



Internal Audit Report: Purchasing Cards – Internal Accounts Funds

Volusia County Schools, Florida

May 5, 2026

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TRANSMITTAL LETTER

May 5, 2026

The Audit Committee of,
The School Board of Volusia County, Florida
200 N. Clara Avenue
DeLand, FL 32720

Pursuant to the Volusia County Schools’ (“VCS,” “District”) internal audit plan for fiscal year (“FY”) 2025-26, we hereby present the internal audit report of purchasing cards – internal accounts funds. Our report is organized in the following sections:

Executive Summary	This provides a high-level overview and summary of the observations noted in our internal audit over internal accounts purchasing card process(es).
Background	This provides an overview of the function, as well as relevant background information.
Objectives and Approach	The internal audit objectives are expanded upon in this section, as well as a summation of the various phases of our approach.
Observations Matrix	This section includes a description of the observations noted during our review and recommended actions, as well as Management’s response, including the responsible party, and estimated completion date.

We would like to thank the staff and all those involved in assisting our firm with this internal audit.

Respectfully Submitted,

RSM US LLP
RSM US LLP

EXECUTIVE SUMMARY

Background

An Internal Accounts Purchasing Card (“IA P-Card”) is a charge card used to streamline the purchase of goods and services without relying on the standard purchasing process. These cards are typically assigned to employees responsible for making frequent, low-value transactions using internal accounts funds. IA P-Cards are intended to improve efficiency in the purchasing process at schools. Individual and site cards are issued to schools on an as needed basis, often with varying spend profiles specific to the needs of the end user. While IA P-Cards can offer significant convenience for an end user, they must also be managed by strong policies and procedures to support an adequate control structure.

The Internal Accounts P-Card program is administered and managed through collaboration between the Purchasing Department (“Purchasing”), and the Finance Department (“Finance”). Each school assigns the Bookkeeper as the responsible staff member to perform Reconciler duties of safeguarding the card, documenting transactions, and determining purchases comply with internal accounts guidelines. The Principal is ultimately responsible for the card activity and budgetary usage approval.

Single and monthly transaction limits are set for each card. Since 2014, the District has maintained a contract with Bank of America (“BoA”) to provide IA P-Card administration services through its Works platform for internal accounts funds. This system allows the District to administer cardholder access, establish transaction limits, and overall card spend. Transactions are converted over to the internal accounts enterprise resource planning tool (“ERP”), Focus, to document purchase order approvals, retention of transaction receipts and assignment of budget accounting coding via workflow.

Overall Summary / Highlights

Internal audits provide insight into an organization’s culture, policies, and procedures and aids the School Board and Management in oversight by verifying internal controls are operating effectively, and adequately mitigating risk, and are in compliance with relevant laws, regulations and policies.

The observations detailed in the pages that follow represent only the instances where exceptions were noted, and do not detail the instances where testing resulted in no reportable observations. For each observation, we discuss the relevant risks, which may include financial, operational, and / or compliance, as well as public perception or brand risks.

Objectives and Scope

The primary objective of this internal audit was to evaluate the design and effectiveness of internal controls related to the District’s use of Purchasing Cards that are utilized through the School’s internal accounts funds.

Our fieldwork testing was conducted utilizing sampling and other audit techniques and was developed utilizing information obtained through interviews, walkthroughs, and review of source documentation. For a sample of IA P-Card transactions, our procedures included, but were not limited to:

- Performed walkthroughs of internal accounts P-Card procedures to gain an understanding and assess the design of internal controls;
- Performed data analytics of IA P-Card transactions and Cardholder activity to identify risk areas, potential lack of compliance, potential areas of resistance, abuse, and fraud;
- Selected a sample of transactions to evaluate compliance with Florida State Statutes and District policies;
- Verified that transaction limits were not exceeded;
- Assessed the supporting documentation of each sampled transaction, and the review process of those documents;
- Verified that approvals were appropriate and in compliance with applicable policies; and
- Reviewed transactions for potential splits, duplicative, or prohibited transactions.

We summarized our findings into this written report and conducted exit conferences with Management.

The scope period was January 1, 2025 through November 30, 2025.

Fieldwork was performed between November 2025 through March 2026.

Summary of Observation Ratings

(See page 3 for risk rating definitions)

	High	Moderate	Low
Purchasing Cards – Internal Accounts Funds	2	4	2

We would like to thank all District team members who assisted us throughout this internal audit.

EXECUTIVE SUMMARY (CONTINUED)

Observations Summary

Below is a summary listing of the observations that were identified during this internal audit. Detailed observations are included in the observation matrix section of the report. Definitions of the rating scale are included on the following page.

Summary of Observations	
Observations	Rating
1. Segregation of Duties and Privileges	High
2. Approval Authority	High
3. Documentation Retention	Moderate
4. User Access Control	Moderate
5. P-Card Compliance	Moderate
6. System Configuration and Operation	Moderate
7. P-Card Administration	Low
8. Standard Operating Procedures	Low

EXECUTIVE SUMMARY (CONTINUED)

Risk Rating Definitions

Provided below are the observation risk rating definitions for the detailed observations.

Observation Risk Rating Definitions	
Rating	Definition
Low	Observation presents a low risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and / or is of low importance to business success/achievement of goals.
Moderate	Observation presents a moderate risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and / or is of moderate importance to business success. Action should be in the near term.
High	Observation presents a high risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and / or is of high importance to business success/achievement of goals. Action should be taken immediately.

