promote transparency and communication. Data reports on discipline information are generated bi-weekly to be shared with the School Board. The implementation of Culture Walks, as defined in Observation #4, serve as an additional monitoring control. Schools with above average volume of behavioral incidents have meetings with District team members to go over collected school data and to discuss an action plan with the school in order to curb additional infractions. The District has also implemented weekly principal huddles and monthly action plan meetings to further support site staff on discipline related incidents. The District has further enhanced its Student Information System ("SIS"), Focus, to provide actionable insights relating to disciplinary incidents driven by school and District level referral data. Various report queries can be run to gain insight into disciplinary trends, site level analysis, and aid in managements strategic initiatives. Key insights, such as the most common behavioral incident at each school, help drive management's decision-making process, including both proactive and reactive efforts to address influxes in incidents. These metrics are further converted into dashboards for ease of interpretation and communication with stakeholders. Additionally, Human Resources communicates vacancies and turnover information in real time to Student Services so that schools can receive support and training through the transition of new staff. Staffing metrics are correlated and compared to discipline data for discussion during regular Cabinet level leadership meetings. This observation is deemed closed.	

PURCHASING CARDS – DISTRICT FUNDS

Issued June 25, 2024

OBSERVATIONS MATRIX: PURCHASING CARDS – DISTRICT FUNDS

1. Segregation of Duties and Privileges	Risk Rating: High	Status: Open
Original Observation Summary		
Through testing and inquiry of the P-Card program, it was identified that the Program Administrator role in Bank of America Works is assigned to individuals across both the Finance and Purchasing Departments, creating overlapping administrative access and segregation of duties conflicts across multiple areas of the card program. Specifically, three individuals within the Finance Department hold the Program Administrator role while also being responsible for reviewing P-Card transactions and remitting monthly payments, creating a scenario in which a single individual could potentially use a P-Card, approve their own purchase, and make a payment without detection. A further conflict exists at the site level, where ninety (90) Reconcilers and backup Reconcilers have the ability to both make purchases and approve their own transactions within BoA Works without a secondary approval from site leadership, as Finance's review is limited to confirming receipt attachment and accounting string accuracy rather than evaluating the allowability of the purchase. Additionally, the assignment of the Program Administrator role across six individuals from two departments exceeds what is necessary for their respective job responsibilities, increasing the risk of unauthorized changes and system misuse.		
Original Recommendation Summary		
To address the segregation of duties conflict within the Finance Department, the District's Information Technology Services should assume responsibility for user access provisioning within the BoA Works system, consistent with how access is managed for the District's ERP system. If ITS is unable to assume this role, the Purchasing Department should take on all administrative responsibilities associated with the Program Administrator role, with a second internal reviewer for user access provisioning, limiting the assignment of this role to a single department and reducing the risk of unauthorized system changes. Finance Department access should be reassigned to a finance-specific role within BoA Works, limited to the review and approval of P-Card transactions and allowable general ledger accounts only. Additionally, the District should segregate Cardholder, Reconciler, and Approver roles within BoA Works, and at a minimum, implement an Approver role so that Principals and Department Heads are approving each transaction separately from the Reconciler to provide for proper management oversight.		
Management's Response: May 2026		
Response: The District has aligned operational responsibilities within the Bank of America Works platform and the Focus system to support appropriate segregation of duties for District Purchasing Card activities. Transaction workflow, approvals, and supporting documentation are now maintained within Focus, while Bank of America Works is utilized for card administration and transaction management functions. Operational administration of the Bank of America Works platform, including card maintenance, cardholder setup, and access management, is managed through the Procurement Department. Finance continues to provide reporting, transaction review, and payment processing functions consistent with its role in the P-Card process. Access for Finance staff has been restricted to Accountant and / or Auditor roles to further strengthen internal controls and oversight. Responsible Party: Procurement Updated Estimated Completion Date: Complete		

OBSERVATIONS MATRIX: PURCHASING CARDS – DISTRICT FUNDS (CONTINUED)

1. Segregation of Duties and Privileges (Continued)	
Internal Audit Review	
A. Administrative Segregation of Duties The District is still currently evaluating how to best segregate the duties of the three (3) individuals in the Finance Department who are designated as Program Administrators. At this time, the District has retained these individuals' access so that they may continue to perform key responsibilities for the administration of the P-Card program. B. Reconciler Segregation of Duties The District had integrated a new workflow within BoA for approval by the site Department Head / Principal, however as the District P-card program workflow transitions from BoA to Focus it continues to assess system capabilities to monitor reconciler access and verify inability to self-approve transactions. C. Excessive System Privileges The District will continue to evaluate options for segregating access permissions for the Program Administrator roles from both the Purchasing and Finance Departments. At this time, a final decision has not yet been determined. This observation remains open.	

