



Office of Internal Audit

Report to the Chief Financial  
Officer

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April, 2016

# **ASSOCIATED STUDENT BODY FUNDS**

*Review of the Principal's  
Discretionary Account at  
Selected Schools*

# NOTICE

Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report, represent the opinion of the Office of Internal Audit. Determinations of corrective action to be taken will be made by the appropriate San Diego Unified School District officials.

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## Abbreviations and Acronyms Used

Administrative Procedure	AP
Associated Student Body	ASB
Board of Education	BOE
Chief Financial Officer	CFO
San Diego Unified School District	District
Elementary School Assistant	ESA
Financial Clerk	FC
Independent Public Accountant	IPA
Office of Internal Audit	OIA
Principal's Discretionary Account	PDA
School of Creative and Performing Arts	SCPA
San Diego Unified School District	SDUSD
Superintendent of Public Education	Superintendent

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## Highlights

Highlights of Report 16-08, a report to the Chief Financial Officer

## Associated Student Body Fund

### Review of the Principal's Discretionary Account at Selected Schools

#### Why OIA Did This Review

OIA performed this review to follow-on with our review of Associated Student Body (ASB) Fund receipts and disbursements in fiscal year 2015 (FY-15). We conducted this review to determine whether the cash receipts and disbursements for the Principal's Discretionary Account (PDA) within the ASB Fund's PDA (1) complied with the BOE policies and the District's administrative procedures (AP), and (2) receipts and disbursements are appropriate for the accounts and adequately supported.

#### What OIA Recommends

We made one recommendation to the CFO to work with the schools that have PDAs to identify funds inappropriately placed in the PDA, transfer the funds to the appropriate accounts and close the PDAs by 30 November 2015.

The CFO's response generally concurred with the recommendation.

#### What Did OIA Find

The schools in our sample identified that improvements were needed in compliance with applicable District policies and APs. Improvements in the documentation of PDA transactions were needed to evidence accountability for funds.

The PDA was developed to provide the school principals with the ability to spend funds provided for a specific purpose or to be used at their discretion. The San Diego Unified School District (District) placed these accounts within the ASB Fund allowing the principals to control the funds directly.

OIA identified questioned costs of \$124,260, including receipts of \$79,893 and disbursements of \$44,367. These amounts represent 36 percent of the total PDA receipts and 21 percent of the disbursements in our sampled schools PDAs. These questioned costs resulted from inappropriate transfer of dormant accounts to the PDA, lack of documentation supporting receipts and disbursements, failure to transfer funds collected on behalf of the District to the Finance Department, and inappropriate disbursements from the PDA account.

Many of the deficiencies we identified have been noted by the District's independent public accountant and OIA in its reports on the ASB Funds at various schools.

8 April 2016

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The Office of Internal Audit (OIA) conducted a review of the Principal's Discretionary Account (PDA) within the Associated Student Body (ASB) Fund at nine schools. OIA reviewed the PDA receipt and disbursement transactions for the period 1 July 2012 through 31 March 2015. We designed this review to provide the Chief Financial Officer (CFO) with information on the potential misuse of the PDA account at selected schools.

Our review was limited to a non-statistical selection of nine schools that had the most active PDAs. Our selection included elementary, middle, atypical, and high schools. Our use of a non-statistical selection methodology does not allow us to project the results of the review to the balance of San Diego Unified School District (District or SDUSD) schools, as a whole. Based on our prior work with the ASB Funds and the results of the testing reported by the District's independent public accountants (IPA); we believe the results obtained are similar to those for the District as a whole.

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## Background

ASB operations are governed by state laws, regulations, Board of Education (BOE) policies and the District's Administrative Procedures (AP). With two exceptions, the assets within ASB Fund are to be used solely for the benefit of the students attending the school. The exceptions are a faculty and staff social account<sup>1</sup> and the PDA account.

