



Office of Internal Audit

Report to the Superintendent of  
Public Education and the Chief  
Financial Officer

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June 2017

# **ASSOCIATED STUDENT BODY FUNDS**

Review of Fiscal Year 2017  
Cash Receipts and  
Disbursements 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.



## Highlights

Highlights of Report 17-11, a report to the Superintendent of Public Education and the Interim Chief Financial Officer

## Associated Student Body Funds

### Audit of Fiscal Year 2017 Cash Receipts and Disbursements at Selected Schools

#### Why OIA Did This Review

This project is required by the State's Education Code section 48937. This project is a high risk review and we included it in our fiscal year 2017 *Annual Work Plan*.

#### What OIA Recommends

We provided three recommendations to the Interim Chief Financial Officer (CFO). Our recommendations included (1) review and update the administrative procedures (AP) for the operation of the ASB Fund to reflect current ASB Fund operations and best business practices; (2) develop reference or desk guides for the operation of the ASB Fund at the elementary school level; and (3) provide training in ASB Fund operations for the elementary school principals and elementary school assistants (ESA).

#### What Did OIA Find

Documentation of cash receipt and disbursement transactions, and compliance with the requirements outlined in the San Diego Unified School District's (District) administrative procedures (AP) remains a problem at the elementary school ASB Funds.

Our review identified weaknesses in the documentation of cash receipts. Including identification of the source of the receipt, tally sheets supporting the amount collected, and retention of documentation supporting fundraisers conducted by the ASB Fund or organizations external to the school. Our review of the receipts identified 182 transactions with a value of \$62,396 that did not comply with the District's AP or best practices.

The cash disbursements we tested in seven of ten schools were not consistently cancelled or marked paid, increasing the potential for double payments to vendors. At three schools we found that the ASB Fund was used to pay for staff meals and snacks, school maintenance items and other disbursements that were the school's responsibility. Our testing identified 204 transactions amounting to \$60,103 that did not comply with the District's AP and best practices.

We identified the causes for our findings included the turnover of principals and ESAs, absence of training targeted to the operation of the ASB Fund at elementary school level, and the absence of guides and reference materials to carry out specific transactions. Further, many of the elementary school ASB Funds are used infrequently and the staff may not be aware of the requirements and best practices for the continuing operation of the Funds.

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### Abbreviations and Acronyms Used

Administrative Procedures	AP
Associated Student Body	ASB
Board of Education	BOE
Interim Chief Financial Officer	CFO
San Diego Unified School District	District
Education Code	EC
elementary school assistant	ESA
Independent Public Accountants	IPA
Office of Internal Audit	OIA
San Diego Unified School District	SDUSD
Superintendent of Public Education	Superintendent



1 June 2017

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Superintendent of Public Education

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This report summarizes the results of the Office of Internal Audit's (OIA) audit of the Associated Student Body (ASB) Fund cash receipts and disbursements. Our audit covered the period 1 July 2016 through 31 December 2016. This audit is required by section 48937 of the California Education Code (EC).

Our audit was done by selecting a non-generalizable sample of ten elementary schools within the District. These schools were selected from the schools that had not been reviewed by OIA or the San Diego Unified School District's (District or SDUSD) independent public accountants (IPA) during either fiscal years 2015, 2016 or planned to be reviewed by the IPA in fiscal year 2017.

The report contains a series of three recommendations addressed to the Interim Chief Financial Officer (CFO) to improve the system of internal controls and compliance for the ASB Funds at the selected schools and for the ASB Funds within the District, as a whole.

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## **Results in Brief**

Our review of the selected elementary schools found weaknesses in the documentation of ASB Fund receipts and disbursements, and weakness in the compliance with the requirements outlined in the SDUSD administrative procedures (AP). These weaknesses appear to be due to frequent rotation of principals and elementary school assistants (ESAs), absence of recurring training for elementary school staff on the use and operation of the ASB Fund, and the infrequency of use of the ASB Funds at the elementary level.

We did find that the Vista Grande Elementary School did not have any deficiencies identified in the sample of cash disbursements we examined. All ten schools did have multiple deficiencies identified in the processing and control of cash receipts.

Our examination of cash receipts identified 48 deficiencies that impacted 182 cash receipt transactions. Our examination included tests for 13 internal control and compliance areas. We identified

eight of the ten schools selected did not turn over to the Finance Division the receipts from lost or damaged books and Instructional materials on at least an annual basis. This practice resulted in denying the school the use of the funds to replace the lost books and materials.

Our testing of ASB Fund disbursements included 10 control and compliance areas. We identified 23 deficiencies in compliance with the District's requirements and acceptable internal control practices. These deficiencies impacted a total of 204 transactions. We found that seven of our sampled schools did not consistently void or mark invoices as paid when the payment was disbursed, effecting 136 transactions. This practice does not comply with best business practices and subjects the schools to an increased risk of multiple payments for the same invoice or receipt.

Appendix I provides a summary of the cash positions of each of the ASB Funds we selected as of 31 December 2016.