OBSERVATIONS MATRIX: PURCHASING CARDS – DISTRICT FUNDS (CONTINUED)

2. Purchasing Card Administration	Risk Rating: Moderate	Status: Open
Original Observation Summary		
After reviewing the District's P-Card administration practices several areas of concern across the card program were identified, most notably that P-Cards are issued to sites rather than named individuals, allowing cards to be checked in and out by various employees without formal training, documented check-out procedures, or signed responsibility acknowledgements, reducing accountability and weakening the overall audit trail. Single and monthly transaction limits are not standardized across the District, and the P-Card Manual does not include documented procedures for how average spend analyses are performed, eligibility requirements for cardholders, or the maximum number of cards that can be issued to a given site. Additional gaps were identified in the areas of documented approvals, including the absence of required pre-approval for grant-funded purchases, technology-related purchases, and fixed asset purchases, with testing revealing that four of sixty sampled transactions, or 6.7%, were purchases of fixed assets made without appropriate prior approval. Furthermore, a review of card utilization revealed that 27% of cards were used for zero to ten total transactions during the review period, and the annual inventory process was identified as susceptible to circumvention due to the lack of a secondary review requirement.		
Original Recommendation Summary		
The District should transition from site-based P-Cards to individually named cards to increase accountability, improve transparency into spending patterns, and reduce the risk of unauthorized or improper use, with all card users required to sign a form acknowledging completion of training and an understanding of applicable policies and procedures. Transaction limits should be standardized for both single and monthly transactions, eligibility requirements for holding a P-Card should be formally defined, and the New P-Card Request Form should be revised to differentiate between new and replacement cards, as well as require the Cardholder to acknowledge receipt of the specific card issued. A formal pre-approval process should be established for purchases made with grant funds, technology-related items, and fixed assets, with approvals evidenced as attachments to the corresponding transaction in BoA Works, and existing training should be enhanced to reinforce these requirements. Additionally, the District should regularly analyze card utilization to identify and relinquish cards that are not frequently used, and the annual inventory process should be strengthened by requiring both the Reconciler and the Principal or Department Head to perform and attest to the inventory count.		

OBSERVATIONS MATRIX: PURCHASING CARDS – DISTRICT FUNDS (CONTINUED)

2. Purchasing Card Administration (Continued)

Management's Response: May 2026

Response:

A. Individual P-Cards vs. Site P-Cards: The District has made progress in addressing this observation. Individual P-Cards have been issued to Principals, eliminating the prior practice of Principal site-based cards. Additionally, all card users are now required to complete and sign documentation acknowledging their responsibilities and compliance with P-Card policies and procedures before they can check out a site card. The District believes it remains in its best interest to maintain a combination of both individual and site-based P-Cards. Requiring an individual card for every potential user would significantly increase the total number of cards in circulation, many of which would be used infrequently or only for occasional operational needs. Increasing the number of active cards could also increase the District's overall risk exposure by expanding the number of accounts that must be monitored for unauthorized use, lost cards, or potential fraud.

B. Standardization of Transaction Limits and Number of Cards Issued: The District has significantly streamlined its spend profile structure, reducing the number of available spend profiles from approximately forty (40) to ten (10), thereby improving consistency and oversight within the program. Procurement is currently working to formalizing procedures within the P-Card User Manual and supporting operating procedures. Additionally, the District is exploring the standardization of site card allocations based on school student population to establish a more consistent and equitable methodology for determining the number of site cards issued per school.

C. Utilization of New P-Card Request Forms: The District acknowledges the single instance identified during testing in which a completed New P-Card Request Form could not be located. Based on the sample results, this appears to be an isolated documentation retention issue rather than a systemic control deficiency. The Procurement Department has reinforced record retention efforts and will continue to maintain completed request forms in a centralized location to ensure supporting documentation is readily available for future review. Additionally, the District is evaluating opportunities to further automate document retention within its electronic systems to reduce the risk of missing records.