The BOE delegated the Superintendent of Public Education (Superintendent) with the responsibility for the overall operations of the ASB Funds. The Superintendent has delegated the daily operational responsibility for the ASB Funds to the principals at the individual schools. The ASB Fund is operated and accounted for as a trust fund, and the principal at each school is the sole trustee of the ASB Fund.<sup>2</sup> The PDA is an account within the ASB Fund and is controlled by the principal only. It does not appear to have the restrictions on its use placed on other ASB Funds.

During the period 1 July 2012 through 31 March 2015 our sample of PDAs received \$220,297 and disbursed \$208,906. These amounts

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<sup>1</sup> AP 2225, *Administration of Student Body Funds*, § C.6.e

<sup>2</sup> AP 2225 §C.4.b

represent 32 percent of the ASB Fund receipts and 33 percent of the ASB Fund disbursements during that period.

## Results in Brief

The PDAs that we examined needed to significantly improve their compliance with the applicable BOE policies and District APs. Additionally, improvements in the documentation of the PDA receipts and disbursements were needed.

We identified questioned cost of \$124,260 in PDA receipts and disbursements during our review period. These questioned costs included \$79,893 of the PDA receipts (36 percent of the total) and \$44,367 of the total PDA disbursements (21 percent of the total). We identified the reasons for the questioned costs as: (a) inappropriate transfer of dormant ASB Fund accounts to the PDA; (b) failure to appropriately document receipts and disbursements; (c) improper classification of accounts; (d) failure to transfer the collection of District funds to the District; and (e) inappropriate use of the PDA. Table 1 provides additional data on the questioned costs, we identified.

**Table 1:** Questioned Costs

Questioned Cost	Receipts	Disbursements
Donations without letter of intent not deposited to the ASB Fund’s general fund account	\$18,874	
Dormant Accounts not deposited to ASB Fund’s general fund account	7,011	
Misclassified ASB Fund transactions	48,129	\$38,976
Funds not remitted to the District	5,508	
Inappropriate transfer of account balance to PDA	371	
Inappropriate use of the PDA		5,391
<b>Total Questioned Costs</b>	<b>\$79,893</b>	<b>\$44,367</b>

**Source:** Review of PDA and ASB Fund financial records at selected schools.

Our testing, at the selected schools, identified 24 internal control weaknesses in the disbursements and nine internal control weaknesses in the PDA receipts. Table 2 on page 6 summarizes the weaknesses for the PDA receipts, and Tables 2-a through 2-c provide details for each of the schools we tested (pages 6 through 7). Table 3 on page 9 summarizes the internal control weaknesses we identified for the PDA disbursements and Tables 3-a through 3-c, pages 9 through 10 provides a detailed review of the weaknesses at the schools we selected for testing.

Table 4, page 10, provides additional detail on the deficiencies that we identified in compliance with the District’s APs that impact the PDA transactions. We have provided detailed tables (4-a through 4-c) on the individual schools tested and the weaknesses we identified.

## Recommendation

OIA provided one recommendation to the CFO for the management of the PDAs. We recommend that the CFO:

- Require that all schools with PDA accounts held within the ASB Fund be closed not later than 30 November 2016. As part of this closure process the CFO should:
  - Work with the individual schools, that hold PDAs within the ASB Fund to determine the balance of the PDA and underlying amounts that were specifically designated for grants and donations specifically generated for the principal's use that are available within the PDA;
  - Transfer the available balance of any grants and specifically designated donations to the specific grant accounts and the District's Discretionary Fund (Account 08000);
  - Transfer any remaining balance to the school's ASB Fund's general fund account.

The CFO stated in a response to a draft version of this report that she concurred with our recommendation and would initiate the necessary processes to work with the schools impacted to make the necessary transfer of funds. A copy of the CFO's response is included as Appendix I to this report.

Additionally at the close of fieldwork, OIA provided our comments, observations, and recommendations to the principals at the schools that we selected for this review. All of the principals generally agreed with our recommendations. These responses are not included in this report due to the volume of the responses.