During our audit fieldwork we provided the individual schools with management letters that discussed our observations and recommendations pertaining to each school. The management letters highlighted the absence of recurring ASB Fund training and guidance directed to the elementary schools. Due to the volume of the management letters, they have not been included within this report.

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## **Summary of the Recommendations**

To strengthen the ASB Fund's system of internal controls and compliance with the applicable SDUSD APs we recommend that the CFO take the following actions:

- Direct the Finance staff to review and update the administrative procedures governing the operations of the ASB Fund to reflect current ASB Fund operations and best business practices;
- Develop reference or desk guides for the operations of the ASB Fund at the elementary school level; and
- Provide training in ASB Fund operations and controls to the elementary school principals and ESAs.

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## Objectives, Scope and Methodology

Our objectives in conducting this audit were to determine whether the selected school's ASB Fund cash receipts and disbursements:

- Complied with the applicable Board of Education (BOE) policies and SDUSD APs for the operation of the ASB Funds; and
- Included sufficient relevant documentation to support the receipt and depositing of cash into the ASB Fund and the disbursement of funds through the ASB Fund checking account.

To satisfy our objectives, OIA performed the following tasks:

- Reviewed the relevant BOE policies, SDUSD APs, and other SDUSD guidance for the controls, operations, and legal requirements for the operation of the individual school's ASB Fund;
- Reviewed the operations of the individual ASB Funds at the selected schools;
- Interviewed selected managers and staff at the schools to determine the processes used to control and safeguard the ASB Fund assets; and
- Selected samples of cash receipts and disbursements for evaluation using a non-statistical sampling methodology. As a result, we are unable to project the results of our sampling to the universe of the District's ASB Funds, as a whole.

Our sample receipt and disbursement transactions were selected during the period 1 July through 31 December 2016. We expanded the scope of our examination and testing to satisfy our audit's objectives, as necessary.

As previously stated, we selected the elementary schools for this audit based on the following criteria: (1) schools that were not reviewed by OIA or the IPA in either fiscal year 2015 or 2016, and (2) schools not included in the fiscal year 2017 review by the IPA as part of the District's annual financial and compliance audit. Table 1 provides a listing of the selected schools.

The ASB Funds at all of the District's middle and high schools will have testing completed by either the IPA or OIA by the close of the fiscal year 2017 testing period.



**Table 1:** Schools Selected for Testing

Elementary School	Area
Alcott	4
Boone	2
Ericson	2
Hickman	2
Horton	1
Juarez	3
Miller	1
Valencia Point	1
Vista Grande	1
Whitman	4

**Source:** OIA school site selection

OIA conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain a reasonable basis for our findings and conclusions, based on our audit’s objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions.

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## Use of Computer Processed Data

To conduct the audit we extracted cash receipt and disbursement data maintained by the District’s ASB Fund accounting system (QuickBooks) for each of the schools selected. We did not directly perform reliability assessments of the data. Instead we relied on our prior experience with the District’s QuickBooks system gained from prior audits and reviews of other school ASB Funds. We conducted interviews and inquires with school principals and elementary school assistants (ESAs). Finally, we reviewed and evaluated the results from our examinations and testing of the sample data. Based on those steps, we determined that the data was sufficiently reliable for use in this audit.

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## Prior Audit and Review Coverage

Appendix II provides a listing of the audits and reviews conducted by OIA that address the ASB Fund at a single school during the past five calendar years. Additionally, in 2015 and 2016 we issued two reports that addressed ASB Fund issues at 24 and 20 schools, respectively. The reports included in Appendix II are included on the District’s webpage at <https://www.sandiegounified.org/audit-reports>.

The reports addressing the IPAs’ testing of the ASB Funds are included in the District’s annual financial and compliance audit reports. These reports are found at <https://www.sandiegounified.org/financial-accounting-prior-year-audited-finance-statements>.

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## Internal Controls and Compliance for Receipts Need Improvement

### Fundraising Activities by Students and Non-District Organizations

The adherence to the internal controls and compliance with the applicable APs needed improvement at the selected schools. We applied 13 tests to the cash receipt transactions for each ASB Fund. The testing identified 48 deficiencies impacting 182 transactions. Common deficiencies and weaknesses were identified in: (1) the documentation of fundraising activities; (2) remitting funds to the District, at least annually for lost and damaged educational materials; (3) closing of dormant accounts; and processing of cash receipts.

Documentation of the approval of the fundraisers conducted by the students and others is both a critical control and a compliance issue. AP 2265, *Student Body Fundraising*,<sup>1</sup> and AP 9325, *Activities by Foundations, Booster Clubs, and Other Nondistrict Organizations*,<sup>2</sup> require that the requests for all fundraisers be documented, using District forms, and include the required supporting documentation. Those fundraisers receiving the principal's approval are to be included in the ASB Fund's financial records.