BACKGROUND

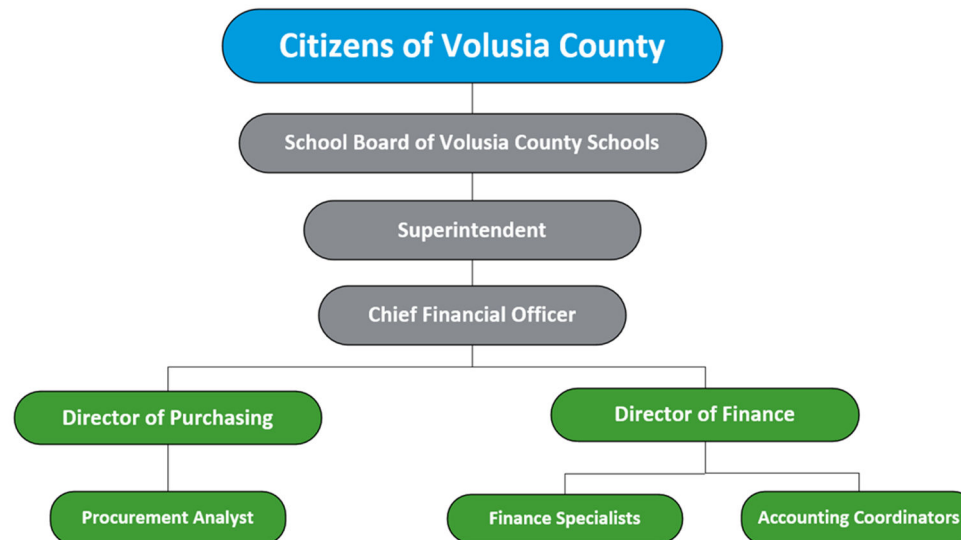
Overview

An Internal Accounts Purchasing Card (“IA P-Card”) is a charge card used to streamline the purchase of goods and services without relying on the standard purchasing process. These cards are typically assigned to employees. P-Cards are designed to facilitate efficient processing of frequent, low-dollar transactions. They help promote operational efficiency and potential cost savings by minimizing time to obtain goods and allowing a convenient alternative to the standard procurement process. This review focuses on internal accounts P-Cards, which are funded through school-level funds that are raised and spent to support student activities, rather than funds that come from the District’s operating budget.

The IA P-Card program is not intended to circumvent or replace established procurement or payment policies. All Cardholders must comply with District policies and procedures as well as the requirements outlined in Florida State Statute Chapter 287. At present, the District has 198 active IA P-Cards issued for the purpose of accessing and spending internal accounts funds. These cards are issued through the Bank of America Works (“BoA Works” or “Works”) platform, which the District has utilized since 2014. This system allows the District to administer cardholder access, establish transaction limits, and overall card spend. In June 2023, management of internal accounts P-Card transactions was transitioned to Focus, the internal accounts enterprise resource planning tool (“ERP”), to document purchase order approvals, retention of transaction receipts and assignment of budget accounting coding via workflow.

Organizational Structure

The IA P-Card processes are overseen by two (2) departments under the Division of Student Services and Operation: Financial Services (“Financial Services”), the Purchasing Department and the Finance Department. In addition to the Purchasing and Finance Departments, each school / department has a designated Reconciler responsible for safeguarding the site cards, reviewing all transactions made on their site cards, and communicating with vendors. A high-level overview of the current organizational structure of the departments responsible for IA P-Cards is detailed below:



BACKGROUND (CONTINUED)

Roles and Responsibilities

The Volusia County Schools Purchasing Card Manual (“P-Card Manual”) defines the roles and responsibilities of the individuals and organizations involved in the internal accounts purchasing card program. We have summarized these roles and responsibilities as follows:

❖ Purchasing Department:

- The Purchasing Department oversees the administration of the IA P-Card program, including coordinating the issuance, maintenance, and cancellation of internal accounts IA P-Cards. The Department also reviews and processes requests for increases to spending limits, administers and monitors required training for all Cardholders. Additionally, Purchasing is responsible for conducting the annual IA P-Card inventory and maintaining the P-Card policies and procedures manual.

❖ Finance Department

- The Finance Department is responsible for reviewing and approving transactions over \$500 for internal accounts P-Cards before payment is due and issued to Bank of America. This review includes verifying that supporting receipts are attached for the transaction and that charges are coded to the appropriate general ledger accounts. Finance also communicates with schools and departments when potentially inappropriate or questionable purchases are identified and processes payment of the monthly IA P-Card statements. Finance works in coordination with the Purchasing Department to maintain the IA P-Card policies and procedures manual. They are also responsible for performing regular training for all District bookkeepers and reconcilers.

❖ Cardholder / Employee

- The Cardholder for both individual and site cards is responsible for verifying that all purchases made comply with District purchasing policies and procedures. This responsibility includes properly securing the IA P-Card, making only authorized purchases, reviewing transactions to verify sales tax is not incorrectly charged for certain categories of goods, and providing all purchase receipts. If a receipt cannot be obtained for a transaction, the Cardholder must complete a written statement explaining the missing documentation. The documentation must also provide complete details of the purchase, including the vendor name, date of purchase, description of the items, quantity, unit cost, and total transaction amount. Additionally, Cardholders are expected to maintain a clear understanding of IA P-Card policies and procedures and are responsible for following all established program requirements.

❖ Reconciler

- The Reconciler is responsible for safeguarding the card when not in use, as well as collecting, reviewing, and attaching all receipts to the corresponding transaction. They also review the appropriateness and allowability of the purchase and verify the accounting string code assigned to each transaction.

❖ Principal /Department Head

- The Principal or Department Head is responsible for verifying that internal accounts P-Cards at their site are properly safeguarded. Their responsibilities include approving requests for new IA P-Cards and any proposed increases to transaction limits, verifying that sufficient funds are available prior to purchases. They are also responsible for addressing and resolving any issues related to unallowable or inappropriate purchases.

BACKGROUND (CONTINUED)

Internal Accounts

School internal account funds are defined by the Florida Department of Education's Financial and Program Cost Accounting and Reporting Rules for Florida Schools ("Redbook") as, "all local school funds derived by any public school from all activities or sources." This represents all funds collected or expensed within each school for activities that promote the education, general welfare, and morale of the students or to finance the normal program of student activities not otherwise financed. Examples of such collections or expenditures may include but are not limited to, fundraising activities, field trips, school clubs and athletic teams, merchandising activities, and ticket sales. Each school or site is responsible for utilizing these funds in accordance with District policy and Redbook guidance.

Systems and Software

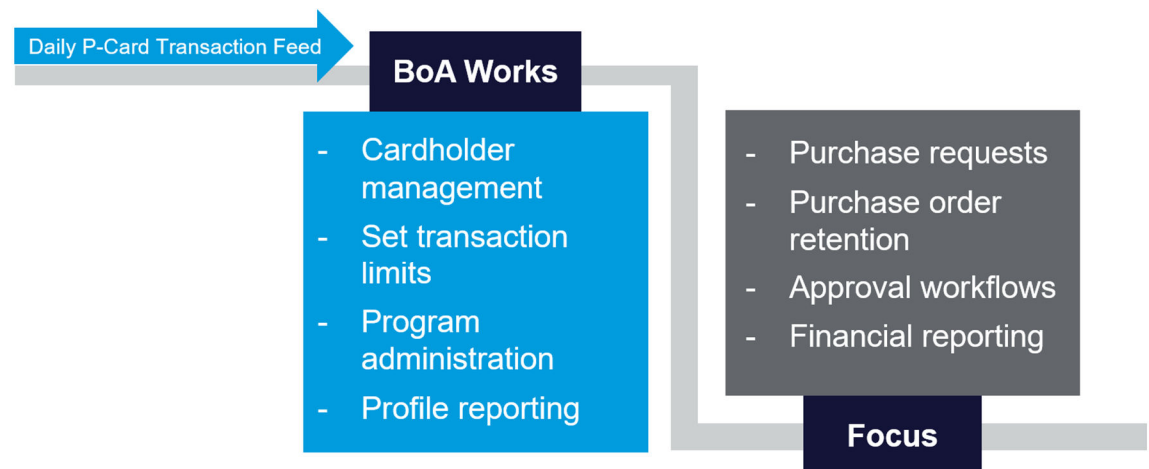
The District uses a combination of two software platforms for the management of internal accounts funds for P-Card expenditures. Since 2014, the District has maintained a contract with Bank of America to provide IA P-Card administration services through its Works platform. This system allows the District to manage cardholder access, establish transaction limits, monitoring, and overall card spend. Since 2023, the District converted its internal accounts transactions for P-Cards into Focus, which is the internal account's ERP platform. Below is a summary of the key functionalities and differences of these platforms as it relates to internal accounts P-Card management.