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## **Objectives and Scope**

Our review's objective was to determine, on a sample basis, whether the PDA's cash receipts and disbursements:

- Complied with the BOE's policies and the District's APs; and
- Were appropriately documented and adequately supported.

Our review included the PDA receipts and disbursements during the period 1 July 2012 through 31 March 2015. We conducted our review at the Education Center and the following school sites.

School Type	School Selected
Elementary School	Chollas – Mead
	Euclid
	Jones
Middle School	Bell
	Muir <sup>a</sup>
	Pacific Beach
High Schools	Kearny <sup>b</sup>
	San Diego <sup>c</sup>
	School of Creative and Performing Arts (SCPA)

**Source:** OIA

**Notes:** <sup>a</sup> John Muir School is an atypical school (TK through 12<sup>th</sup> grade)  
<sup>b</sup> Kearny High School is composed of four schools: School of Digital Media and Design, School of International Business, School of Science Connections and Technology, and School of Engineering and Design  
<sup>c</sup> San Diego High School is composed of three schools: School of Business and Leadership, School of International Studies, School of Science and Technology  
<sup>d</sup> SCPA is an atypical school (Grades 6 – 12)

The procedures and tests that we applied to the schools’ ASB Fund and the PDA are not sufficient to constitute a review performed in accordance with generally accepted government auditing standards; the objective of which is an expression of opinion on the operation of the PDA and the ASB Fund as a whole, at the selected schools. We do not and will not express such an opinion on the selected schools as a whole or on individual schools. Had we conducted a review in accordance with generally accepted government auditing standards other matters may have come to our attention that would be reported to you.

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## Processing and Documentation of Cash Receipts

OIA reviewed the schools’ compliance with the District’s policies and APs and whether systems of internal control were in place for receipts for all of the schools included in our sample.

Our testing identified deficiencies and weaknesses in the processing of cash receipts. We identified nine areas where at least one deficiency was found. These deficiencies are similar to ones identified by the District’s IPA and OIA in prior audit reports. Table 2 provides a summary of the deficiencies by school type. Tables 2-a through 2-c provides a summary of the deficiencies by the type of school. For the atypical schools in our sample, we included Muir in the middle schools group and SCPA in the high schools group.

In all nine schools sampled we found that some of receipts were misclassified. The schools recorded receipts in the PDA instead of the ASB Funds’ general fund account or other ASB Fund accounts. Additionally, donations without the required donor’s letter were

deposited in the PDA instead of the ASB Fund's general fund account<sup>3</sup>, and collections for funds that were due to the District were deposited into the PDA account in 78 percent of the schools (7 of 9) sampled. Further, in 45 percent of our sampled schools (4 of 9) documentation was not maintained, for example tally sheets, to support the amount deposited to the PDA. We found that collections/deposits were not receipted in 2 of 9 schools (23 percent of our sample). Some of the collections reviewed were not receipted at one elementary school and one middle school. We found transfers of dormant accounts to the PDA instead of to the general fund account, within the schools ASB Fund.<sup>4</sup> In an elementary school the receipts were not fully completed and were not filed in numerical sequence. In one middle school we found that the balance of an account was transferred to the PDA instead of the school's ASB Fund general fund account.

The absence of documentation for cash receipts is a continuing observation by the IPAs and OIA for ASB Funds in general at the schools. Both the IPA and OIA reports highlight the absence of documentation of receipt transactions. AP 2235, *Standard Student Body Receipts*, and AP 2236 *Student Body Cash Collection, Supplementary Receipts*, require that receipts be prepared for all cash receipts (currency, coin, checks, and money orders).<sup>5,6</sup>

OIA observed at one middle school there was no financial clerk (FC) assigned responsibilities for the daily financial operations. An administrative assistant (AA) performed the FC's duties as part of their assignment. At the time of this review the principal indicated that a search process to fill the FC's position had commenced.

