



TO: Shirley Wilson
Area Superintendent

FROM: W. Stephen Carr *WSC*
Director of Office of Internal Audit

DATE: November 14, 2011

RE: Crawford High School Purchase Card Audit

An audit of the Purchase Card financial operations was conducted at Crawford High School for the period July 1, 2010 through June 30, 2011. The audit report contains information regarding the audit findings and recommendations.

Enclosed is a copy of the audit report and site administrator's response. The site administrator was responsive to all of our recommendations and corrective actions had been taken or planned.

If you have any questions concerning information in this report, please call me at 725-5696.

c. Members, Board of Education
W. Kowba
N. Meyer
R. Little

e-mail report: Members, Audit committee
J. Salkeld
S. Freedman
J. Macalos
M. Hudson



Crawford High School

Purchase Card Audit Report

September 30, 2011

Introduction

An audit was performed on the purchase card financial operations at Crawford High School for the period July 1, 2010 through June 30, 2011.

Crawford High school is composed of four small high schools. Crawford School of Community Health and Medical Practices (CHAMPS); Crawford School of Invention and Design Educational Academy (IDEA); Crawford School of Law and Business (LAB); and Crawford School of Multimedia and Visual Arts School (MVAS).

Crawford High School had a total of six purchase cards during the period July 1, 2010 through June 30, 2011. Two of the cardholders are now transferred to another site. The total purchase card purchases from July 1, 2010 through June 30, 2011 were \$33,727.91.

Background

A purchase card is a specialized credit card that allows authorized District employees to purchase authorized goods and services. It is issued for government use only and contains limitations such as single purchase and monthly spending limits, prohibited purchases and prohibited vendors.

The Approving Official is responsible for reviewing all charges for cardholders that report to him/her, ensuring that all purchases on the monthly cardholder statements are appropriate and for official use, ensuring no prohibited items have been purchased, assigning appropriate budget charge numbers to each invoice and ensuring that there are original, itemized documentation for all purchases on the monthly cardholder statements.

The Cardholder is responsible for ensuring that the purchase card is used in accordance with district policies and procedures and all purchases of commodities are in compliance with district procurement and contracting procedures and policies. Cardholder is also responsible for the security of the purchase card to prevent any unauthorized use of the card.

Audit Scope and Objectives

- To audit financial records from July 1, 2010 through June 30, 2011.
- To ensure adequate internal controls are in force.
- To determine if procurement card activities are in accordance with district procedures.
- To determine that expenditures are authorized and have adequate supporting documentation.

Audit Findings Summary

1. Purchase card was used to pay for inappropriate expenditures in violation of District Procedure No. 4585.
2. Card purchases totaling \$1,002.66 had no supporting documentation.
3. Card purchases totaling \$6,219.54 lack proper supporting documentation.
4. An "Explanation of Non-instructional Expenses" form was not prepared for a total of three food purchases exceeding \$200.00 each.

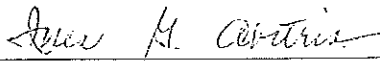
Conclusion

The audit findings for the purchase card financial operation at Crawford High School for the period July 1, 2010 through June 30, 2011 require that administration implement an improvement in the control of supporting documents and compliance to district policy governing the credit card's authorized use.

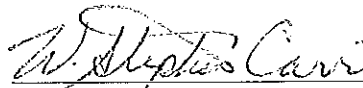
Supporting documents, such as original invoices and receipts must be kept on file to minimize the risk of errors and irregularities.

Cardholder also needs to review the Purchase Card policies and procedures for prohibited purchases before using the purchase card. Administration must follow policies governing card use for purchases requiring compliance to higher level administrative approval, prior to making restricted purchases.

We appreciate the courtesies and cooperation extended by the personnel during the examination.



Ines G. Abitria
Operations Auditor



W. Stephen Carr
Director, Office of Internal Audit

Audit Findings and Recommendations

1. Purchase card was used to pay for inappropriate expenditures in violation of District Procedure No. 4585.

The review of purchase card expenditures revealed that payments were made to amusement parks. Specifically, we noted the following:

Date	Vendor/Description	Amount
03/22/11	Knott's Berry Farm-10-to Succeed	\$1,099.50
03/25/11	Knott's Berry Farm-10-to Succeed additional tickets	263.88
	Total	\$1,363.38

- District Administrative Procedure No. 4585 states that "Field trips to amusement parks (e.g. Disneyland, Knott's Berry farm, and Magic Mountain) unless such field trips are specifically planned to contribute to the educational program is prohibited during school hours.