In nine of the ten schools we found that the schools did not retain the approved fundraising forms. The fundraising form provides the documentation supporting the principal's approval. It provides a level of transparency as to the group(s) conducting the fundraising and the potential uses of the funds, and whether the fundraiser is school run or conducted by an external organization. In many of the District's elementary schools, we find that the fundraisers are conducted by external organizations (parent teacher organizations, foundations, etc.). Transparency when schools are using outside organizations to fundraise is critical for both the school and the organization.

### Remitting Funds to the District and the ASB Fund's general fund account

SDUSD requires that all schools remit the collections from lost books and educational materials be remitted to the District at least annually.<sup>3</sup> Subsequent to the Finance Division receiving the funds, the funds are returned to the school's operating budget which can then be used to purchase replacement books or instructional materials.

Our review found that in eight of the ten schools sampled, the funds for "lost books" had not been remitted to the Finance Division, as required. This practice does not allow the schools to obtain

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<sup>1</sup> AP 2265 § C.8.b

<sup>2</sup> AP 9325 § D.2.a

<sup>3</sup> AP 2165, *Collections or Refunds for Damaged or Lost Instructional Materials*, §§ D.1.b(3) and D.3.c.

replacement books or materials without a direct impact on the school’s operating budget.

**Dormant Accounts**

The status of the student clubs and organizations in the individual school ASB Funds was not effectively reviewed by the ESA and the principal. We identified that nine of the ten schools had one or more student club/organization accounts which had been dormant for one year or more. By allowing the funds to remain in the club/organization account instead of transferring the monies to the ASB Fund’s general fund the students are denied the use of the funds for other activities.

The District in AP 2225 emphasizes that ASB Fund resources shall be expended for the students currently attending the school.<sup>4</sup> AP 2225 § C.6.n requires the transfer of all balances for clubs/organizations that have been inactive or disbanded for more than one year to the ASB Fund’s general fund account. This allows the funds to be used for activities and events benefiting the entire student body. The District discourages the build-up of large ASB Fund general fund account balances.

**Processing and Accounting for Cash Receipts**

We encountered several weaknesses in the internal controls for the processing and accounting for cash receipts. Table 2 provides a summary of the weaknesses specifically related to the cash receipts.

**Table 2:** Weaknesses Directly Attributable to the Cash Receipts Processing

Weakness	Schools Impacted
Receipts not prepared for all collections received by the school	5
Receipts not properly completed	1
Receipts containing erasures or alterations	1
Collections misplaced	1
Collections not supported by tally sheets	6
Collections not deposited timely	4
Collections provided to the vendor and not deposited	1

**Source:** OIA analysis

In our discussions with the principals and ESAs, we were told that the District did not provide the training necessary for the operation of the ASB Funds for the elementary schools. Additionally, because the number of cash receipts received by an elementary school was very infrequent many of the ESAs did not always remember the correct process for documenting and depositing the funds. These conditions were exacerbated by the turnover of both principals and ESAs at the individual schools, according to the SDUSD staff members we discussed these conditions with.

<sup>4</sup> AP 2225, § C.5.b(4).

AP 2235, *Standard Student Body Receipts*, and AP 2236, *Student Body Cash Collection, Supplementary Receipts*, generally cover the requirements for processing cash receipts by an individual school. The processing requirements include: (1) all receipts must be deposited in the authorized school bank;<sup>5</sup> (2) all deposits must be supported by one or more cash receipts that include the date of receipt, amount, name and account number of the account to be credited, and the signature of the individual receiving the checks, currency, and coin;<sup>6</sup> (3) the receipt may not be altered or erased;<sup>7</sup> and (4) supported by a “tally sheet” or supplemental receipts providing evidence of when and who collected the checks, currency and coin.<sup>8</sup>

Finally, we noted several areas of non-compliance that occurred only at a single school. These compliance weaknesses included: (1) collections from a fundraising activity were paid directly to a vendor;<sup>9</sup> (2) letter of intent from a donor was not maintained supporting the crediting of an ASB Fund account other than the general fund;<sup>10</sup> and (3) funds from the school’s Parent Teacher Association (PTA) comingled with the ASB Fund.<sup>11</sup>

Appendixes II and III provides a summary of our transaction testing at the ten selected schools. In some instances, the transactions included in this review may have multiple deficiencies.

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## **Transaction Risk Can Be Reduced Through Improved Documentation and Compliance**

### **Compliance with Best Practices**

OIA found that 204 transactions were impacted by 23 deficiencies in compliance with the SDUSD APs and weaknesses in the internal controls. As a result, the schools tested are at a greater risk for making an erroneous or improper payment using the ASB Fund’s resources.

Our testing at the Vista Grande Elementary School did not identify any weaknesses or deficiencies in the transactions we selected for examination.

Principals in the operation of the ASB Fund are required to follow best business practices for both receipts and disbursements.<sup>12</sup> The practice of either cancelling the invoice/receipt or marking the document as paid was not consistently followed in seven of the ten

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<sup>5</sup> AP 2235, § C.2.f.

<sup>6</sup> AP 2235 § C.2.e.

<sup>7</sup> AP 2235, § D.2.