D. Documented Approvals: The District recognizes the importance of monitoring transactions that may require additional approvals, including grant-funded purchases, technology-related purchases, and fixed asset acquisitions. The Focus ERP system provides enhanced workflow controls that improve visibility into P-Card transactions and facilitate the identification of purchases requiring additional review or approval. As system implementation and optimization continue, the District expects to strengthen oversight and monitoring capabilities in these areas.

E. Monitoring of Card Utilization: To improve accountability and oversight, the District has implemented ongoing monitoring of card utilization as part of the formal annual inventory process requiring certification by Principals and Department Heads. As noted during follow-up testing, these corrective actions have been deemed effective and the related portions of the observation have been closed.

Responsible Party: Procurement

Updated Estimated Completion Date: December 31, 2026

OBSERVATIONS MATRIX: PURCHASING CARDS – DISTRICT FUNDS (CONTINUED)

2. Purchasing Card Administration (Continued)	
Internal Audit Review	
A. Individual P-Cards vs. Site P-Cards The District has discontinued the use of Principal site-based cards and instead has issued individual Principal P-cards during the closing process. Additionally, the District has improved procedures, adding a requirement for the completion of a form that must be signed by the user to confirm responsibilities while using the P-card. The District has not yet reached a decision to eliminate District site cards. At this time, the District will continue to use a combination of both.	
B. Standardization of Transaction Limits and Number of Cards Issued The District has decreased the volume and variety of spend profiles within the P-Card program. Previously, there were approximately forty (40) spend profiles that end users could request to be assigned to their cards. Currently, the District has decreased this number down to twelve (12). However, these spend profiles and their specifics are not yet documented in formal operating procedures.	
C. Utilization of New P-Card Request Forms As a part of our review, we received a population of recently added cardholders from July 1, 2025 to March 1, 2026 and sampled ten (10) cardholders. We reviewed corresponding documentation and assessed for retention of completed New P-Card Request Forms. Of the ten (10) cardholders sampled, one (1) or 10%, did not retain a New P-Card Request Form that could be provided.	
D. Documented Approvals To assess the appropriateness of P-Card transactions and examine any potential additional approvals, we requested a population of transactions within FY26. Due to a system configuration, a report could not be generated with the general ledger information needed to perform this analysis. The District expects to explore the system capabilities of its new Focus ERP system as it relates to monitoring and reporting functions.	
E. Monitoring of Card Utilization The District has implemented a process in which the Procurement Analyst regularly runs data reports and performs a check of cards with low volume of transactions or total spend. This report shows which cards were activated over one (1) year with little or no card use. These low volume cards are further considered for re-evaluation. The District sends an email sent to those cardholders requesting they utilize card or cancel it. We reviewed the most recently performed report and confirmed that all cards have been used within the defined one year period. This section of the observation is deemed closed.	

OBSERVATIONS MATRIX: PURCHASING CARDS – DISTRICT FUNDS (CONTINUED)

2. Purchasing Card Administration (Continued)	
Internal Audit Review	
F. Annual Inventory of P-Cards The District has formalized its process for an annual inventory of all P-Cards. Each school Principal or Department Head receives a complete list of their P-Cards. A physical inventory of each card is then conducted. After verifying all cards, the Principal or Department Head signs the bottom of the P-Card Audit Inventory Form to confirm all cards are accounted for. Completed forms are returned to the Procurement Department within 30 days. We examined the most recently performed annual inventory and sampled five (5) sites. These sites were assessed for completion of all inventory documentation. Of the ten (10) samples, we did not identify any instances of non-compliance with the inventory forms. This section of the observation is deemed closed. The overall observation remains open.	