Bank of America Works

Bank of America Works is a web-based electronic card payment management platform utilized to administer the District's purchasing card (P-Card) program. The platform provides functionality for card program administration, including spending controls, transaction monitoring, and reporting. Within Works, the Purchasing Department is responsible for maintaining cardholder accounts and establishing transaction limits. The District maintains a separate credit account and a separate login for internal accounts transactions, distinct from District fund transactions. Accordingly, the system is configured to segregate these two funding sources, with processes within Works fully separated between District funds and internal accounts. Although the platform includes capabilities for transaction reconciliation and approval workflows, the District performs these functions within its internal accounts enterprise resource planning (ERP) system, Focus, rather than within Works. This system differs from the ERP system used for District funds, Oracle. IA P-Card transaction data is automatically imported from Bank of America into Focus on a daily basis.

Focus

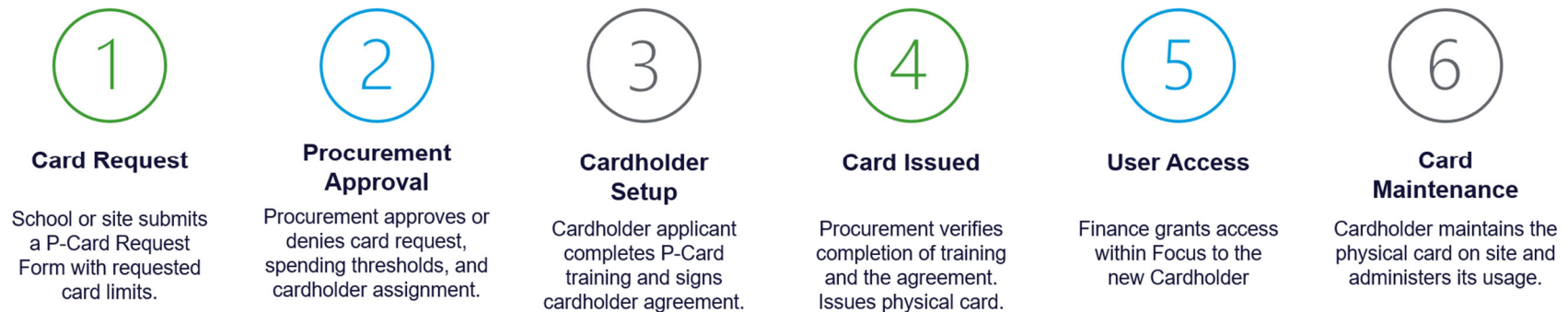
The District has used the Focus platform as its primary ERP system for internal accounts financial functions since 2023. For the IA P-Card program and purchasing activities, Focus is used to initiate purchase requests, establish purchase orders, and facilitate approval workflows through the Purchasing / Accounts Payable module. Supporting documentation (e.g., receipts and invoices) is uploaded within the system, where transactions are reviewed and approved by designated personnel. Financial activity related to IA P-Card transactions is recorded within the Budgeting / General Ledger modules, and system-generated reports are available to support monitoring and oversight.



BACKGROUND (CONTINUED)

Cardholder Setup and Maintenance

IA P-Cards may be issued by full-time School employees when authorized by the applicable Principal. Requests to establish a new internal accounts P-Card are initiated through completion of a New IA P-Card Request Form, which must be approved and signed by the school's Principal. In addition, for the site cards, Principals are required to sign a Cardholder Agreement acknowledging their understanding of the requirements outlined in the P-Card Manual and recognizing that failure to comply with these requirements may result in disciplinary action and / or revocation and deactivation of the card. Once the required documentation is completed, the information is used to configure the appropriate user roles and access permissions within the Bank of America Works ("BoA," "Works") system. Reconcilers are also required to complete an online training quiz related to IA P-Card usage, restrictions, and responsibilities and must achieve a passing score of 80 percent or higher.



Cardholder Training

All IA P-Card Cardholders and Reconcilers are required to complete IA P-Card training prior to being granted authorization to use or manage a IA P-Card account. Individuals involved in the IA P-Card program including the Cardholder, IA P-Card Administrator, Bookkeeper, Principal or any other assigned role may be required to complete remedial training as needed in order to maintain IA P-Card privileges.

Failure to complete required training within thirty (30) days of notification may result in the suspension of IA P-Card privileges until the training requirement has been satisfied. The Purchasing Department provides guidance and instructions for completing remedial training for individuals assigned to various IA P-Card roles. If any individual within the IA P-Card program does not complete the required training, the Cardholder's IA P-Card privileges may be temporarily suspended and the card placed in an inactive status until all required training is completed. The IA P-Card Administrator will notify the Cardholder if their card is temporarily deactivated due to outstanding training requirements within their assigned approval workflow.

Annual Card Inventory

Annually, the Procurement Department conducts a comprehensive inventory of all issued IA P-Cards for internal accounts. Each Principal is responsible for cards assigned to their school and is provided with a listing of the IA P-Card accounts associated with their location. The Principal is then required to perform a physical verification of the cards to confirm that all issued cards are properly accounted for and in their possession.

After completing the verification, the Principal must sign the "P-Card Audit Inventory Form" to certify that all cards assigned to their school have been located and confirmed. The completed form must be submitted to the Procurement Department within 30 days to be retained as part of the audit documentation. This form serves as a formal verification and affirmation of the card's security and possession by the appropriate end user.

BACKGROUND (CONTINUED)

Allowability and Limitations

Each New IA P-Card Request Form specifies the card's single-transaction and monthly spending limits. These limits are not uniform across all cards; according to the IA P-Card Manual, they are established based on the historical purchasing activity of the requested school or department. If a Cardholder needs either a temporary or permanent adjustment to these limits, a Spending Limit Request Form must be submitted. The request must first be approved by the Cardholder's Principal before being forwarded to the Purchasing Department for review and approval.

