



Office of Internal Audit

Report to the Principal, Joyner  
Elementary School

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June, 2016

# **JOYNER ELEMENTARY SCHOOL**

Limited Review of the  
Associated Student Body  
Fund and Hotline Complaint

## **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.

15 June 2016

Tim Suanico  
Principal  
Joyner Elementary School  
4271 Myrtle Avenue  
San Diego, CA 92105

The Office of Internal Audit (OIA) received a Hotline complaint regarding the possible mismanagement of the Joyner Elementary School's (Joyner) shirt sales and the Associated Student Body (ASB) Fund. This report discusses our work related to the Hotline complaint and our review of the operations of the ASB Fund.

The objectives of our review were to determine whether the Hotline allegation could be substantiated, and whether Joyner ASB Fund's systems of internal control operated in a manner that were sufficient to ensure that the ASB Fund's assets were accounted for and expended in a manner consistent with the San Diego Unified School District (District or SDUSD) policies and procedures.

We performed audit procedures and tests of the transactions within the ASB Fund during the period 1 July 2015 through 30 April 2016. Further, we conducted analytical reviews of the shirt sales for fiscal years 2013 through 2015. These procedures and tests are not sufficient to constitute a review of the ASB Fund in accordance with generally accepted government auditing standards; the objective of which would be to provide an opinion on the operation of the ASB Fund as a whole. We do not and will not express such an opinion. Had we performed a review in accordance with generally accepted government auditing standards other matters may have come to our attention that we would have reported to you.

### **RESULTS OF THE EXAMINATION**

**OIA DETERMINED THE ALLEGATIONS WERE UNSUBSTANTIATED.** We were unable to obtain evidence supporting the allegations of mismanagement of the Joyner shirt sales and the ASB Fund. Our analytical reviews did not support that prior year shirt sales were mismanaged.

We did identify weaknesses in the systems of internal control and the processing of cash receipts into the ASB Fund. These weaknesses have the potential to subject the loss of cash receipts, and the inability to properly record the transactions that impact the operation of the ASB Fund.

## **Detailed Observations**

### **Management and Processing of Cash Receipts Requires Improvement**

Our review of the cash receipts found that Joyner did not deposit funds from the sale of shirts and receipts from lost books timely. A surprise cash count on 16 May 2016 found that receipts totaling \$302 had not been deposited into the ASB Fund. These amounts included \$157 for shirt sales that ended in April 2016 and \$145 for lost book payments. As of 23 May 2016, Joyner had not receipted these funds and deposited them into the ASB Fund checking account.

The shirt sales from September 2014 to March 2016 lacked the required tally sheet or receipts that provide the date of the sale, name of the purchaser, the number of shirts sold and the amount of the sale. Additionally, the lost book receipts were not supported with a lost book report from the District's library system.

The District's Administrative Procedure (AP) 2245, *ASB Deposits, Authorized Bank*, § C.4 states, "All money collected during one day, prior to the time for deposit, is prepared for deposit intact; personal checks may not be cashed from these funds."

AP 2235, *Standard Student Body Receipts*, §D.1 states in part, "Secretary or financial clerk issues student body receipts at the time the money is collected, entering the activity or fund involved, purpose of the collection, and the name of the person or organization from whom the money was received."

AP 2165, *Collections or Refunds for Damaged or Lost Instructional Materials*, states, in part, in § D.1.a that:

*a. Secretary, teacher librarian, or other library staff generates a report from the SDUSD library system.*

*(1) Forwards the report to the financial clerk or school secretary.*

*(2) Provides a copy of the report to the student with instructions to present it to the financial clerk or school secretary along with payment.*

In OIA's opinion, the absence of timely deposits and documentation supporting the amounts deposited subjects the funds to an increased level of risk of loss or misappropriation of the funds. Further, Joyner was unable to provide us with a reasonable assurance that the amounts stated in the receipts represent the actual and total funds received.