OBSERVATIONS MATRIX: PURCHASING CARDS – DISTRICT FUNDS (CONTINUED)

3. Approval Authority	Risk Rating: Low	Status: Open
Original Observation Summary		
Across multiple components of the P-Card process, it was identified that appropriate oversight and approval authority are not consistently in place, with eight of sixty sampled transactions, or 13.3%, missing one or more required signatures from the Principal or Department Head on the monthly bank statement. No current requirement exists for a supervisory level of review and approval within the transaction workflow by someone with the appropriate level of authority, such as a Principal or Department Head, resulting in limited transparency and little to no documented budgetary oversight at the site level, as Principals and Department Heads are not reviewing supporting documentation or accounting strings for proper coding within BoA Works. Compounding this issue, Reconcilers retain the ability to both make purchases and approve those same transactions within the BoA Works system without a secondary layer of approval, and temporary spending limit changes can be requested by Reconcilers without supervisory site approval, further limiting oversight of the overall card program. The absence of adequate approval authority increases the risk that unallowable purchases, budgetary control failures, or human error in account coding allocations go undetected.		
Original Recommendation Summary		
The District should implement and document a formal procedure requiring the Principal or Department Head, or their documented assigned designee, to regularly review and approve transactions within BoA Works prior to the transaction being routed to Finance for final approval, consistent with the existing Purchase Order approval workflow. Purchasing should work with Bank of America to incorporate a designated supervisory and Cardholder approver into the transaction approval workflow, structured so that the Reconciler approves first, followed by the Cardholder, then the Principal or Department Head, with Finance performing the final review and approval. Additionally, the P-Card Manual should be updated to require that any changes to spending limits be initiated by the site Principal or Department Head and subsequently approved by the appropriate level of authority within Purchasing before the updated amount is reflected in the BoA Works system, reducing the risk that non-compliant purchases go undetected.		
Management's Response: May 2026		
Response: The District has addressed the intent of this recommendation through the implementation of enhanced approval workflows for P-Cards associated with the transition to the Focus ERP system. While an approval workflow was previously established within Bank of America Works, the District has since shifted the approval process to Focus to align P-Card transaction approvals in accordance with Policy 702. Under the Focus approval structure, transactions are routed through multiple levels of review and approval, providing greater oversight and consistency across procurement activities. This approach allows for supervisory review and approval within the District's centralized financial system while improving transparency and accountability for expenditures. Additionally, requests for changes to P-Card spending limits continue to require appropriate management review and approval, ensuring spending authority changes are properly documented and authorized prior to implementation. Principals and Department Heads will continue to be required to review and sign monthly P-Card statements for their respective schools and departments, providing an additional level of oversight and verification of purchasing activity.		
Responsible Party: Procurement		
Updated Estimated Completion Date: Complete		

OBSERVATIONS MATRIX: PURCHASING CARDS – DISTRICT FUNDS (CONTINUED)

3. Approval Authority (Continued)	
Internal Audit Review	
The District continues to assess an appropriate structure and workflow for the review and approval of P-Card transactions by a site authority. Beginning June 2025, Principals had been assigned approver roles for their designated sites within Bank of America Works system. However, with the District’s ERP transition to Focus, the approval process has been shifted from Bank of America Works to the new ERP system Focus to mirror Internal Accounts P-card process. RSM will perform testing on the new process in the next round due to the recency of these changes and implementation in progress. This observation remains open.	

OBSERVATIONS MATRIX: PURCHASING CARDS – DISTRICT FUNDS (CONTINUED)