As stated in the *VCS Purchasing Card Manual*, "The P-Card may be used to purchase supplies, materials, field trips, conferences, travel, and other necessary items/events, provided there is no requirement to sign a contract or agreement." While use of a IA P-Card will vary depending on the needs of the end user and their school site, the District has established clear restrictions on categories of prohibited transactions deemed unallowable for purchase, regardless of circumstance.

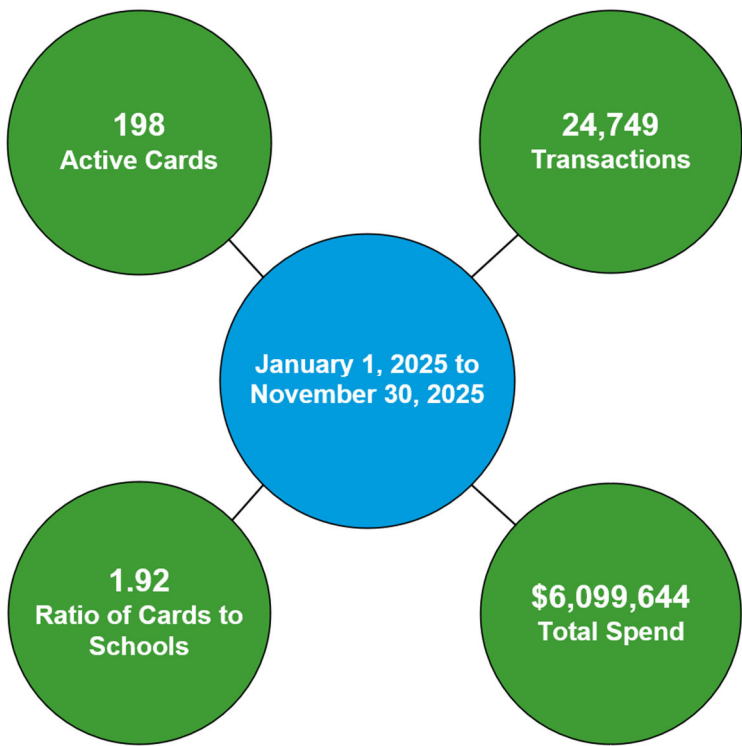
The prohibited categories as detailed in the Purchasing Cards Manual include the following:

Gasoline or other fuel except when used for school district events or purposes such as rental cars, VCS vehicles, or VCS equipment	Food for employees, except during certain circumstances with appropriate approval and applicable funds. Food for classroom use or students during field trips or athletic or scholastic events is permitted under certain circumstances	Capital Outlay: Departments cannot charge to a capital outlay object (6XX) from their discretionary budget without authorization from the Budget Department	Any fixed assets meeting inventory criteria the District tracks, such as Digital Devices (Computers, Tablets, iPads), Audio-Visual Equipment, and Computer Peripherals (Monitors and Printers) regardless of cost
Alcohol and tobacco products	Monetary gifts such as gift certificates, gift cards, or cash for school board employees	Cash advances	Computer Software
Curriculum materials such as textbooks, library books, etc.	Employment conditional requirements (fingerprinting, drug screening, certifications)	Furniture, Fixtures, and Equipment	Recurring monthly services such as cell phones
Internal purchases to the District	Musical Instruments	Personal purchases	Medications, sunscreen, or insect repellant
Past due invoice payments	Independent Contractor payments	Short-term online rental property services, such as Airbnb	Travel upgrades, such as for flights, hotels, or vehicle rentals

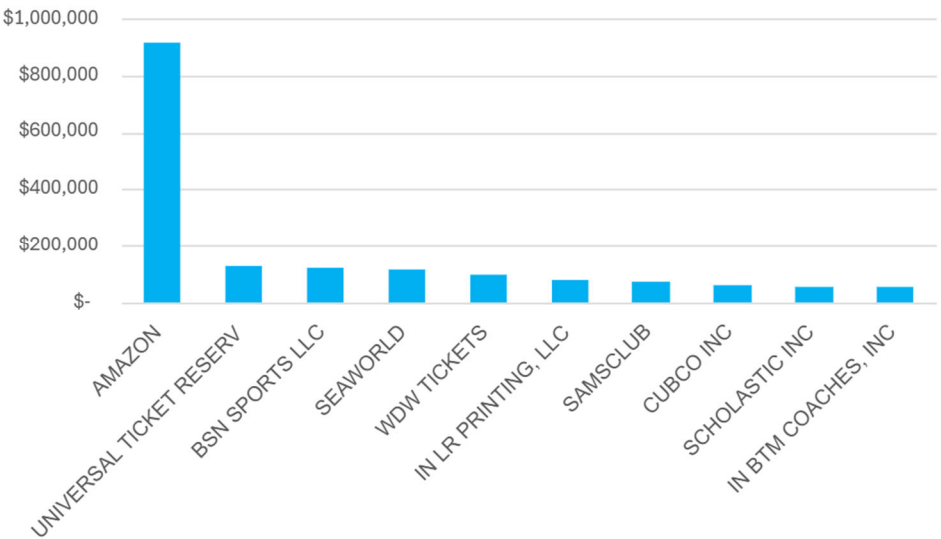
BACKGROUND (CONTINUED)

Data Analytics

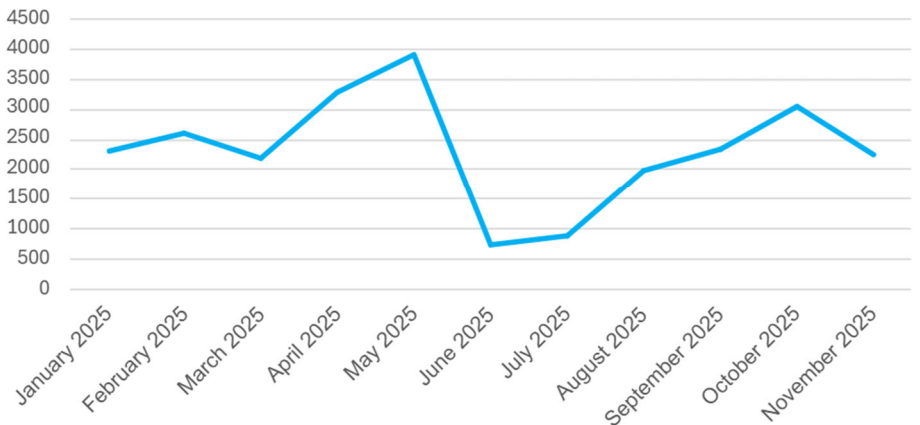
As part of our procedures, we obtained District wide internal accounts P-Card expenditure data from January 1, 2025, through November 30, 2025. The following page contains summarized data related to this analysis.