<sup>8</sup> AP 2237, *Cash Collection by Elementary School Teachers for Small Projects*, § D.1.b.

<sup>9</sup> AP 2245, *ASB Deposits, Authorized Bank*, §C.5

<sup>10</sup> AP 2235, § C.2.c.

<sup>11</sup> AP 9325, § C.3.e

<sup>12</sup> AP 2225, § C.6.b.

schools tested. Cancelling an invoice or marking it paid has the potential for minimizing duplicate payments to vendors. It allows the ESA to readily identify those invoices that have not been paid. Cancelling the invoice also strengthens the documentation trail for the disbursements made through the schools ASB Fund.

**Prohibited Purchases**

We identified that three schools executed prohibited transactions during our review period. Two schools purchased breakfast, lunch, and snack items for the school’s staff. Other prohibited purchases included maintenance items, equipment, gift cards and tee-shirts for the local community. We identified \$2,897 of prohibited purchases in our examination of the disbursements.

AP 2225 states that, with the exception of the staff social fund, purchases may not be made from the ASB Fund to benefit the staff.<sup>13</sup> The same AP requires that the purchases made directly benefit the students participating in extracurricular activities or to enhance elementary school programs. Also all purchases of equipment are to be approved by the instructional leader.<sup>14</sup>The purchase of gift cards is prohibited by AP 2518, *Payment for Expenses for Special Activities*.

**Missing or Ineffective Controls for ASB Fund Disbursements**

We identified missing or ineffectively applied internal controls for the ASB Fund’s disbursement processes. The following table provides a summary of the missing or ineffective controls.

**Table 3:** Weaknesses Identified in Disbursement Processing

<b>Weakness or Deficiency</b>	<b>Schools Identified</b>
Checks disbursed with one signature	1
Missing supporting documentation	1
Inadequate supporting documentation	3
Voided checks not mutilated	2
Inappropriate use of the ASB Fund’s general fund account	1

**Source:** OIA analysis

Our examination of the disbursements from our sampled schools identified that the schools did not always fully comply with the District’s procedures and controls for the ASB Fund’s disbursements increasing the risk for an improper disbursement occurring. We found one school that the principal did not sign the checks. At two schools the signature blocks on the voided checks were not mutilated.

AP 2247, *Student Body Checks*, § D.2.b requires that all checks be signed by the school’s principal and ESA. Should one of these individuals not be available the Area Superintendent may act as an

<sup>13</sup> AP 2225, § C.6.e.

<sup>14</sup> OIA determined, based on its reading of this and similar APs, which the position refers to the current Area Superintendents.

alternative signatory. The same AP, in section D.3, requires that the signature block of any check that has been voided be mutilated so that the check cannot be used. The voided checks are to be held with the cancelled checks returned from the bank.

### Improper Use of ASB Funds

Our examination at Boone Elementary School detected an inappropriate use of the ASB Fund to supply funding for a Campus Beautification account and a Campus Technology Account. As of 31 December 2016 these accounts expended \$880 and \$2,410 respectively. The accounts were to be used to assist in maintaining the campus and providing ink and toner for various school projects.

AP 2225 § C.6.f prohibits ASB Fund cash to be used for the purchase of instructional equipment; OIA interprets this to include the purchase of consumable supplies. The same AP in section C.5.b(1) permits elementary schools to use ASB Fund resources to purchase items to be used during non-instructional periods or to enhance existing SDUSD programs and activities. The documentation provided with the expenditures for the two accounts, in question, did not provide documentation to allow us to conclude that Boone's disbursements met the criteria outlined in the exception.

### Missing and Inadequate Documentation for ASB Fund Disbursements

Our examinations and testing at the selected schools found that four of the ten schools did not retain sufficient documentation to support the ASB Fund disbursements. Table 4 illustrates that one school did not have supporting documentation for all of its ASB Fund disbursements and three schools did not retain sufficient documentation to support the disbursement. Both OIA and the IPA have identified similar conditions in prior reports. Our testing identified \$9,205 in disbursements with either missing or inadequate documentation. The absence of sufficient and reliable documentation does not allow the principal to provide a reasonable assurance that the disbursement is appropriate for the ASB Fund.

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## Recommendations

To improve the internal controls and ASB Fund accountability and transparency we recommend that the CFO take the following actions:

1. Direct the Finance staff to review the administrative procedures governing the operations of the ASB Fund and update them to comply with current best business practices and ASB Fund operations.
2. Develop reference or desk guides for the operations of the ASB Fund at the elementary school level. The guide(s) should be tailored to the limited ASB Fund operations at the elementary school and serve as a refresher for staff that do not process ASB Fund transactions frequently.

3. Provide training in ASB Fund operations and controls to the elementary school principals and ESAs. This training should be provided on a rotating basis to ensure that principals and staff newly assigned to elementary school principal and ESA positions are provided the opportunity to obtain the data and training.

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## **Comments from the Interim Chief Financial Officer**

This report includes three recommendations addressed to the CFO. The CFO provided a written response to us, which are reprinted in Appendix V. The CFO's response generally concurred with the recommendations. The response stated that the Controller would begin to take corrective action during school year 2018.