4. User Access Control	Risk Rating: Moderate	Status: Open
Original Observation Summary		
After reviewing user access within the Bank of America Works system, significant gaps were revealed in the management and oversight of active user accounts. 158 of 418 active accounts, or 38%, held by individuals who are no longer employed by the District, indicating that access is not being removed timely upon employee termination or transfer as required by the P-Card Manual. Additionally, 49 of 139 users, or 35%, within the Group Member Request Form appeared to retain system access within BoA Works despite having no cards assigned, and four users were identified whose card count field did not match the number of cards actively assigned to their site. Compounding these access concerns, no periodic review process exists to identify and deactivate accounts that are no longer needed, and no system-generated report is available within BoA Works that clearly identifies active users alongside their specific permission levels, limiting the District's ability to effectively monitor user access and permissions on an ongoing basis. Without consistent monitoring and a reliable reporting mechanism, users may retain potentially inappropriate access to financial information and system permissions without detection.		
Original Recommendation Summary		
An annual review and reconciliation of all active user accounts within Bank of America Works should be performed, with the ITS Department assuming primary responsibility for this process, or if ITS is unable to do so, the Purchasing Department should assume responsibility with a second internal reviewer to maintain appropriate oversight. Any users identified as no longer requiring access based on their current job responsibilities should be immediately removed from the system, and procedures should be formalized within the P-Card Manual to define specific timeframes for the removal of user access upon employee termination or transfer. Further, exploring the reporting capabilities available within Bank of America Works would allow the District to develop and document periodic reporting and monitoring procedures, providing a reliable mechanism to identify active users, their assigned cards, and their corresponding permission levels on an ongoing basis.		
Management's Response: May 2026		
Response: The District has taken steps to strengthen role-based access controls within the P-Card program following the transition to the Focus ERP system. As procurement and financial workflows have migrated from Bank of America Works to Focus, the District reviewed user access and responsibilities to ensure permissions remain aligned with current business processes. Aside from the appropriate Program Administrator, Accountant, and Auditor roles maintained for designated Procurement and Finance staff, the District has removed the Purchase Requester, Purchaser, and Allocation Coder profile roles from all users, as these functions are no longer performed within Bank of America Works. By eliminating unnecessary system permissions, the District has reduced access rights to only those functions required for card administration, oversight, and auditing. The District will continue to periodically review user roles and system access to ensure appropriate segregation of duties, minimize risk, and maintain alignment with evolving business processes. Responsible Party: Procurement Updated Estimated Completion Date: Complete		

OBSERVATIONS MATRIX: PURCHASING CARDS – DISTRICT FUNDS (CONTINUED)

4. User Access Control (Continued)	
Internal Audit Review	
A. User Access Review The District developed a process to perform a review of all user access roles to determine appropriateness and deactivate users as needed. Procurement now runs a report of all active cards and pulls a data file from the HR system to compare active employees and verify access information. We received a copy of the District's most recent deactivation report and confirmed that all current active accounts correspond to active employees. This section of the observation is deemed closed. B. Reporting Capability The District continues to evaluate options and explore system capabilities with the vendor to create a system generated report from Bank of America Works that clearly identifies active users and their permission levels, including defined roles for specific users. As the District continues to integrate its functions and transition into the Focus platform, reporting capabilities are expected to be further enhanced. This observation remains open.	

OBSERVATIONS MATRIX: PURCHASING CARDS – DISTRICT FUNDS (CONTINUED)

5. Standard Operating Procedures		Risk Rating: High	Status: Open
Original Observation Summary			
While the District has established standard operating procedures governing the administration, operation, and monitoring of purchasing cards, last updated February 8, 2024, several functions currently performed in practice were identified as not being incorporated into the P-Card Manual, including procedures surrounding the physical security of cards, documentation retention requirements, user account additions and deletions, the Reconciler training quiz requirement, and the site card check-in and check-out process. Beyond gaps in current procedure documentation, several additional District-wide procedures were identified as warranting formal incorporation into the P-Card Manual, spanning areas such as the administration of user access changes, issuance of individual named cards, standardization of spending limits, approval requirements for grant-funded and technology-related purchases, and requirements for annual inventory counts and user account reviews. At the site level, the P-Card Manual does not include standardized procedures for key day-to-day activities, including training for site card users, sign-in and sign-out procedures, Principal or Department Head purchase approval, receipt and invoice collection, and the physical security of purchasing cards. Without clearly documented expectations and key processes, ambiguity may exist regarding roles and responsibilities, increasing the risk that P-Card procedures are performed inconsistently across the District.			
Original Recommendation Summary			
The P-Card Manual should be updated to address all identified gaps in current practice procedures, incorporating clearly documented expectations for physical card security, documentation retention, user access management, training requirements, and site card check-in and check-out processes to reduce ambiguity and promote consistency across the District. As additional controls and procedures are implemented at both the District and site levels, the P-Card Manual should be updated on an ongoing basis to reflect those changes, with particular attention given to the areas identified across the other observations in this report. Maintaining comprehensive and up-to-date standard operating procedures provides consistent guidance to all parties involved in the P-Card process, minimizes uncertainty around roles and responsibilities, and reduces the risks associated with inconsistent performance of key procurement controls.			