Top Vendors by IA Purchasing Card Spend



IA Purchasing Card Transactions by Month



OBJECTIVES AND APPROACH

Objectives

The primary objective of this internal audit was to evaluate the design and effectiveness of internal controls related to the Purchasing Cards (IA P-Cards) that are utilized through the School's internal accounts funds. This included an examination of compliance with existing internal accounts and p-card policies and procedures, applicable regulatory requirements, and the identification of process gaps and opportunities for improvement. The scope period was January 1, 2025, through November 30, 2025.

Approach

Understanding and Documentation of the Process

This phase consisted primarily of inquiry and walkthroughs to obtain an understanding of the current operating policies and procedures, monitoring functions, and control structures as they relate to the processes within our scope. The following was performed as part of this phase:

- Obtained and reviewed key documents, including policies and procedures related to the function, as well as relevant state and District regulations and reporting;
- Conducted interviews and walkthroughs with key personnel to obtain a detailed understanding of applicable policies and procedures, and roles / responsibilities related to the processes within the scope;
- Developed a work plan to evaluate the operating effectiveness of key processes and controls based on the information obtained through interviews, walkthroughs, and preliminary review of documentation.

Evaluation of the Design and Effectiveness of Process and Controls

The purpose of this phase was to evaluate the design of key processes and controls and test operating effectiveness based on our understanding of the processes and to analyze data of internal accounts P-Card transactions and cardholder activity at the school funds level to identify risk areas, potential lack of compliance, and potential areas of resistance, abuse, fraud, and other indicators. Our fieldwork testing utilized sampling and other auditing techniques to meet our audit objectives outlined above. We assessed the supporting documentation of each sample's transaction, and the review process of those documents.

Procedures included, but were not limited to:

- Evaluated compliance with the Board Policies 701 and 702, the District's Purchasing Card User Manual, and Florida Statutes 212, 286, and 287;
- Performed detailed testing on a sample of sixty (60) internal accounts P-Card transactions to verify the following:
 - Supporting documentation was sufficient and appropriate;
 - Purchases were allowable under the District's Purchasing Card Policy and Procedure;
 - Transaction limits were not exceeded unless appropriate approval was obtained per the District's Purchasing Card Policy and Procedure;
 - Appropriate approvals were obtained and in compliance with the District's Purchasing Card Policy and Procedure; and
 - Transactions were not split to avoid the single transaction limit.
- Performed detailed testing on a sample of twenty-five (25) Purchasing Cardholders to verify completion of required documentation;
- Assessed user access permissions and reviewed for inappropriate users;
- Performed data analysis on IA P-Card transactions over the audit period for potential splits, duplicative, or prohibited transactions.

Reporting

At the conclusion of this internal audit, we summarized our findings into this report. We have reviewed the results with the appropriate Management personnel and have incorporated Management's response into this report.

OBSERVATIONS MATRIX

1. Segregation of Duties and Privileges	Risk Rating: High
Observation The Program Administrator role in Bank of America Works (“BoA Works”) is the role granted to individuals responsible for administering access and permissions to users, managing system settings, and card program maintenance such as adjusting card limits. Our testing and inquiry revealed that individuals from both the Finance and Purchasing Departments are assigned the Program Administrator role. Finance is responsible for user access changes and permissions, whereas the Purchasing Department handles IA P-Card maintenance and management of system settings. Administrative Segregation of Duties Conflict Three (3) individuals from the Finance Department are assigned the Program Administrator role within BoA Works application. In addition to managing user access and permissions within BoA Works and Focus, the Finance Department is also responsible for reviewing IA P-Card transactions and processing the monthly payments for the card program. This combination of responsibilities creates a segregation of duties concern. An individual within Finance could potentially make a purchase, approve the transaction, and process the payment without independent oversight. Effective internal controls require that key stages of a transaction be separated between different individuals or departments to reduce the risk of unauthorized or fraudulent activity. Excessive System Privileges The Program Administrator role is currently assigned to staff in both the Finance and Purchasing Departments, allowing individuals to perform functions beyond those required for their specific job duties. Access rights should be restricted to only what is necessary for an individual’s responsibilities. Granting overlapping administrative access across multiple departments increases the risk of unauthorized changes and potential system misuse. Currently, the systems that manage the P-Card transactional flow are different between District funds (Works) and Internal Accounts (Focus). However, we understand the District expects to align the District fund procedures more closely with how IA P-Card funds are managed as a part of a greater transition and integration towards Focus. As such, going forward, RSM expects to combine the follow up procedures of this observation together with the FY24 Purchasing Cards – District Funds internal audit of the same title.	
Recommendation We recommend that District’s Information Technology Services (“ITS”) assume the role of user access provisioning for the Works system to maintain segregation of duties for user access controls as with the District’s ERP system access. If the ITS Department is not able to assume the role, then the Purchasing Department should assume all administrative responsibilities associated with the Internal Accounts Program Administrator role in BoA Works with a second internal reviewer for user access provisioning. This change would reduce the risks associated with Finance’s segregation of duties conflict and would limit the assignment of the Program Administrator role to a single department. Further, this change would present operational efficiencies in the administration of IA P-Cards, as it would eliminate the need for Purchasing and Finance to communicate back and forth via email when the need for a user access change in Works arises. Finance Department access should be assigned a finance access role within the BoA Works system to review information and run reports as needed.	

OBSERVATIONS MATRIX (CONTINUED)

1. Segregation of Duties and Privileges (Continued)	
Management's Response	
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 Internal Accounts Purchasing Card activities. Internal Accounts transaction workflow, approvals, and supporting documentation are 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 Internal Accounts P-Card process. Access for Finance staff has been restricted to Accountant and Auditor roles to further strengthen internal controls and oversight. Responsible Party: Procurement Department Estimated Completion Date: Complete	

OBSERVATIONS MATRIX (CONTINUED)