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### *Contributor*

Ines G. Abitria, an OIA Auditor, provided the principal contributions in conducting this audit and development of this report.

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The final report will be provided to the Board of Education, Audit and Finance Committee, General Counsel, and the Chief of Staff. Also, we will provide copies of the final report to the Area Superintendents and the principals of the ten schools selected for testing. A copy of this report will be placed on the District's webpage at <https://www.sandiegounified.org/audit-reports>.

Should you have any questions regarding this report or our work, please contact Ms. Abitria at [jabitria@sandi.net](mailto:jabitria@sandi.net) or 619.725.5695 or myself at [jcashmon@sandi.net](mailto:jcashmon@sandi.net) or 619.725.5696.



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## Appendix I: ASB Fund Cash Positions of the Selected Elementary Schools as of 31 December 2016

<i>School</i>	<i>Alcott</i>	<i>Boone</i>	<i>Ericson</i>	<i>Hickman</i>	<i>Horton</i>
Balance – 1 July 2016	\$40,957	\$14,694	\$13,746	\$10,405	\$15,666
Receipts	5,083	2,674	18,226	1,633	8,998
Disbursements	(14,652)	(2,878)	(17,008)	(988)	(10,726)
<b>Balance – 31 December 2016<sup>a</sup></b>	<b>\$31,388</b>	<b>\$14,489</b>	<b>\$14,964</b>	<b>\$11,050</b>	<b>\$13,938</b>

<i>School</i>	<i>Juarez</i>	<i>Miller</i>	<i>Valencia Park</i>	<i>Vista Grande</i>	<i>Whitman</i>	<i>Total All Schools<sup>a</sup></i>
Balance – 1 July 2016	\$2,494	\$11,561	\$5,077	\$11,149	\$8,364	\$134,112
Receipts	747	3,291	70	4,782	4,400	49,904
Disbursements	(328)	(5,388)	(1,313)	(3,278)	(4,298)	(60,856)
<b>Balance – 31 December 2016<sup>a</sup></b>	<b>\$2,914</b>	<b>\$9,463</b>	<b>\$3,833</b>	<b>\$12,654</b>	<b>\$8,465</b>	<b>\$132,160</b>

**Source:** OIA analysis of ASB Fund cash accounts

**Note:** <sup>a</sup> May not agree with the printed totals due to rounding.



## Appendix II: ASB Fund Cash Receipts - Weaknesses and Deficiencies

### Summary of Cash Receipt Weaknesses and Deficiencies at Individual Schools

Weakness or Deficiency Identified	Elementary Schools										Transactions Impacted	
	Alcott	Boone	Ericson	Hickman	Horton	Juarez	Miller	Valencia Park	Vista Grande	Whitman		Total Schools
Receipts not Written			X			X		X	X	X	5	33
Receipts not Properly Completed			X								1	16
Receipts with Alterations or Erasures				X							1	2
Collections Misplaced								X			1	2
Collections Not Deposited Timely	X			X					X	X	4	20
Collections not supported by Tally Sheets	X		X	X	X		X			X	6	51
Collections Paid Directly to the Vendor	X										1	1
Donation Letters Not Maintained										X	1	2
Fundraising Approval Forms Not Retained	X	X	X	X	X	X		X	X	X	9	14
Funds for Lost Books/Materials Not Remitted	X	X	X	X	X	X	X		X		8	8
Dormant ASB accounts not transferred to the ASB Fund's general fund	X	X	X	X	X		X	X	X	X	9	30
PTA Funds Comingled with the ASB Fund accounts							x				1	1
Inappropriate Transfer of an Amount Included in the ASB Fund general fund account		X									1	2
<b>Total Weaknesses and Deficiencies</b>	<b>6</b>	<b>4</b>	<b>6</b>	<b>6</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>48</b>	<b>182</b>

Source: OIA analysis

**Cash Receipt Weaknesses and Deficiencies – Questioned Transactions**

	Elementary Schools										Total Questioned Transactions
	Alcott	Boone	Ericson	Hickman	Horton	Juarez	Miller	Valencia Park	Vista Grande	Whitman	
Receipts Not Written			2			8		1	15	7	33
Receipts Not Properly Completed			14								14
Receipts with Alterations or Erasures				2							2
Collections Misplaced									2		2
Collections Not Deposited Timely	7			5			6		5	3	20
Collections not supported by Tally Sheets	2		19	10	7					7	51
Collections Paid Directly to the Vendor	1										1
Donation Letters Not Maintained										2	2
Fundraising Approval Forms Not Retained	1	1	2	1	3	2	1	1	1	2	14
Funds for Lost Books/Materials Not Remitted	1	1	1	1	1	1	6		1		8
Dormant ASB accounts not transferred to the ASB Fund's general fund	2	4	2	6	5		1	3	3	1	32
PTA Funds Comingled with the ASB Fund accounts											1
Inappropriate Transfer of an Amount Included in the ASB Fund general fund account		2									2
<b>Total Questioned Transactions</b>	<b>14</b>	<b>8</b>	<b>40</b>	<b>25</b>	<b>16</b>	<b>11</b>	<b>14</b>	<b>5</b>	<b>27</b>	<b>22</b>	<b>182</b>

Source: OIA analysis

Note: <sup>1</sup> Questioned Transactions: This term includes amounts the auditors questioned due to non-compliance with District policy or administrative procedure. The amounts also include findings that the expenditure is not supported with adequate documentation.