The principal as the trustee for the ASB Fund, and by default the PDA,<sup>7</sup> is responsible for the financial operations of the ASB Fund and its accounts. This includes the management of the PDA according to best business practices and using sound budgetary and accounting procedures.<sup>8</sup> FCs and elementary school assistants (ESA) are required to maintain controls for the ASB Fund and its accounts, and they are to comply with the prescribed accounting procedures for the ASB Fund.<sup>9</sup>

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<sup>3</sup> AP 2235, *Standard Student Body Receipts*, § C.2.c

<sup>4</sup> AP 2225 § C.6.n

<sup>5</sup> AP 2235 §§ C.2.e and D.1

<sup>6</sup> AP 2236 § D.2

<sup>7</sup> AP 2225 § C.4.b

<sup>8</sup> AP 2225 § C.6.b

<sup>9</sup> AP 2225 § C.4.e(1)



**Table 2**  
*Receipts – Control Deficiencies and Weaknesses*  
**Summary for the Sampled Schools**

Deficiency or Weakness	Elementary Schools	Middle Schools	High Schools	Total Schools	Transactions Identified
Donations without letter of intent not deposited into schools' ASB Fund general fund account	2	2	3	7	90
Collections not receipted	1	1	0	2	23
ASB receipts not properly completed	1	0	0	1	11
ASB receipts not filed in numerical sequence	1	0	0	1	24
Collections did not have supporting documentation (tally sheets)	3	1	0	4	77
District funds not remitted to the District	2	3	2	7	155
Dormant accounts not transferred to the school's ASB Fund general fund account	1	1	0	2	9
Inappropriate transfer of account balance to the PDA	0	1	0	1	1
Receipts misclassified and recorded in the PDA	3	3	3	9	367
<b>Total Deficiencies or Weaknesses Identified</b>	<b>14</b>	<b>12</b>	<b>8</b>	<b>34</b>	<b>757</b>

Source: Analysis of receipts at sampled schools

**Table 2-a**  
*Receipts – Control Deficiencies and Weaknesses*  
**Summary for the Sampled Elementary Schools**

Deficiency or Weakness	Chollas-Mead	Euclid	Jones	Total Schools
Donations without letter of intent not deposited into schools' ASB Fund general fund account	X		X	2
Collections not receipted		X		1
ASB receipts not properly completed			X	1
ASB receipts not filed in numerical sequence			X	1
Collections did not have supporting documentation (tally sheets)	X	X	X	3
District funds not remitted to the District	X	X		2
Dormant accounts not transferred to the school's ASB Fund general fund account	X			1
Inappropriate transfer of account balance to the PDA				0
Receipts misclassified and recorded in the PDA	X	X	X	3
<b>Total Deficiencies or Weaknesses Identified</b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>14</b>

Source: Analysis of receipts at sampled schools

**Table 2-b**  
*Receipts – Control Deficiencies and Weaknesses*  
**Summary for the Sampled Middle Schools**

Deficiency or Weakness	Bell	Muir	Pacific Beach	Total Schools
Donations without letter of intent not deposited into schools' ASB Fund general fund account	X	X		2
Collections not received			X	1
ASB receipts not properly completed				0
ASB receipts not filed in numerical sequence				0
Collections did not have supporting documentation (tally sheets)	X			1
District funds not remitted to the District	X	X	X	3
Dormant accounts not transferred to the school's ASB Fund general fund account		X		1
Inappropriate transfer of account balance to the PDA		X		1
Receipts misclassified and recorded in the PDA	X	X	X	3
<b>Total Deficiencies or Weaknesses Identified</b>	<b>4</b>	<b>5</b>	<b>3</b>	<b>12</b>

