



Office of Internal Audit

Report to the Interim Principal,  
Serra High School

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November, 2016

## **SERRA HIGH SCHOOL**

Follow-up Review of the  
Review of the Financial  
Operations of the Serra  
Football Booster and Related  
Hotline Allegation

## **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.

18 November 2016

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The Office of Internal Audit (OIA) prepared and released a report titled *SERRA SENIOR HIGH SCHOOL: Review of the Financial Operations of the Serra Football Booster and Related Hotline Allegation* [Report Number 15-01] on 7 January 2015. The principal of Serra High School (Serra), at that time, requested the portion of this review and the report related to the Serra Booster (Booster) financial operations. This review covered the Booster financial operations from 1 April 2013 through 14 October 2014. Additionally, the District's Hotline program received a complaint related to Serra and the Booster on 29 October 2014. OIA incorporated the complaint into our review of the Booster's financial operations.

Our original report, Report Number 15-01, to the Serra Principal contained three findings and comments regarding the four allegations contained in the Hotline complaint. The Serra Principal provided OIA with a global response to the three recommendations contained in this report. The Principal stated that he agreed with the report, and the corrective actions to implement the recommendations would be completed by 30 March 2015.

The intent of this follow-up review is to determine whether: the Serra took action to address the original report's recommendations; the actions taken were effective in addressing the cause(s) of the conditions cited in the report; and the recommendations were fully implemented by the Serra Principal. This project was included as part of our annual work plan for fiscal year 2017.

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## **Background**

The Booster is a not-for-profit entity that operates independently of Serra and its football program. As an independent entity, the Booster is required by the San Diego Unified School District (District) to obtain and maintain a determination from the Internal Revenue Service that the organization is a tax-exempt entity. Additionally, the Booster is required to comply with California statutes for not-for profit organizations including requiring that the Booster register with

the Office of the Attorney General and that they file prescribed reports with the Office of the Attorney General.

In order for the Booster, or other non-District organization, to raise funds at Serra they must also comply with Administrative Procedure (AP) 9325, *Fund Raising Activities by Nondistrict Organizations (PTAs, PTOs, Foundations, Booster Clubs, and Other Organizations)*. AP 9325 requires that the organization be a tax exempt entity, that it complies with the State of California laws governing not-for-profit organizations including registration, and that the non-District organization obtain prior approval from the Serra Principal for its fundraising events. Further, the AP requires that the Serra Principal receive a summary of receipts and disbursements for the fundraising events conducted by the Booster.

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## Prior Results

Report Number 15-01 included three findings and recommendations. The findings are discussed below and the recommendations are discussed in the Results in Brief section of this report. The findings in our report dated 7 January 2015 included:

Our review of the financial records and discussions with personnel from Serra and Booster found the complete absence of a system of internal controls. Booster appeared to solely rely on the organization's treasurer to control the financial records, deposit funds into the organization's bank account, write checks, employ a debit card, and prepare financial reports. The Booster officers and members did not provide financial oversight effectively allowing the treasurer to have sole control over the financial operations.

- Due to the absence of identification for the sources of funds received, and the absence of documentation to support the receipts, the Booster increased its vulnerability to embezzlement and misappropriation of the funds received.
- Booster did not have processes and controls in place to ensure that all disbursements were properly accounted for and documented. A review of \$40,144 in disbursements found that \$28,954 (73 percent) were not adequately documented.
- The Booster's books of account, general ledger, subsidiary ledgers, supporting documents, and financial reports were unavailable at the time of our fieldwork. We attempted to reconstruct the organization's records to determine the Booster revenues and expenses; however, we were unable to reliably determine the Booster's financial position.

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## Results in Brief

Based on a follow-up request to the former Serra Principal, OIA received a response from the Serra staff that the three recommendations in the original report had been implemented.

Table 1 provides a summary of the prior recommendation and the action taken by the Serra staff.

OIA did not review the findings addressing the Booster cash receipts and disbursement records and its books of account.

**Table 1:** Prior Recommendation Status

Rec.	Report's Recommendation	Current Status Reported by Serra	Action Taken by Serra
1	Comply with the requirements of AP 9325 and obtain the required requests from all non-student groups for proposed fundraisers. Requests for non-student fundraisers should be submitted at least 21 days prior to the proposed date to allow for appropriate review and response. This includes ensuring that the non-student groups provide financial results of the fundraiser timely.	Implemented	On 20 September 2016, Serra held a Booster Club meeting. A notice was sent out via school messenger and email to all Booster Clubs. Sixteen club representatives attended and were informed of AP 9325 and the school rules related to the clubs. Procedures and timelines for fundraisers were explained and discussed.
2	Prior to the Booster conducting any fundraisers, for the benefit of the school or the football team, require that they provide evidence that the Booster have established a system of internal control, books of account and subsidiary accounting records, and can prepare reliable financial statements and fundraising schedules. Using a series of randomly selected transactions, the Booster should be able to provide sufficient, reliable, and complete evidence supporting the selected cash receipts and disbursements, at the time the transactions are selected.	Implemented	All Booster Clubs received an explanation and materials related to the procedures and requirements of AP 9325. The Football and cheer clubs submitted documentation and proof of accounting systems. The board members explained their methods for accounting for cash sales.
3	Ensure that all of the Serra parents are informed of any proposed and approved fundraising by non-student organizations. This notification should meet the requirements of AP 9325 §§ C.2.b(2), (3), (4), and (6).	Implemented	SHS parents were made aware of the fundraisers via school messenger. See <a href="https://www.sandiegounified.org/schools/serra/serra-booster-clubs">https://www.sandiegounified.org/schools/serra/serra-booster-clubs</a>

Source: Serra's response

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## Objective and Scope

The objective for this review was to determine whether the Serra Principal took effective action to implement the recommendations included in the original report.

To meet our objective we:

- Obtained a written response from Serra that outlined the actions taken by the former Principal and the school's staff to implement the recommendations;
- Interviewed the Serra staff regarding the corrective actions that were taken or in progress; and attended a "Back to School" meeting where various non-District organizations have attended to review the requirements of AP 9325 and Serra's specific requirements for fundraising to benefit school organizations and activities.

The tests and procedures that we applied to the data provided to us are not sufficient to constitute a review conducted in accordance with generally accepted government auditing standards. The objective of such a review would be the expression of an opinion of the corrective actions taken by Serra and the Booster. We have 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.

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## Management Response

We provided a discussion draft of this report to the Serra Interim Principal on 14 November. No written response for this report was required, and none was received. Therefore, we are issuing this report in its final form.

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We are providing copies of this report to the Board of Education, Audit and Finance Committee, Superintendent of Public Education, General Counsel, Chief of Staff and the Area Superintendent, Area 1. A copy of this report will be placed on the District's web page at <https://www.sandiegounified.org/audit-reports>.

Should you have any questions on this report or our work, please contact me at 619.725.5696 or [cashmon@sandi.net](mailto:cashmon@sandi.net).



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