Cash Receipt Weaknesses and Deficiencies – Questioned Costs <sup>1</sup>

	Elementary Schools										Total Questioned Costs <sup>2</sup>
	Alcott	Boone	Ericson	Hickman	Horton	Juarez	Miller	Valencia Park	Vista Grande	Whitman	
Receipts Not Written			595			737		70	4,782	4,400	10,584
Receipts Not Properly Completed			1,758								1,758
Receipts with Alterations or Erasures				106							106
Collections Misplaced				660					203		203
Collections Not Deposited Timely	5,025			637					396	914	6,996
Collections not supported by Tally Sheets	5,083		13,150		8,912		2,881			4,400	35,063
Collections Paid Directly to the Vendor	204										204
Donation Letters Not Maintained											0
Fundraising Approval Forms Not Retained											0
Funds for Lost Books/Materials Not Remitted											0
Dormant ASB accounts not transferred to the ASB Fund's general fund	147	1,517	192	356	1,869		434	754	2,620	132	8,022
PTA Funds Comingled with the ASB Fund accounts											0
Inappropriate Transfer of an Amount Included in the ASB Fund general fund account											0
<b>Total Questioned Costs <sup>2</sup></b>	<b>10,459</b>	<b>1,517</b>	<b>15,695</b>	<b>1,759</b>	<b>10,782</b>	<b>737</b>	<b>3,315</b>	<b>823</b>	<b>8,002</b>	<b>9,846</b>	<b>62,936</b>

Source: OIA analysis

Notes: <sup>1</sup> Questioned Costs: This term includes amounts the auditors questioned due to non-compliance with District policy or administrative procedure. The amounts also include findings that the expenditure is not supported with adequate documentation.

<sup>2</sup> May not agree with the total due to rounding

## Appendix III: ASB Fund Cash Disbursements - Weaknesses and Deficiencies

### Summary of Cash Disbursement Weaknesses and Deficiencies at Individual Schools

Weakness or Deficiency Identified	Elementary Schools										Transactions Impacted	
	Alcott	Boone	Ericson	Hickman	Horton	Juarez	Miller	Valencia Park	Vista Grande	Whitman		Total Schools
Prohibited Items Purchased	X				X					X	3	21
Checks Disbursed with One Signature				X							1	5
Missing Supporting Documentation			X								1	3
Inadequate Supporting Documentation			X				X			X	3	10
Paid Invoices/Receipts Not Cancelled	X		X	X	X	X		X		X	7	136
Voided Checks Not Mutilated	X		X								2	9
Bank Reconciliation Not Timely						X					1	3
Monthly Trial Balance Not Approved by the Principal	X				X	X					3	14
Failure to Verify Receipts Resulted in Overpayment							X				1	1
Inappropriate Use of the General Fund Account		X									1	2
<b>Total Weaknesses and Deficiencies</b>	<b>4</b>	<b>1</b>	<b>4</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>3</b>	<b>23</b>	<b>204</b>

Source: OIA analysis

**Cash Disbursement Weaknesses and Deficiencies – Questioned Transactions<sup>1</sup>**

Weakness or Deficiency Identified	Elementary Schools										Total Transactions
	Alcott	Boone	Ericson	Hickman	Horton	Juarez	Miller	Valencia Park	Vista Grande	Whitman	
Prohibited Items Purchased	1				8					12	21
Checks Disbursed with One Signature				5							5
Missing Supporting Documentation			3								3
Inadequate Supporting Documentation			7				2			1	10
Paid Invoices/Receipts Not Cancelled	37		31	4	36	5		1		22	136
Voided Checks Not Mutilated	6		3								9
Bank Reconciliation Not Timely						3					3
Monthly Trial Balance Not Approved by the Principal	2				6	6					14
Failure to Verify Receipts Resulted in Overpayment							1				1
Inappropriate Use of the General Fund Account		2									2
<b>Total Weaknesses and Deficiencies</b>	<b>46</b>	<b>2</b>	<b>44</b>	<b>9</b>	<b>50</b>	<b>14</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>35</b>	<b>204</b>

Source: OIA analysis

Note: <sup>1</sup> Questioned Transactions: This term includes amounts the auditors questioned due to non-compliance with District policy or administrative procedure. The amounts also include findings that the expenditure is not supported with adequate documentation.