Source: Analysis of receipts at sampled schools

**Table 2-c**  
*Receipts – Control Deficiencies and Weaknesses*  
**Summary for the Sampled High Schools**

Deficiency or Weakness	Kearny	San Diego	SCPA	Total Schools
Donations without letter of intent not deposited into schools' ASB Fund general fund account	X	X	X	3
Collections not received				0
ASB receipts not properly completed				0
ASB receipts not filed in numerical sequence				0
Collections did not have supporting documentation (tally sheets)				0
District funds not remitted to the District		X	X	2
Dormant accounts not transferred to the school's ASB Fund general fund account				0
Inappropriate transfer of account balance to the PDA				0
Receipts misclassified and recorded in the PDA	X	X	X	3
<b>Total Deficiencies or Weaknesses Identified</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>8</b>

Source: Analysis of receipts at sampled schools

## Documentation of Disbursements Requires Improvement

In our review and testing of PDA disbursement transactions we identified nine deficiencies or weaknesses in the documentation of the transactions. Table 3 provides a summary of the results for the nine schools tested by school type, and Table 3-a provides the results of the elementary schools, Table 3-b provides the middle school results, and Table 3-c provides the high school results.

Our testing of the selected schools disbursements found that 45 percent of the schools (4 of 9) did not routinely cancel the PDA invoices. We identified 391 transactions in the elementary and middle schools where the transactions were not cancelled by the FC

or the ESA. As a result, the risk of duplicate payments significantly increases. Additionally, we found that 78 percent of the schools (7 of 9) did not support disbursement transactions with invoices or other supporting documents. Our testing identified 82 transactions across the schools that were not supported.

In one elementary and one middle school in our sample (23 percent), we found that PDA funds were inappropriately used in 21 transactions. The inappropriate uses included staff holiday breakfast and luncheon, staff CPR training, gift cards, staff shirts, and a fingerprinting fee (\$52) for one employee.

As part of the review and approval process for PDA and ASB Fund transactions the approval of the governing body must be secured before checks are authorized by organized ASBs (middle and high schools).<sup>10</sup> This governing body is intended to be the group that has oversight and control over the ASB Fund's budget and expenditures, in many instances is the school's student council, ASB council, or a combination of both groups. With the exception of faculty social accounts,<sup>11</sup> the BOE policies and District APs do not provide exemptions for the processing of PDA account disbursements.

Our review of the transactions found that 15 checks, charged to the PDA account, were not supported by an ASB requisition in 33 percent of the schools sampled (3 of 9). Required approval signatures were missing for 23 check requisitions at one of the sampled schools (12 percent). The risk of inappropriate disbursements increases when the transactions are not fully documented and included with the ASB Fund requisitions.

Further, we identified that in 45 percent of the schools included in our sample (4 of 9 schools) disbursements were misclassified by recording them in the PDA instead of the appropriate account. Additionally, in one school we found that 23 checks were handwritten and six of the checks had one not two signatures. We identified one school where a duplicate payment occurred.

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<sup>10</sup> AP 2437, *Student Body Requisitions and Purchase Orders*, § C.4

<sup>11</sup> AP 2225 § C.6.e

**Table 3**  
*Disbursements – Control Deficiencies and Weaknesses*  
**Summary for the Sampled Schools**

Deficiency or Weakness	Elementary Schools	Middle Schools	High Schools	Total Schools	Transactions Identified
Inappropriate expenditures	1	1		2	21
Copy of invoice supporting disbursement not retained or not appropriate	3	2	2	7	82
Invoice not cancelled or marked "PAID"	3	1		4	391
ASB requisition form missing		2	1	3	15
ASB requisition form required approval signatures missing		1		1	23
Checks were handwritten	1			1	23
Checks released with one signature	1			1	6
Duplicate vendor payment			1	1	1
Disbursements misclassified and recorded in the PDA	3	1		4	111
<b>Total Deficiencies or Weaknesses Identified</b>	<b>12</b>	<b>8</b>	<b>4</b>	<b>24</b>	<b>673</b>