Field trips are not authorized for participation in promotion of commercial establishments primarily for entertainments.

Recommendation

The district purchase card is not to be used for any product or with any merchant considered to be an inappropriate use of district funds.

The Approving Official and the Cardholder are to review the District Procedures for prohibited purchases before using the purchase card.

2. Card purchases totaling \$1,002.66 had no supporting documentation.

We reviewed the card purchases from July 1, 2010 through June 30, 2011. The total card purchases were \$33,727.91. Of the total card purchases, \$1,002.66 did not have supporting documentation. As a result, the lack of adequate documentation prevented verification and assurance that all purchases were valid uses of District funds.

Specifically, we noted the following:

Date	Vendor	Amount
9/18/2010	Scantron Corporation	\$120.96
10/1/2010	Smartnfinal	25.99
10/4/2010	Cicis Pizza 829	100.00
10/8/2010	School Health Corp	107.91
10/8/2010	School Health Corp	107.91
10/8/2010	School Health Corp	107.91
10/8/2010	School Health Corp	107.91
10/8/2010	School Health Corp	4.90
10/8/2010	School Health Corp	4.90

10/8/2010	School Health Corp	4.89
10/8/2010	School Health Corp	4.89
10/08/2010	Target.Com	304.49
	Total	\$1,002.66

According to the Cardholder the original invoices were submitted to the Approving Official and the files cannot be located.

Purchase Card Policy and Procedures require that receipts must be retained at the school and safeguarded by the approver for a period of five years.

In order to determine the appropriateness of the purchase, a receipt must exist that identifies the description, quantity and price of the item purchased. Receipts are an essential part of internal control and must be retained and safeguarded.

Recommendation

All expenditures must be supported by a paid receipt or an invoice. The Cardholder needs to request the missing invoices from the vendor. Following receipt of the missing invoices, the Cardholder needs to provide the receipts to the Office of Internal Audit for review.

3. Card purchases totaling \$6,219.54 lack proper supporting documentation.

We examined the supporting documentation for all card purchases for the period July 1, 2010 through March 15, 2011. Our review of the purchase card supporting documents revealed that \$6,219.54 or 19% of the total card purchases did not have proper supporting documents.

Specifically, we noted the following:

Date	Vendor	Amount	Sub Total	Support
05/10/2011	Studica	\$398.06		Order Confirmation
05/18/2011	Home Depot	366.48		Order Confirmation
05/19/2011	Home Depot	21.72		Order Confirmation
05/25/2011	Home Depot	65.22	\$851.48	Order Confirmation
10/06/2010	Wal-Mart	21.52		Photocopy
01/19/2011	USPS	299.20		Incomplete*
01/25/2011	Dominos	77.85	398.57	Credit Card Slip
01/12/2011	Office Depot	80.66	80.66	Photocopy
10/19/2010	Projector	179.00		Order Confirmation
10/22/2010	Amazon.com	91.54		Order Confirmation
10/23/2010	Amazon Marketplace	213.07		Order Confirmation
10/27/2010	Amazon Marketplace	114.94		Order Confirmation
01/20/2011	Lakeshore Learning	135.94		Photocopy
02/05/2011	The Home Depot	299.58		Photocopy
02/09/2011	Blick Art Material	495.67		Order Confirmation
02/08/2011	Office Depot	419.78		Order Confirmation
02/08/2011	Office Depot	74.98		Order Confirmation
02/12/2011	Popular Mechanic	28.00		Order Confirmation
02/14/2011	Dwell Magazine	28.00		Order Confirmation