### **Cash Receipts Not Prepared in Sequence**

AP 2235 § C.2.e states that,

*Receipts. Schools shall issue receipts in triplicate (or on receipt machines) for all money collected, except cafeteria funds that are controlled by the cash register. Receipts must be written in sequence. Receipts written after a deposit has been prepared should be dated the following school day. (Emphasis provided)*

Our review of the Joyner ASB Fund receipts noted that the receipts were written out of sequence and in reverse order. These practices unnecessarily complicate the reconciliation process and does not allow for the timely detection of missing and out of sequence receipts. Ensuring that receipts are written in order is a best practice to maintain accountability for all of the funds received. Table 1 provides a detailed review of the out-of-sequence receipts and the use of receipts in reverse order.

Table 1  
Out of Sequence Receipts

Issue Date	Receipt Number	Amount	Note
24 Mar 16	165892	\$ 190.80	Box Tops
No Dates	165893 – 165945	0.00	Unused Receipts
21 Sep 15	165946	264.00	Box Tops
21 Sep 15	165947	259.65	Donation
13 Mar 15	165948	5,632.86	Book Fair
27 Mar 14	165949	1,480.00	School Shirts
<b>Total Cash Receipts Reviewed</b>		<b>\$7,827.31</b>	

Source: Joyner ASB Fund records

### Missing Financial Records

As part of this review we attempted to examine the documentation supporting the deposits and disbursements received and issued from 1 January through 31 March 2016. Joyner’s administrative aide stated the records supporting these transactions were missing from the storage cabinet where they were generally placed and a search of her and the Principal’s office did not locate these records. This same cabinet stored the ASB Fund’s blank checks. The administrative aide stated to us that she believed that the records had been removed from the cabinet and the Joyner staff had unrestricted access to this storage cabinet.

AP 2225, *Administration of the Student Body Fund*, § C.6.b requires that the principal manage the ASB Fund following best business practices. A best business practice is to secure all financial records and blank financial documents in an area which access can be restricted to a small number of people. This practice assists in assuring the integrity of the financial records, and the practice assists in minimizing the opportunity that the records and documents will be misplaced, moved, or purloined.

### Improper Deposit of Funds to the Principal’s Discretionary Account

Our review of the financial records found that donations from Lifetouch and a community market proceeds from a Box Tops fundraiser and school shirt sales totaling \$1,815 were improperly deposited into the Principal’s discretionary account. Deposits to the principal’s discretionary account are limited by AP 2235 § C.2.c, which requires a statement from the donor on the use of the donation for all deposits to an account other than the ASB Fund’s general fund account. These statements are to be retained on file to support the deposit and the use of the funds.

At the close of our fieldwork the balance of the principal’s discretionary account was \$1,231.01

## RECOMMENDATIONS

OIA recommends that the Joyner Principal take the following corrective actions.

1. Ensure that all collections are promptly receipted, recorded and deposited in the form received within one school day of receipt.
2. Mandate that all cash receipts be issued in sequence and in ascending order by the administrative aide.
3. Mandate that all payments for lost or damaged books be supported by a lost book report from the SDUSD library system.
4. Mandate that any future shirt sales be supported with a tally sheet that includes the date of the sale, name of the purchaser, the number of shirts sold and the amount of the sale.
5. Take the necessary actions to secure all financial records, blank checks, and unused cash receipts in a storage area with access to the area limited to the principal and administrative aide.
6. Ensure that all donations without the donor's letter of intent be deposited to the ASB Fund's general fund account.
7. Direct that the administrative aide transfer \$1,231.01 or the current balance to the ASB Fund's general fund account. This transfer should be completed prior to the close of the ASB Fund's fiscal year on 30 June 2016.

### **PRINCIPAL'S CORRECTIVE ACTION PLAN**

The Principal in responding to a draft version of this report that corrective action would be taken on all the recommendations. This response is included as Appendix I. The response's corrective actions included in part:

- Future collections of sales from shirts and lost books would be deposited on the same day or the school day following the receipt of the funds.
- Joyner developed a sales log for shirts including the date of purchase, purchaser's name, number of items purchased, total purchase price, and the receipt number. Similar logs will be maintained by the Library/Media Teacher for recording the receipt of funds for lost books.
- The Administrative Assistant has been instructed to use the receipts in sequential order.
- A locking cabinet with restricted access will be purchased to hold the ASB Fund's financial records, and blank financial documents. Only the Principal and Administrative Assistant will have access to this cabinet.
- The Administrative Assistant has been instructed to ensure transfer the balance of the Principal's Discretionary Fund to the ASB Fund's general fund account by 30 June 2016. Further, donations will be deposited to the general fund account unless supported by a donors' letter that designates specific account(s).