Source: Analysis of disbursements at sampled schools

**Table 3-a**  
*Disbursements – Control Deficiencies and Weaknesses*  
**Summary for the Sampled Elementary Schools**

Deficiency or Weakness	Chollas Mead	Euclid	Jones	Total Schools
Inappropriate expenditures	X			1
Copy of invoice supporting disbursement not retained or not appropriate	X	X	X	3
Invoice not cancelled or marked "PAID"	X	X	X	3
ASB requisition form missing				0
ASB requisition form required approval signatures missing				0
Checks were handwritten		X		1
Checks released with one signature		X		1
Duplicate vendor payment				0
Disbursements misclassified and recorded in the PDA	X	X	X	3
<b>Total Deficiencies or Weaknesses Identified</b>	<b>4</b>	<b>5</b>	<b>3</b>	<b>12</b>

Source: Analysis of disbursements at sampled schools

**Table 3-b**  
*Disbursements – Control Deficiencies and Weaknesses*  
**Summary for the Sampled Middle Schools**

Deficiency or Weakness	Bell	Muir	Pacific Beach	Total Schools
Inappropriate expenditures			X	1
Copy of invoice supporting disbursement not retained or not appropriate		X	X	2
Invoice not cancelled or marked "PAID"			X	1
ASB requisition form missing		X	X	2
ASB requisition form required approval signatures missing			X	1
Checks were handwritten				0
Checks released with one signature				0
Duplicate vendor payment				0
Disbursements misclassified and recorded in the PDA			X	1
<b>Total Deficiencies or Weaknesses Identified</b>	<b>0</b>	<b>2</b>	<b>6</b>	<b>8</b>

Source: Analysis of disbursements at sampled schools

**Table 3-c**  
*Disbursements – Control Deficiencies and Weaknesses*  
**Summary for the Sampled High Schools**

Deficiency or Weakness	Kearny	San Diego	SCPA	Total Schools
Inappropriate expenditures				0
Copy of invoice supporting disbursement not retained or not appropriate	X	X		2
Invoice not cancelled or marked "PAID"				0
ASB requisition form missing		X		1
ASB requisition form required approval signatures missing				0
Checks were handwritten				0
Checks released with one signature				0
Duplicate vendor payment		X		1
Disbursements misclassified and recorded in the PDA				0
<b>Total Deficiencies or Weaknesses Identified</b>	<b>1</b>	<b>3</b>	<b>0</b>	<b>4</b>

Source: Analysis of disbursements at sampled schools

## Noncompliance with APs Impacted the Internal Controls

We tested the systems of internal control for compliance with the applicable BOE policies and the District’s APs. We identified compliance issues related to the approval of fundraising by the ASB Fund’s organizations and non-district organizations fund raising for schools and groups. Further, our testing highlighted compliance issues with compliance with timely review and reconciliation of financial records, and good business practices in the operation of the school’s ASB Fund. Table 4 summarizes the issues we identified by the type of school and Tables 4--a through 4-c provided additional detail at the individual school level. These issues in the following tables have been identified in prior IPA audit reports and OIA reports.

**Table 4**  
*Compliance with BOE Policies and District APs – Deficiencies and Weaknesses*  
**Summary for the Sampled Schools**

Deficiency or Weakness	Elementary Schools	Middle Schools	High Schools	Total Schools
ASB fundraising conducted without completed approval forms	3			3
Non-district organizations fundraising without completed approval forms	1			1
Inclusion of non-District funds in an ASB Fund account		1		1
Journal vouchers to support adjustment of ASB Fund accounting records not maintained	1		1	2
ASB Fund trial balance did not have the principal’s signature and review date	2	1		3
Bank reconciliations were not performed	1			1
Consultant hired without preparation and approval of the ASB Fund consultant form.	1			1
<b>Total Non-compliance Issues Identified</b>	<b>9</b>	<b>2</b>	<b>1</b>	<b>12</b>

Source: Analysis ASB Fund records

**Table 4-a**  
*Compliance with BOE Policies and District APs – Deficiencies and Weaknesses*  
**Summary for the Sampled Elementary Schools**