2. Approval Authority	Risk Rating: High
Observation Components of the IA P-Card process lack a formalized post-transaction review by designated approval authorities. While the P-Card Manual identifies the Principal as the party responsible for reviewing and approving transactions, current practice and guidance within the P-Card Manual does not require Principals to perform a review of IA P-Card transactions or card bank statements after they have been completed. Although Principals approve purchases in advance through the Purchase Order process, there is no documented requirement or evidence of a subsequent review to confirm that transactions were executed as intended and in accordance with the original approval. Further, there is a lack of monitoring of the Reconciler (usually the site bookkeeper) who has the ability to perform purchases and then approves the purchase in the Focus system without a post-transaction review. Effective internal controls require that transactions be subject to both pre-approval and post-transaction review by an appropriate level of authority to determine purchases are accurate, authorized, and compliant with established policies and procedures. Currently, Finance only reviews internal accounts P-Cards transactions over \$500. Of the 24,749 transactions in our audit period population, 22,189, or 90% fall under the \$500 threshold that are reviewed by Finance. The absence of a post-transaction review increases the risk that inappropriate, unauthorized, or potentially fraudulent transactions may not be identified and addressed in a timely manner. Currently, the systems that manage the IA P-Card transactional flow are different between District funds (Works) and Internal Accounts (Focus). However, we understand the District expects to align the District fund procedures more closely with how IA funds are managed as a part of a greater transition and integration towards Focus. As such, going forward, RSM expects to combine the follow up procedures of this observation together with the FY24 Purchasing Cards – District Funds internal audit of the same title.	
Recommendation Management should consider enhancing the IA P-Card control framework by implementing a formal post-transaction review process for Principals or designated approval authorities. This review should include verification that transactions align with the original approval, are supported by appropriate documentation, and comply with established policies and procedures. Additionally, management may consider documenting this requirement within the P-Card Manual and establishing clear expectations for the timing and evidence of such reviews. The review could be performed at the individual transaction level or through a documented review of the monthly IA P-Card statement.	
Management's Response Response: The District previously maintained a documented post-transaction review process whereby Principals signed monthly Bank of America statements acknowledging review and approval of Internal Accounts P-Card transactions associated with their school or site. As operational processes evolved, this practice was discontinued. Finance agrees that reinstating a documented Principal-level post-transaction review and acknowledgment process, or implementing an equivalent documented approval control, would strengthen internal controls and further address the observation identified during the audit process. The District will evaluate and implement an updated review and acknowledgment process to support consistent documentation of administrative oversight. Responsible Party: Procurement Department Estimated Completion Date: August 31, 2026	

OBSERVATIONS MATRIX (CONTINUED)

3. Documentation Retention	Risk Rating: Moderate
Observation	
To support the effective administration of internal accounts, including P-Card transactions, the District requires the retention of appropriate documentation to substantiate activity and evidence proper authorization and approval. As a part of our testing, we identified multiple instances of non-compliance with the stated procedures for document retention per the P-Card Manual. Transaction Descriptions To further substantiate the purpose of the expense and reason for utilizing a IA P-Card as opposed to a traditional procurement method, cardholders are required to support their purchase with a sufficient description. Of the sixty (60) transactions sampled, we identified ten (10) or 17% that did not document a sufficient description to support the nature of the purchase. Transaction Support Each transaction is expected to be further supported with a copy of the corresponding invoice or receipt to show purchase detail, date, amounts, quantities, and vendor information. Of the sixty (60) transactions sampled, we identified two (2) or 3% in which a corresponding receipt or invoice was not retained in the Focus system. Cardholder Documentation Before a card can be issued to any site, the corresponding applicant must complete a series of documents and verifications prior to receiving an active card. These documents include a Cardholder Agreement, a P-Card Request Form, and a P-Card Justification Form. During our testing, we observed instances in which these documents were not retained: • Of the twenty-five (25) sampled cardholders, two (2) or 8% that did not complete or retain a P-Card Request Form. • Of the twenty-five (25) sampled cardholders, five (5) or 20% that did not complete or retain a Cardholder Agreement. • Of the twenty-five (25) sampled cardholders, one (1) or 4% that did not complete or retain a P-Card Justification Form. Management confirmed that many of the cards were issued prior to departmental policy and procedure changes occurring in July 2025 that enhanced verification and documentation of supporting items. However, a lack of complete documentation records to support all IA P-Card transactions may lead to unauthorized or inappropriate transactions entering the workflow and prevent an accurate audit trail. Currently, the systems that manage the P-Card transactional flow are different between District funds (Works) and Internal Accounts (Focus). However, we understand the District expects to align the District fund procedures more closely with how IA funds are managed as a part of a greater transition and integration towards Focus. As such, going forward, RSM expects to combine the follow up procedures of this observation together with the FY24 Purchasing Cards – District Funds internal audit of the same title.	

OBSERVATIONS MATRIX (CONTINUED)

3. Documentation Retention (Continued)
Recommendation We recommend the District enhance existing training to reinforce expectations and promote adherence to procedural requirements by providing additional training and communicating responsibilities to all relevant personnel. Additionally, management should periodically remind staff of their obligations under existing policies and procedures and consider applying corrective or disciplinary measures, where appropriate. Reinforcing these expectations will help promote consistent compliance with established procedures and strengthen internal controls.
Management's Response Response: Procurement acknowledges the audit observations related to Internal Accounts P-Card documentation and recognizes that many of the exceptions identified were associated with cards issued prior to enhanced procedures implemented in 2025. Since that time, the District has implemented a more centralized and efficient repository for P-Card documentation to improve record retention, accessibility, and oversight. Additionally, the District will continue evaluating opportunities to strengthen system controls and workflows as P-Card processes continue transitioning toward greater integration and alignment within the Focus system. Management believes these improvements will further strengthen internal controls, improve documentation consistency, and support compliance with District procedures. Responsible Party: Procurement Department Estimated Completion Date: August 31, 2026

OBSERVATIONS MATRIX (CONTINUED)

4. User Access Control

Risk Rating: Moderate

Observation

The District uses Focus as the primary financial platform to initiate purchase requests, establish purchase orders, facilitate approval workflows through the Purchasing module, and retain supporting documentation. The District also uses the Bank of America Works platform for card administration, including card program management and spending controls. The Finance Department serves as the responsible party for assignment of roles and granting and removing access of users within both of these systems at the request of Purchasing.

Currently, when user access changes are needed, such as when an employee is hired or terminated, Purchasing submits a request via email to Finance, who makes the needed user access change. This informal process creates an increased risk that changes in user access are not made timely or documented appropriately.

The District was able to generate a report of user activity for both Works, however, this report did not include defined roles of permission levels or user access rights. The District was able to provide an administrative guide for role descriptions for Works, however, this was general and did not include specific user role definitions. Additionally, neither Purchasing nor the Finance Department have procedures on how to perform reporting or monitoring with the reports available within either system. Without a system generated security report that the District can easily generate, accurate monitoring of users and their permissions cannot be performed effectively. Without an informed user access review, users may retain potentially inappropriate access to financial information and permissions.

Currently, the systems that manage the P-Card transactional flow are different between District funds (Works) and Internal Accounts (Focus). However, we understand the District expects to align the District fund procedures more closely with how IA P-Card funds are managed as a part of a greater transition and integration towards Focus. As such, going forward, RSM expects to combine the follow up procedures of this observation together with the FY24 Purchasing Cards – District Funds internal audit of the same title.