**Cash Disbursement Weaknesses and Deficiencies – Questioned Costs<sup>1</sup>**

Weakness or Deficiency Identified	Elementary Schools										Total Questioned Costs <sup>2</sup>
	Alcott	Boone	Ericson	Hickman	Horton	Juarez	Miller	Valencia Park	Vista Grande	Whitman	
Prohibited Items Purchased	200				1,079					1,618	2,897
Checks Disbursed with One Signature				988							988
Missing Supporting Documentation			7,643								7,643
Inadequate Supporting Documentation			742				716			105	1,562
Paid Invoices/Receipts Not Cancelled	14,652		17,008	209	10,309	328		202		4,298	47,006
Voided Checks Not Mutilated											0
Bank Reconciliation Not Timely											0
Monthly Trial Balance Not Approved by the Principal											0
Failure to Verify Receipts Resulted in Overpayment							7				7
Inappropriate Use of the General Fund Account											0
<b>Total Weaknesses and Deficiencies</b>	<b>14,852</b>	<b>0</b>	<b>25,392</b>	<b>1,197</b>	<b>11,387</b>	<b>328</b>	<b>723</b>	<b>202</b>	<b>0</b>	<b>6,021</b>	<b>60,103</b>

Source: OIA analysis

Note: <sup>1</sup> Questioned Transactions and Costs: This term includes amounts the auditors questioned due to non-compliance with District policy or administrative procedure. The amounts also include findings that the expenditure is not supported with adequate documentation.

<sup>2</sup> May not agree with the total due to rounding

## Appendix IV: Prior OIA Audits and Reviews of ASB Funds Fiscal Years 2012 through 2017

<i>Report Title</i>	<i>Issue Date</i>
<b>BETHUNE K-8 SCHOOL:</b> Follow-up of Associated Student Body Fund Operations (Report No. 17-08)	2 March 2017
<b>CADMAN ELEMENTARY SCHOOL:</b> Follow-up of Review of Financial Operations (Report No. 17-07)	28 February 2017
<b>ZAMORANO ELEMENTARY SCHOOL:</b> Follow-up Review of Associated Student Body Fund Financial Operations (Report No. 17-06)	9 December 2016
<b>JOYNER ELEMENTARY SCHOOL:</b> Limited Review of the ASB Fund and Fraud Hotline Complaint (Report No. 16-12)	15 June 2016
<b>ASSOCIATED STUDENT BODY FUNDS:</b> Review of Cash Receipts and Disbursements at Selected Schools (Report No. 16-15)	7 June 2016
<b>CLARK MIDDLE SCHOOL:</b> Review of Associated Student Body Fund (Report No. 16-05)	15 April 2016
<b>PACIFIC BEACH MIDDLE SCHOOL:</b> Processing and Security of ASB Assets (Report No. 16-06-R)	28 December 2015
<b>ZAMORANO ELEMENTARY SCHOOL:</b> Review of Associated Student Body Fund Financial Operations (Report No. 16-03)	6 August 2015
<b>CADMAN ELEMENTARY SCHOOL:</b> Review of Financial Operations (Report No. 15-04)	16 July 2015
<b>BETHUNE K-8 SCHOOL:</b> Review of Associated Student Body Fund Financial Operations (Report No 16-01)	8 July 2015
<b>ASSOCIATED STUDENT BODY FUND:</b> Review of Cash Receipts and Disbursements at Selected Schools (Report No. 15-07)	30 June 2015
<b>HAWTHORNE ELEMENTARY SCHOOL:</b> Review of Financial Operations (Report No. 15-05)	11 June 2015
<b>ROOSEVELT MIDDLE SCHOOL:</b> Security for ASB Receipts (Report No. 15-03-R)	8 June 2015
<b>TAFT MIDDLE SCHOOL:</b> Review of Financial Operations (Report No. 15-02)	8 June 2015
<b>SCHOOL FOR CREATIVE, PERFORMING MEDIA ARTS:</b> ASB Audit Report	5 January 2015
<b>PERSHING MIDDLE SCHOOL:</b> ASB Audit Reports	17 December 2014
<b>MARSHALL MIDDLE SCHOOL:</b> ASB and Purchase Card Audit Reports	14 July 2014
<b>SAN DIEGO MET:</b> ASB Audit Report	26 June 2014
<b>MILLER MIDDLE SCHOOL:</b> ASB Audit Report	10 June 2014
<b>LINDA VISTA ELEMENTARY SCHOOL:</b> ASB Audit Report	2 April 2014
<b>LINCOLN HIGH SCHOOL:</b> Class of 2013 Audit	26 March 2014
<b>GARFIELD ELEMENTARY SCHOOL:</b> ASB Audit Report	25 March 2014
<b>AUDUBON K-8 SCHOOL:</b> ASB Audit Report	19 March 2014
<b>MORSE HIGH SCHOOL:</b> Cheer Club Audit	26 February 2014
<b>MADISON HIGH SCHOOL:</b> Follow-up ASB Audit	31 January 2014
<b>BIRNEY ELEMENTARY SCHOOL:</b> ASB Audit Report	9 January 2014
<b>CARSON ELEMENTARY SCHOOL:</b> ASB Audit Report	18 December 2013
<b>STANDLEY MIDDLE SCHOOL:</b> ASB Audit Report	11 December 2013
<b>FRANKLIN ELEMENTARY SCHOOL:</b> ASB Audit Report	13 December 2013
<b>BETHUNE K-8 SCHOOL:</b> ASB Audit Report	8 October 2013