02/18/2011	Home Depot	89.96		Photocopy
02/24/2011	Office Depot	34.23	2,204.69	Facsimile
07/28/2010	Alibris Books	350.18		Packing list
09/17/2010	Akademus Inc	179.18		Order Confirmation
09/20/2010	Bamm Com	64.23		E-mail notice
09/20/2010	Bamm Com	30.62		E-mail notice
11/18/2010	Demco Inc.	89.01		Order Confirmation
01/07/2011	Amazon.com	15.40		Order Confirmation
01/07/2011	Amazon.com	15.39		Order Confirmation
01/07/2011	Amazon.com	46.19		Order Confirmation
01/07/2011	Amazon.com	200.16		Order Confirmation
01/11/2011	Amazon Marketplace	28.99		Order Confirmation
01/11/2011	Amazon Marketplace	19.44		Order Confirmation
01/11/2011	Amazon Marketplace	44.65		Order Confirmation
01/11/2011	Amazon Marketplace	18.98		Order Confirmation
01/12/2011	Amazon Marketplace	7.58		Order Confirmation
01/12/2011	Amazon Marketplace	13.98		Order Confirmation
01/12/2011	Amazon Marketplace	28.94		Order Confirmation
01/13/2011	Amazon Marketplace	8.58		Order Confirmation
01/13/2011	Amazon Marketplace	22.69		Order Confirmation
01/22/2011	Amazon.com	72.51		Order Confirmation
01/22/2011	Amazon.com	72.51		Order Confirmation
01/24/2011	Amazon Marketplace	83.46		Order Confirmation
02/03/2011	Staples Direct	108.74		Order Confirmation
02/08/2011	Office Depot	456.17		Order Acknowledgment
02/09/2011	Discount School Supply	165.21		Order Confirmation
02/17/2011	Amazon Marketplace	88.99		Order Confirmation
02/18/2011	Amazon.com	29.31		Order Confirmation
02/21/2011	Amazon Marketplace	80.78		Order Confirmation
04/27/2011	Follett Educational	466.46	2,808.33	Confirmation
	Total	\$6,219.54	\$6,219.54	

Payments should always be supported with an original invoice not by a packing list, photocopy, facsimile, credit card slip, order confirmation, order form or a statement of account to prevent the risk of duplicate payment.

*In addition, cash register receipts must not be cut because items supporting the expenditures may not be complete.

Recommendation

All expenditures must be supported by a paid receipt or an invoice to document that the items have been received and paid. The Cardholder needs to request the invoices from the vendor. Following receipt of the missing invoices, the Cardholder needs to provide the receipts to the Office of Internal Audit for review.

4. An "Explanation of Non-instructional Expenses" form was not prepared for a total of four food purchases exceeding \$200.00 each.

Our review of the purchase card transactions from July 1, 2010 through June 30, 2011 revealed that there were five food purchases totaling \$1,115.68 that exceeded \$200.00 without an "Explanation of Non-instructional Expenses" form.

Specifically, we noted the following:

Date	Vendor/Description	Amount	Sub Total
04/10/11	Smartfinal-IDEA parent meeting	\$267.43	
05/17/11	Panda Express-Champs parent meeting	326.25	
05/24/11	Panda Express-IDEA parent meeting	277.31	\$870.99
06/01/11	Cicis Pizza-Food for parent and students	244.69	244.69
	Total	\$1,115.68	\$1,115.68

An "Explanation of Non-instructional Expenses" form must be completed and approved by the appropriate department head prior to any payment of expenses incurred at district-sponsored events.

Recommendation

An "Explanation of Non-instructional Expenses" form for special activities requiring food purchase for more than \$200.00 must be prepared and approved by the appropriate department head. The approved form must be attached to the purchase card receipt.



SAN DIEGO UNIFIED SCHOOL DISTRICT

CRAWFORD EDUCATIONAL COMPLEX
4191 Colts Way, San Diego, CA 92115
(619) 583-2500



Emma Martinez,
Principal Complex Operations

MEMORANDUM

TO: Audit Department

FROM: Dr. Emma Martinez, Principal-Operations *EM Martinez*

DATE: November 8, 2011

SUBJECT: Response to Procurement Card Audit Findings

Please find the response to the Procurement Card Audit findings in the following pages.

1. Purchase card was used to pay for inappropriate expenditures in violation of District Procedure No. 4585.

The district purchase card will not be used for any product or with any merchant considered to be an inappropriate use of district funds. The Approving Official and the Cardholder are to review the District Procedures for prohibited purchases before using the purchase card.

2. Card purchases totaling \$1,002.66 had no supporting documentation.

All future expenditures will be supported by a paid receipt or an invoice. The Cardholder is working to obtain the missing invoices from the vendor and will provide the receipts to the Office of Internal Audit as soon as possible.

3. Card purchases totaling \$6,219.54 lack proper supporting documentation.

The Cardholders are working on obtaining proper invoices from the vendor and will provide the receipts to the Office of Internal Audit as soon as possible.

4. An "Explanation of Non-instructional Expenses" form was not prepared for a total of four food purchases exceeding \$200.00 each.

An "Explanation of Non-instructional Expenses" form for all future special activities requiring food purchase for more than \$200.00 will be prepared, approved by the appropriate department head, and attached to the purchase card receipt.