The Principal's corrective actions are responsive to our recommendations and when fully implemented should address the observations identified in the report.

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OIA will provide a copy of this report to the Board of Education, Audit and Finance Committee, Superintendent of Public Education, General Counsel, and Chief of Staff. A copy of the report will be included on the District's website at <https://www.sandiegounified.org/audit-reports>.

Should you have any questions on this report or our work, please contact Jaime Buensuceso at [jbuensuceso@sandi.net](mailto:jbuensuceso@sandi.net) or 619.725.5694 or you may contact John Cashmon at [cashmon@sandi.net](mailto:cashmon@sandi.net) or 619.725.5696,

A handwritten signature in blue ink, appearing to read "John M. Cashmon".

John M. Cashmon  
Director, Internal Audit

# Appendix I: Response from the Principal, Joyner Elementary School



**San Diego Unified**  
SCHOOL DISTRICT

Timothy Suanico  
Joyner Elementary MicroSociety Magnet School  
P- 619.640-4000  
F- 619.640-4090  
tsuanico@sandi.net

To: John M. Cashmon  
Director, Internal Audit  
San Diego Unified School District  
Education Center, Room 1120  
4100 Normal Street  
San Diego, CA 92103-2682  
From: Mr. Tim L. Suanico, Ed.S, Principal *TS*  
Date: June 2, 2016  
Sub: Response to ASB Audit Report

This correspondence is in response to the Draft Report – Associated Student Body Fund: Limited Review of the Associated Student Body fund and Hotline Complaint. As per your request, I am providing you with my written comments and corrective action plan to the seven recommendations identified within the report. We thank you for your review and audit of our records and for helping us strengthen our practice in the area of managing our ASB finances.

- 1) **Finding: Untimely Deposits of shirt sale (\$157) and lost book payment (\$145) funds**  
**Action Plan:** All cash collected for shirt sales and lost books will be deposited the day of or the following day to ensure there is never any loose cash stored/held at the school site. To support this effort, shirt sales will be held only at specific times of the day so accounting and time is made available to get the deposits made. In addition, support from the Parent Teacher Student Association will be utilized to help the front office staff who have normally handled the shirt sales on their own.
- 2) **Finding: Lack of detailed documentation of shirt sales and well as lost book payments:**  
**Action Plan:** A Log Notebook has been developed that contains a documentation process to input the following information for the shirt sales: Date of Purchase, Name of Purchaser, Number of items purchased, and Total Purchase Price and Receipt Number. For Lost Book Payments, the Library/Media Teacher will also maintain a Log Notebook that has been developed that will document the following information: Book Title, Original Cost of Book, Recovered Amount, Date recovered dollars collected, and Receipt Number. In addition, Lost Book information will be logged into the district's library system.
- 3) **Finding: Cash Receipts Not Prepared in Sequence:**  
**Action Plan:** The Administrative Assistant has been instructed to make sure that triplicate receipts are issued in sequential order.
- 4) **Finding: Missing Financial Records:**  
**Action Plan:** A locking cabinet that only the Principal and the Administrative Assistant will be purchased to house the financial records and blank financial documents. Meanwhile, the financial records and blank financial will be relocated to the Principal's office and stored in a locking cabinet.
- 5) **Findings: Improper Deposit of Funds to the Principal's Discretionary Account.**



***Action Plan:** The Administrative Assistant has been directed to deposit all Lifetouch/Gerardy proceeds as well as Box Tops fundraiser and school shirt sales profits into the General funds. In addition, the current balance that exists within the ASB Principal's Discretionary Account will be transferred to the ASB General fund on or before June 30 2016. Lastly, Administrative Assistant has been directed that the only deposits that can be made into the ASB Principal's Discretionary Account will be those donations that are accompanied by the donor's letter specifically stating the intent of the donation is for the Principal's discretionary use. All other donations not accompanied by a letter of intent will be deposited directly to the ASB General Fund.*

*Please let me know if I have unintentionally omitted or did not address any of the OIA findings.*

*J. A. Gianico 6/2/16*