Deficiency or Weakness	Chollas Mead	Euclid	Jones	Total Schools
ASB fundraising conducted without completed approval forms	X	X	X	3
Non-district organizations fundraising without completed approval forms	X			1
Inclusion of non-District funds in an ASB Fund account				0
Journal vouchers to support adjustment of ASB Fund accounting records not maintained	X			1
ASB Fund trial balance did not have the principal's signature and review date	X	X		2
Bank reconciliations were not performed	X			1
Consultant hired without preparation and approval of the ASB Fund consultant form.	X			1
<b>Total Non-compliance Issues Identified</b>	<b>6</b>	<b>2</b>	<b>1</b>	<b>9</b>

Source: Analysis ASB Fund records

**Table 4-b**  
*Compliance with BOE Policies and District APs – Deficiencies and Weaknesses*  
**Summary for the Sampled Middle Schools**

Deficiency or Weakness	Bell	Muir	Pacific Beach	Total Schools
ASB fundraising conducted without completed approval forms				0
Non-district organizations fundraising without completed approval forms				0
Inclusion of non-District funds in an ASB Fund account	X			1
Journal vouchers to support adjustment of ASB Fund accounting records not maintained				0
ASB Fund trial balance did not have the principal's signature and review date			X	1
Bank reconciliations were not performed				0
Consultant hired without preparation and approval of the ASB Fund consultant form.				0
<b>Total Non-compliance Issues Identified</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>2</b>

Source: Analysis ASB Fund records

**Table 4-c**  
*Compliance with BOE Policies and District APs – Deficiencies and Weaknesses*  
**Summary for the Sampled High Schools**

Deficiency or Weakness	Kearny	San Diego	SCPA	Total Schools
ASB fundraising conducted without completed approval forms				0
Non-district organizations fundraising without completed approval forms				0
Inclusion of non-District funds in an ASB Fund account				0
Journal vouchers to support adjustment of ASB Fund accounting records not maintained	X			1
ASB Fund trial balance did not have the principal's signature and review date				0
Bank reconciliations were not performed				0
Consultant hired without preparation and approval of the ASB Fund consultant form.				0
<b>Total Non-compliance Issues Identified</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>

Source: Analysis ASB Fund records

## PDA Cash Position at the Selected Schools

The following tables reflect the cash position of the PDA within the ASB Fund at the selected schools as of 31 March 2015. These amounts reflect the cash position of the PDA only and do not reflect the cash position of the ASB Fund and any faculty social accounts that may be included in the school's ASB Fund. The balance does not reflect any adjustments to reflect the cash position of the ASB Fund as a whole.

During the period 1 July 2012 through 31 March 2015 the PDAs at the sampled schools received \$220,298 and disbursed \$208,906. The PDAs of the nine schools selected in our review had a cumulative closing cash balance of \$50,975 on 31 March 2015.

**Table 5**  
**Cash Position of Principal's Discretionary Account**  
**Summary for the Sampled Schools**

	Elementary Schools	Middle Schools	High Schools	Total Schools
Cash Balance as of 1 July 2012	\$21,706	\$ 5,524	\$12,353	\$ 39,583
<b>Add:</b> Receipts 1 July 2012 through 31 March 2015	90,742	41,229	88,327	220,298
<b>Subtract:</b> Disbursements 1 July 2012 through 31 March 2015	94,596	34,015	80,295	208,906
<b>Ending Balance 31 March 2015</b>	<b>\$17,852</b>	<b>\$12,738</b>	<b>\$20,385</b>	<b>\$ 50,975</b>

Source: Analysis ASB Fund records

**Table 5 - a**  
**Cash Position of Principal's Discretionary Account**  
**Summary for the Sampled Elementary Schools**