Recommendation

We recommend the District document defined user access permissions by roles for Works as it relates to Internal Accounts P-card activities in the systems and formalize the user access request process. We also recommend the District explore the system reporting capabilities of BoA Works to develop and document periodic reporting and monitoring procedures based on the information available. The District should also explore developing clear and defined procedures outlining monitoring and reporting mechanisms and the frequency in which they should occur.

OBSERVATIONS MATRIX (CONTINUED)

4. User Access Control (Continued)	
Management’s Response	
Response: The District maintains established procedures for assigning, monitoring, and reviewing system access within both the Focus system and the Bank of America Works platform to support appropriate oversight and internal controls. Access to Focus and associated user profiles is managed through the ITS department utilizing the Incident IQ ticketing system, with periodic security audits performed to support appropriate access management and system oversight. The District has also completed a comprehensive review of user access roles within the Bank of America Works system related to Internal Accounts P-Card activities. Operational administration of the platform, including user role assignment, access provisioning, and card administration, is managed through designated Procurement personnel. Finance continues to perform its assigned financial review and payment processing responsibilities within Focus and related financial systems. As a result of the review, the Program Administrator role has been limited to authorized personnel, Finance staff access has been restricted to Accountant and Auditor roles, and the Allocation Coder role has been removed from user profiles, as reconciliation functions are performed within the Focus system. Additionally, since March 2025, the District has implemented a bi-weekly review process to evaluate user access profiles and remove terminated employees from the Bank of America Works system in a timely manner. The District will continue evaluating reporting capabilities, monitoring procedures, and system controls within both Bank of America Works and Focus to further strengthen oversight, documentation, and internal controls. Responsible Party: Procurement Department Estimated Completion Date: August 31, 2026	

OBSERVATIONS MATRIX (CONTINUED)

5. P-Card Compliance	Risk Rating: Moderate
Observation The District has developed defined procedures to detail requirements and expectations for the use of IA Purchasing Cards. The P-Card Manual and the VCS Internal Accounts Procedures Manual detail instructions relating, but not limited to, allowability of transactions, cardholder required documentation, and IA P-Card usage. Additionally, the Internal Accounts Procedures Manual establishes requirements governing the allowable use of school-based funds. Through our review of the sampled IA P-Card transactions and performance of data analytics, we identified several instances of non-compliance with the established procedures. Of the sixty (60) sampled transactions: • Four (4) or 7% were coded to an inappropriate fund source on the accounting string. Of these four (4) transactions, all were coded to “5511 - Supplies” but would have more appropriately been coded to “5367 - Field Trips”. • One (1) or 2% transactions were charged sales tax although the nature of the purchase qualified them to be sales tax exempt. • Six (6) or 10% transactions were posted before the purchase request was processed and approved by the Principal. Non-compliance with the District’s IA P-Card procedures may lead to accidental or intentional misuse, resulting in unauthorized purchases, budget overruns, and potential fraudulent transactions. Currently, the systems that manage the P-Card transactional flow are different between District funds (Works) and Internal Accounts (Focus). However, we understand the District expects to align the District fund procedures more closely with how IA funds are managed as a part of a greater transition and integration towards Focus. As such, going forward, RSM expects to combine the follow up procedures of this observation together with the FY24 Purchasing Cards – District Funds internal audit of the same title.	
Recommendation We recommend the District reinforce training and expectations for all employees involved in the purchasing card process to further reduce instances of noncompliance. Additionally, Finance may consider monitoring purchases and performing monitoring to identify transactions that may fall under the prohibited purchase category.	
Management’s Response Response: The District maintains monitoring procedures for Internal Accounts P-Card transactions exceeding the established \$500 review threshold prior to payment processing. The transactions identified within this observation were below that monitoring threshold. Additionally, Internal Accounts P-Card purchases are subject to preapproval through the established purchase order process and are subsequently reviewed and approved at the school level by Principals or their designees. Based on the existing layered review process, Finance believes current monitoring controls are operating as intended. Finance will continue its established transaction review procedures. Procurement will separately reinforce cardholder responsibilities and reminders concerning prohibited purchases and compliance with cardholder agreements. The District will continue to enhance processes, reinforce compliance expectations, and evaluate opportunities to strengthen monitoring procedures and internal controls related to the Internal Accounts P-Card program. Responsible Party: Finance Department and Procurement Department Estimated Completion Date: June 2026	

OBSERVATIONS MATRIX (CONTINUED)

6. System Configuration and Operation	Risk Rating: Moderate
Observation	
The District currently performs internal accounts P-Card management with a combination of both the Bank of America Works and Focus systems. The following areas have been identified as areas to strengthen the system controls and role definition alignment. System Configuration While the District has utilized Focus for internal accounts funds transaction automation since 2023 the District funds P-Card process are currently in the process of implementation to mirror a similar process. The District has been engaged with Focus to perform configuration sessions to refine and enhance the functionality of the platform to the needs of the District. During one of these configuration sessions, the District discovered an inconsistency of how IA P-Card transactions are processed when an accounting stringline is entered directly as opposed to when linked to a purchase order. The District identified that when an accounting stringline is entered directly, the transaction posts without additional approval. The District's understanding had previously been that a non-PO invoice was generated in these instances, which would have required an approval workflow. The District has implemented an additional step by including these transactions in the monthly review process to verify that all transactions are properly allocated and that schools have reimbursed the District. Management has since communicated this concern to Focus and is currently exploring a permanent system solution. System Cardholder Assignment For all Site Purchasing Cards, the P-Card Manual states that the Principal serves as the cardholder and is responsible for the card, and the Principal signs the Purchasing Cardholder Agreement in that capacity on the paper form. However, within the Bank of America Works system, the Bookkeeper is listed as the cardholder. The Bookkeeper is completing the required purchasing card training associated with the cardholder role, while the Principal does not receive or complete the cardholder training. This configuration creates a misalignment between the role defined in the P-Card Manual, the role reflected in the Works system, and the assignment of required training which results in a discrepancy between documented responsibility, system role assignment, and training. Training Requirements The District requires employees assigned as an active IA P-Card cardholder in the system to complete training and pass an associated quiz prior to card issuance. However, not all individuals with key responsibilities for the IA P-Card process, such as Principals and Reconcilers, are required to complete the same or equivalent training, despite their roles in reviewing, reconciling, and approving IA P-Card transactions. Current training requirements are primarily focused on cardholders and do not extend to all roles with oversight or approval responsibilities within the IA P-Card process. Inconsistent training across key roles may result in varying levels of understanding of IA P-Card policies and procedures, which could impact the consistency and effectiveness of transaction review, reconciliation, and approval activities.	