<i>Report Title</i>	<i>Issue Date</i>
<b>MORSE HIGH SCHOOL: ASB Audit Report</b>	3 July 2013
<b>MIRA MESA HIGH SCHOOL: ASB Audit Report</b>	10 April 2013
<b>SEQUOIA ELEMENTARY SCHOOL: ASB Audit Report</b>	29 June 2012



## Appendix V: Comments from the Interim Chief Financial Officer



Gamy Rayburn  
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Finance Division  
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619.725.7667  
619.725.7680 fax

**TO:** John M. Cashmon  
Director, Internal Audit

**FROM:** Gamy Rayburn *gr*  
Interim Chief Financial Officer

**DATE:** May 19, 2017

**SUBJECT:** ***DRAFT REPORT – ASSOCIATED STUDENT BODY FUNDS: Audit of Fiscal Year 2017 Cash Receipts and Disbursements at Selected Schools (Report Number: 17-11)***

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This is in response to your memorandum dated 5 April 2017. Our response and comments to the draft copy of the subject report is also enclosed. We included a response to each of the recommendations directed to the Chief Financial Officer, as well as actions taken, alternative actions taken, or actions planned, the estimated completion dates, and the individuals or departments responsible for the implementation of those actions. This response also includes recommended revisions to the draft report to consider or discuss prior to its release.

Thank you for this thorough and thoughtful review of the district's Associated Student Body Funds, and for the opportunity to review your results, methodology, and recommendations. Any questions regarding this response may be directed to Candi Lukat, Controller, at (619) 725-7171.

Letter to J. Cashmon  
 DRAFT REPORT – ASSOCIATED STUDENT BODY FUNDS: Audit of Fiscal Year 2017 Cash  
 Receipts and Disbursements at Selected Schools (Report Number: 17-11)  
 Page 2  
 May 19, 2017

John M. Cashmon  
 Director, Internal Audit  
 San Diego Unified School District  
 4100 Normal Street  
 San Diego, CA 92103

***OIA recommendation #1. Direct the Finance staff to review the administrative procedures governing the operations of the ASB Fund and update them to comply with current best business practices and ASB Fund operations.***

The Finance Department agrees that it is important to routinely review and update the administrative procedures governing the operations of the ASB Fund. The Controller's Office will annually convene a committee of the district Finance Office staff, ASB Internal Auditors, ASB Advisors, and school Finance Clerks/Elementary School ESAs to review and recommend updates to the administrative procedures beginning with the 2017-18 school year. All recommended updates will be reviewed and approved by the Controller and/or the Chief Financial Officer before being submitted to the Board of Education for approval.

***OIA recommendation #2. Develop reference or desk guides for the operations of the ASB Fund at the elementary school level. The guide(s) should be tailored to the limited ASB Fund operations at the elementary school and serve as a refresher for staff that do not process ASB Fund transactions frequently.***

The Finance Department agrees that it will be helpful to provide desk guides specifically tailored to the operations of the ASB Fund at the elementary school level. The Controller's Office will review the current Associated Student Body Accounting Manual and existing reference guides and highlight procedures and best practices related to the limited ASB Fund operations at the elementary school level. These desk reference guides will be rolled out to Elementary School Principals and ESAs throughout the 2017-18 school year during training sessions or as communications from the Controller.

***OIA recommendation #3. Provide training in ASB Fund operations and controls to the elementary school principals and ESAs. This training should be provided on a rotating basis to ensure that principals and staff newly assigned to elementary school principal and ESA positions are provided the opportunity to obtain the data and training.***

The Finance Department agrees that it is important to continue to provide training to elementary school principals and ESAs throughout the year on ASB Fund operations and controls. The Finance Department currently maintains a year round schedule of trainings relating to ASB Fund operations, with specific topics relevant throughout the school calendar. In the past year, these training sessions have been offered in multiple sessions to tailor to the specific needs of elementary and secondary school operations.

Letter to J. Cashmon

DRAFT REPORT – ASSOCIATED STUDENT BODY FUNDS: Audit of Fiscal Year 2017 Cash Receipts and Disbursements at Selected Schools (Report Number: 17-11)

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May 19, 2017

The 2016-17 ASB Training Calendar included the following:

- August: QuickBooks Accounting Systems (elementary and secondary sessions)
- September: ASB Training Operations (elementary and secondary sessions)
- October: ASB Training – Fundraising/Billing (elementary and secondary sessions)
- November: High School Gate Receipts (Football)
- March: High School Gate Receipts (Basketball)
- April: Audit Prep Sessions (elementary and secondary sessions)
- May: ASB Year End Financial Memo (elementary and secondary sessions)

The Controller's Office will continue to review and update the training schedule as needed throughout the 2017-18 school year.