OBSERVATIONS MATRIX: PURCHASING CARDS – DISTRICT FUNDS (CONTINUED)

5. Standard Operating Procedures (Continued)	
Management’s Response: May 2026	
Response: Since the original observation, the District has implemented numerous process improvements, including enhanced cardholder acknowledgements, annual inventory procedures, card utilization reviews, revised approval workflows, and strengthened oversight of both individual and site-based cards. As these operational changes have been implemented, the District has continued updating its P-Card Manual and supporting instructional materials to reflect current practices and expectations. Given the ongoing transition to the Focus ERP system and the continued evaluation of additional program enhancements, the District has intentionally delayed finalizing certain procedural updates to avoid multiple revisions within a short timeframe and to ensure the manual accurately reflects the final operating environment. The District is currently consolidating recently implemented controls, workflow changes, training requirements, user access procedures, documentation retention standards, card security requirements, and site card management practices into an updated P-Card Manual. The District remains committed to maintaining a P-Card Manual that accurately reflects current procedures and serves as a comprehensive resource for cardholders, reconcilers, and administrators. As additional process improvements are implemented, the District will continue to review and update the manual to ensure it remains current and aligned with operational practices. Responsible Party: Procurement Updated Estimated Completion Date: December 31, 2026	
Internal Audit Review	
The District continues to enhance operating procedures and instruction materials to reflect newly implemented processes. As the District explores additional proposed changes within the P-Card program, the completion of these operating procedures has not yet been finalized. This observation remains open.	

OBSERVATIONS MATRIX: PURCHASING CARDS – DISTRICT FUNDS (CONTINUED)

6. P-Card Training	Risk Rating: Moderate	Status: Open
Original Observation Summary		
After reviewing the P-Card Manual, we noted that contrary to the requirements outlined in the P-Card Manual, which specifies that all Cardholders, Reconcilers, Principals, Department Heads, and any other individuals holding a role within the P-Card program must complete training at a minimum of once per year, only Reconcilers are currently required in practice to complete the training, and only upon initially taking custody of their assigned cards rather than on an annual basis. Principals, Department Heads, and Cardholders are not currently required to complete any formal P-Card training, and no training is required for individuals who check out a site card for use, despite their direct involvement in making purchases on behalf of the District. While Principals and Department Heads are required to sign the P-Card Request Form acknowledging their understanding of the P-Card Manual and potential disciplinary measures, this does not substitute for formal training on the requirements and responsibilities associated with the card program. Without consistent training for all roles at the outset of card use and on a recurring basis, the risk of non-compliance with P-Card policies and procedures is elevated, as many parties may not be fully aware of the expectations governing purchasing card activity.		
Original Recommendation Summary		
Mandatory annual training should be conducted for all Reconcilers, Principals, Department Heads, and Cardholders as defined in the P-Card Manual, with training content designed to reinforce current policies and procedures and communicate any updates or changes to the card program. If the District elects to continue the use of site cards, a separate training should be developed and required for all individuals who check out a site card for use, to promote accountability and a consistent understanding of purchasing expectations at the site level. Purchasing should formally define within the P-Card Manual which roles are required to complete a corresponding quiz, the minimum passing score, and the consequences for non-completion, to strengthen the overall training framework and reduce the risk of non-compliance across all parties involved in the P-Card process.		

OBSERVATIONS MATRIX: PURCHASING CARDS – DISTRICT FUNDS (CONTINUED)

6. P-Card Training (Continued)	
Management's Response: May 2026	
Response: The District has enhanced its training framework for the P-Card program by expanding access to ongoing professional development opportunities and reinforcing program expectations through periodic communication issued by the Procurement Department. The District's Clerical Institutes will continue to serve as the primary training forum for Bookkeepers. The District will continue to require cardholders to sign a formal P-Card acknowledgment prior to participation in the program, affirming their understanding of applicable procedures, responsibilities, and compliance requirements. This acknowledgment serves as a baseline requirement for participation while the District continues to evaluate the most appropriate structure for role-based training requirements. The District is currently assessing the appropriate level and frequency of required training for Principals, Department Heads, Cardholders, and other site-based users, including individuals who may check out site cards. This evaluation includes consideration of annual training requirements, role-specific content, and the feasibility of implementing a more formalized training and tracking mechanism aligned with program risk and operational needs. As the P-Card program continues to evolve alongside the implementation of the Focus ERP system and associated process improvements, the District will continue to refine its training requirements to ensure consistency, accountability, and compliance with established policies and procedures. This observation remains open as the District finalizes its long-term training structure. Responsible Party: Procurement and Finance Updated Estimated Completion Date: March 31, 2027	
Internal Audit Review	
The District has implemented additional training and development opportunities for staff. These opportunities now allow for annual education and regular communication from the Procurement Department regarding changes to the P-Card program. In 2025, the Clerical Institute served as the primary annual training for both Bookkeepers and Procurement staff. We examined the roster logs for this event, confirming attendees from both categories. At this time, the District is still evaluating the level of training that is to be required for Principals and Department Heads. These employees are now required to sign a P-Card acknowledgement that recognizes they understand the procedures and regulations prior to use. This observation remains open.	