	Chollas Mead	Euclid	Jones	Total Schools
Cash Balance as of 1 July 2012	\$ 7,026	\$ 12,879	\$ 1,801	\$21,706
<b>Add:</b> Receipts 1 July 2012 through 31 March 2015	23,288	34,752	32,702	90,742
<b>Subtract:</b> Disbursements 1 July 2012 through 31 March 2015	22,387	41,185	31,024	94,596
<b>Ending Balance 31 March 2015</b>	<b>\$ 7,927</b>	<b>\$ 6,446</b>	<b>\$ 3,479</b>	<b>\$17,852</b>

Source: Analysis ASB Fund records

**Table 5 - b**  
**Cash Position of Principal's Discretionary Account**  
**Summary for the Sampled Middle Schools**

	Bell	Muir	Pacific Beach	Total Schools <sup>a</sup>
Cash Balance as of 1 July 2012	\$ 1,794	\$ 2,089	\$ 1,640	\$ 5,524
<b>Add:</b> Receipts 1 July 2012 through 31 March 2015	10,432	12,432	18,365	41,229
<b>Subtract:</b> Disbursements 1 July 2012 through 31 March 2015	8,840	7,270	17,905	34,015
<b>Ending Balance 31 March 2015</b>	<b>\$ 3,386</b>	<b>\$ 7,251</b>	<b>\$ 2,100</b>	<b>\$12,738</b>

Source: Analysis ASB Fund records

Notes: Does not agree with total due to rounding

**Table 5 - c**  
**Cash Position of Principal's Discretionary Account**  
**Summary for the Sampled High Schools**

	Kearny	San Diego	SCPA	Total Schools
Cash Balance as of 1 July 2012	\$ 8,204	\$ 3,421	\$ 728	\$12,353
<b>Add:</b> Receipts 1 July 2012 through 31 March 2015	41,483	20,373	26,471	88,327
<b>Subtract:</b> Disbursements 1 July 2012 through 31 March 2015	42,850	15,249	22,196	80,295
<b>Ending Balance 31 March 2015</b>	<b>\$ 6,837</b>	<b>\$ 8,545</b>	<b>\$ 5,003</b>	<b>\$ 20,385</b>

Source: Analysis ASB Fund records

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**Contributor**

Ines Abitria is the principal auditor for this project, and principal contributor to this report.

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We are providing final copies of this report to the Board of Education, Audit and Finance Committee, Superintendent, General Counsel, Chief of Staff, the Area Superintendents and the principals at the selected schools. A copy of the report will be included on the District's public webpage at <https://www.sandiegounified.org/audit-reports>.

Should you have any questions on this report or our work, please contact Ms. Abitria at [iabitria@sandi.net](mailto:iabitria@sandi.net) or at 619.725.5695; or you may contact John Cashmon at [cashmon@sandi.net](mailto:cashmon@sandi.net) or at 619.725.5696.



John M. Cashmon  
 Director, Internal Audit




# Appendix I: Comments from the Chief Financial Officer



**San Diego Unified**  
SCHOOL DISTRICT

Jenny Salkeld  
Chief Financial Officer  
Finance Division  
[jsalkeld@sandi.net](mailto:jsalkeld@sandi.net)  
619.260.5443 • 619.725.7692 fax

**TO:** J. Cashmon  
**FROM:** J. Salkeld   
**DATE:** April 5, 2016  
**SUBJECT:** **RESPONSE – ASSOCIATED STUDENT BODY FUNDS; REVIEW OF THE PRINCIPAL’S DISCRETIONARY ACCOUNT ON SELECTED SCHOOLS; REPORT NUMBER 16-07**

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In response to the recommendations noted on page 2 of the report, the Chief Financial Officer reviewed the findings with the Internal Audit team on Monday, April 4, 2016. As noted, the Finance team concurs with the following:

- Require that all District schools with any principal’s discretionary accounts held in the Associated Student Body (ASB) Fund be closed no later than November 30, 2016;
- The Finance team will support the individual school staff with the following:
  - Identification of grants and donations
  - Transfer of balances to the appropriate ASB General account or District Discretionary Fund (resource 08000).

The Internal Audit team will be notified when the above items are completed.

JS:dn