OBSERVATIONS MATRIX (CONTINUED)

6. System Configuration and Operation (Continued)
Recommendation
We recommend that the District consider the following: System Configuration The District has already developed a temporary corrective control for the self-identified configuration issue. The District has implemented an additional step by including these transactions in the monthly review process to verify that all transactions are properly allocated and that schools have reimbursed the District. We recommend continuing collaboration with Focus to find a permanent resolution to the system configuration. System Cardholder Assignment Management should review and align the Purchasing Cardholder Agreement, system role assignments in Bank of America Works, and training requirements to promote consistency in the designation of the Site Purchasing Card cardholder and to align documentation, role assignments, and training requirements. Training Requirements We recommend all assigned cardholders and reconcilers for IA P-Cards require formal training on IA P-Card usage.
Management's Response
Response: System Configuration: The District has communicated the identified configuration concern to the Focus team and has submitted a support ticket to evaluate and develop a systemic resolution. In the interim, Finance will continue performing the compensating monitoring control as part of the monthly review process to verify proper allocation and reimbursement, as applicable. System Cardholder Assignment: Management acknowledges the observation regarding the inconsistency between the Purchasing Card User Manual, the Bank of America Works system, and the assignment of training requirements for Site Purchasing Cards. To ensure alignment with established procedures, the District will revise its operational practices by designating the Principal or Department Head as the official cardholder for all Site Purchasing Cards. Effective immediately, the designated Principal or Department Head will be responsible for completing all required Purchasing Card training and executing the Cardholder Agreement in accordance with the Purchasing Card User Manual. In addition, the District will develop and implement a transition plan to reissue existing Site Purchasing Cards in the name of the applicable Principal or Department Head. This effort will ensure that cardholder records, training assignments, and cardholder responsibilities are fully aligned with District policy and procedures. Training Requirements: The District recognizes the importance of ensuring that all personnel with oversight, reconciliation, and approval responsibilities have a consistent understanding of IA P-Card policies and procedures. To address this observation, the District will evaluate existing training requirements and expand training opportunities, as appropriate, to include additional roles involved in the IA P-Card process, such as Principals and Reconcilers. The District will also review current procedures to ensure training expectations are clearly defined and aligned with assigned responsibilities. Responsible Party: Finance Department and Procurement Department Estimated Completion Date: January 2027

OBSERVATIONS MATRIX (CONTINUED)

7. Purchasing Card Administration	Risk Rating: Low
Observation As a part of our review, we performed data analytics on a population of 24,749 IA P-Card transactions that occurred between January 1, 2025 and November 30, 2025, with the population report being generated on December 8, 2025. Within this review, we identified the following outliers of data points: • Twenty-seven (27), or 13.6%, unique cardholders had fewer than ten (10) transactions in the scope period. • Eighteen (18), or 9.1%, unique cardholders had less than \$1,000 cumulative spend in the scope period. • Of ten (10) total high schools with active IA P-Cards, one (1) had a total IA P-Card count of ten (10). The average number of cards of the remaining nine (9) high schools was six (6) cards per site. The next highest number of cards at a site was eight (8). Based on the P-Card Manual, spend limits are determined on a per-site basis dependent on average spend and the amount requested on a site's New P-Card Request Form; however, the manual does not include procedures detailing how the average spend analysis is performed. In addition, the District does not have documented standardized policies around who is eligible for a P-Card and how many P-Cards can be issued to a given site. Issuing IA P-Cards that are rarely or never used unnecessarily extends the District's credit and heightens exposure to risk without realizing the intended benefits. Infrequently used cards can also lead to reduced awareness around security and a lack of familiarity with current usage procedures. Currently, the systems that manage the P-Card transactional flow are different between District funds (Works) and Internal Accounts (Focus). However, we understand the District expects to align the District fund procedures more closely with how IA P-Card funds are managed as a part of a greater transition and integration towards Focus. As such, going forward, RSM expects to combine the follow up procedures of this observation together with the FY24 Purchasing Cards – District Funds internal audit of the same title.	
Recommendation We recommend the District perform an internal assessment of card utilization to determine the needs of the District and whether the current number of active cards is appropriate as is currently distributed between sites. The District may consider conducting regular monitoring and reporting of card spend, frequency of transactions, and overall utilization to further monitor need of IA P-Cards.	
Management's Response Response: Procurement agrees with the recommendation and will continue evaluating IA P-Card utilization to ensure the number of active cards and distribution among sites appropriately aligns with operational needs. The District will also continue monitoring card activity, transaction frequency, and spending patterns to identify underutilized cards and determine whether adjustments are needed. In addition, 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 cards issued per school. Responsible Party: Procurement Department Estimated Completion Date: December 31, 2026	

OBSERVATIONS MATRIX (CONTINUED)

8. Standard Operating Procedures	Risk Rating: Low
Observation	
The District currently has extensive procedures on the administration and management of the IA P-Card program. While most functions are formalized and detailed within these procedures, we identified the following areas for additional enhancement:	
Spend Profile Limits	
In July 2025, the District transitioned from single transaction limits to daily transaction limits while maintaining existing monthly limits. Although this change enhances the District's ability to monitor and oversee transactions, the updated approach has not been formally documented within established procedures. When requesting a new IA P-Card, sites or employees submit proposed spending limits based on operational needs and anticipated transaction activity. These limits are reviewed and approved by the Purchasing Department prior to card issuance. However, current procedures do not define minimum or maximum allowable limits, nor do they describe the methodology for customizing spend limits by requestor. In the absence of clearly documented guidance, IA P-Card processes may be applied inconsistently, increasing the risk of inappropriate or non-standardized spend limits across cardholders.	
The District has been undergoing various enhancements in its standard operating procedures to reflect updated practices and systematic changes as identified during the FY24 District Funds Purchasing Cards internal audit. As such, going forward, RSM expects to combine the follow up procedures of this observation together with the FY24 Purchasing Cards – District Funds internal audit of the same title.	
Recommendation	
We recommend the District enhance their current procedures by incorporating the identified areas as formal language within their operating documents.	
Management's Response	
Response: The District recognizes that while current practices include a review and approval process for requested spend limits based on operational need and anticipated activity, these procedures should be formally documented to reflect the updated structure, including the methodology for establishing customized limits or defining minimum and maximum thresholds.	
To address this observation, the District will update and formalize P-Card procedures to clearly document the current spend limit framework, including the use of daily and monthly limits, as well as the process for evaluating and approving cardholder-specific limits based on role and operational requirements. This update will ensure consistent application across all sites and cardholders.	
Responsible Party: Procurement Department	
Estimated Completion Date: December 31, 2026	

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