OBSERVATIONS MATRIX: PURCHASING CARDS – DISTRICT FUNDS (CONTINUED)

7. Automated Approval Controls	Risk Rating: High	Status: Open
Original Observation Summary		
Currently, all purchases made before the end of each month must be paid by the due date on the respective months' statement. For each transaction in Works, the Reconciler must first attach the supporting documentation and approve the transaction before Finance can perform their review. If transactions are not approved by the site Reconciler prior to the payment due date, the District is still required to pay the monthly balances of all P-Cards as failure to do so will result in late fees being assessed on the account. Currently, in order to avoid incurring late fees, when transactions are pending approval by a Reconciler, the Finance Department performs a "sweep" of the pending transaction, bypassing the approval by the Reconciler required by the workflow in order to reconcile and pay the monthly billing. Per the Finance Department, once the approval "sweep" is performed, there is no documented methodology in place to track and obtain the Reconciler approval after the payment is processed which could result in missing supporting receipts, a lack of Reconciler approval, and inaccurate general ledger coding. This practice increases the likelihood of unauthorized or fraudulent transactions going undetected, as there is no subsequent verification to determine that all transactions are valid and properly documented.		
Original Recommendation Summary		
We recommend the District create another reconciliation process in which they are able to "hold open" transactions that have not been approved in the system so that required documentation and approvals are performed before they are "swept" and closed out for the monthly reconciliation. The District should reinforce to all Reconcilers and Principals / Department Heads the importance of timely review and approvals and should consider the disciplinary procedures outlined in the P-Card Manual for any roles that are not performed within the expected timeframe. Enforcing approval workflows is an important internal control to reduce the risk of errors and monitor for unauthorized and potentially fraudulent transactions which could go undetected.		
Management's Response: May 2026		
Response: The District no longer utilizes the prior Bank of America Works sweeping process due to the implementation of the Focus ERP system and related changes to P-Card transaction processing. P-Card transactions are now managed and reconciled through Focus workflows, which provide enhanced visibility into unreconciled transactions and support timely review and resolution by cardholders, approvers, and Finance personnel. Finance continues to monitor unreconciled transactions through system reporting and follow-up procedures to ensure transactions are appropriately reviewed, documented, and recorded. As the District continues to optimize Focus reporting and workflow functionality, additional monitoring and exception reporting opportunities will be evaluated to further strengthen oversight of outstanding transactions. Responsible Party: Finance Updated Estimated Completion Date: December 31, 2026		

OBSERVATIONS MATRIX: PURCHASING CARDS – DISTRICT FUNDS (CONTINUED)

7. Automated Approval Controls (Continued)	
Internal Audit Review	
As the District transitions into the Focus ERP platform, the District will evaluate a process to prevent “sweeps” from occurring within the Bank of America Works system. As the transition and system configuration are not yet complete, a sufficient population is not available for testing, and procedures are not yet ready for sampling. This observation remains open.	

OBSERVATIONS MATRIX: PURCHASING CARDS – DISTRICT FUNDS (CONTINUED)

8. P-Card Compliance	Risk Rating: Moderate	Status: Open
Original Observation Summary		
Through our review of the sampled P-Card transactions and performance of data analytics, we identified several instances of non-compliance with VCS Policies and Procedures. These instances include: Unallowable Purchases Of the sixty (60) sampled transactions, two (2) or 3.3% fall under the prohibited category for transactions with a purchasing card. Four (4) of the sixty (60) samples, or 6.7%, meet the criteria of a fixed asset and were purchased without appropriate prior approval. Without appropriate monitoring of purchases, an elevated risk exists for the misuse of purchasing cards and purchase of noncompliant or inappropriate transactions. Split Transactions Ten (10) of the sixty (60) samples or 16.7% appeared to be intentionally split into two (2) transactions to bypass their assigned single transaction limit. These transactions were made on the same day from the same vendor using the same card but split into two transactions under the card's assigned transaction threshold.		
Original Recommendation Summary		
We recommend the District reinforce its training and expectations of all employees involved in the purchasing cards process to further minimize instances of non-compliance. Additionally, we recommend that Finance monitor as part of their review purchases made on the same day from the same vendor to identify any intentionally split transactions.		
Management's Response: May 2026		
Response: The District has reinforced expectations regarding compliance with P-Card transaction limits and continues to emphasize proper purchasing practices through ongoing training, program communications, and supervisory oversight. These expectations are included within current program guidance and are being further emphasized as part of broader program updates. In addition, the District will continue to evaluate monitoring capabilities within the Focus ERP system to strengthen the identification of potential split transactions through automated reporting and exception-based reviews. Procurement and Finance staff are working collaboratively to enhance review procedures and improve visibility into transaction patterns that may indicate non-compliant purchasing behavior. The District remains committed to strengthening compliance oversight and reducing the risk of split transactions through a combination of training and enhanced monitoring practices. Responsible Party: Procurement and Finance Updated Estimated Completion Date: June 30, 2027		

OBSERVATIONS MATRIX: PURCHASING CARDS – DISTRICT FUNDS (CONTINUED)

8. P-Card Compliance (Continued)	
Internal Audit Review	
A. Unallowable Purchases As a part of our review, we sampled ten (10) transactions and assessed for allowability of the purchase. Of these ten (10), we did not observe any instances in which the purchase appeared to be unallowable or prohibited per the P-Card Manual. This section of the observation is now closed. B. Split Transactions Additionally, we performed analytics over the population of transactions within our scope period and examined for split transactions. We found ten (10) instances in which a purchase was split between two (2) transactions to avoid the daily transaction limit. These transactions occurred on the same day, by the same card, from the same vendor, and were evenly split. This observation remains open.	

OBSERVATIONS MATRIX: PURCHASING CARDS – DISTRICT FUNDS (CONTINUED)

9. Documentation Retention		Status: Closed
Original Observation Summary		
To effectively document the administration of purchasing cards, the Purchasing Department requires sites and their designees to complete several forms prior to receiving a card. As a part of our testing, we identified multiple instances of noncompliance with the stated procedures for document retention within the P-Card Manual. New P-Card Request Forms When requesting the addition of a purchasing card to a site, the requestor must complete a New P-Card Request Form designating single and monthly transaction limits, funding sources, and required approvals. Of the twenty-five (25) cards sampled, 23 samples or 92% of the New P-Card Request Forms were not retained. New P-Card Justifications Per the P-Card Manual, the requestor must provide a justification for the addition of the requested card. While the New P-Card Request Form contains a section for the requestor to provide their justification, we understand it is not always utilized, rather the requestor submits their justification via email. Of the twenty-five (25) cards sampled, twenty-four (24) or 96% of the justifications for the addition of a new card were not retained. Without appropriate documentation history, a complete audit trail cannot be established.		
Original Recommendation Summary		
We recommend the District require the completion and retention of the New P-Card Request Form. Additionally, we recommend the District formalize the New P-Card justification requirements by requiring the justification to be mandatory as a required field within the New P-Card Request Form. Formalizing the justifications through documentation rather than informal email will aid in maintaining consistent and complete records of purchasing card additions. Purchasing should be responsible for retaining all documentation related to the P-Card administration.		
Internal Audit Review		
As a part of our review, we received a population of cardholders and sampled ten (10) for further review. We assessed completion and retention of a New P-Card Request form for each cardholder and verified that justification for the card was appropriately received and retained. Of our ten (10) samples, we did not observe any instances in which the New P-Card Request form was not completed or in which justifications for the card addition were not obtained and documented. This observation is deemed closed.		



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