



TO: Julie Martel, Area 3 Superintendent
FROM: Stephen Carr, Director, Office of Internal Audit *SC*
DATE: April 2, 2014
RE: Linda Vista Elementary School ASB Audit

Our office conducted an audit of the Linda Vista Elementary School ASB for the period July 1, 2012 to December 31, 2013. The audit report contains information regarding the audit findings and recommendations. Enclosed are copies of the audit reports and the response.

The site administrator was responsive to all of our recommendations and corrective actions had been taken or planned.

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

c: Members, Board of Education
C. Marten
S. Monreal
A. Donovan

email: BOE, Audit Committee
C. Marten
S. Monreal
M. Hudson

LINDA VISTA ELEMENTARY SCHOOL

Associated Student Body Audit Report

April 2, 2014

Introduction

An audit was performed on the Associated Student Body (ASB) financial operations at Linda Vista Elementary School for the period July 1, 2012 through December 31, 2013.

Student body funds are funds that have been earned or received by the students as a group. These funds are held in the name of the student body organization for the benefit of the student body as a whole.

The Superintendent shall have the responsibility and authority to implement all policies and regulations pertaining to the supervision and administration of student activity funds in accordance with established policies and regulations of the Board of Education. The Principal, as trustee, is directly responsible for the conduct of student financial activities. The ASB Advisor, under the principal's direction is responsible for all student activities, clubs, fund-raisers and specific additional duties outlined in district procedures. The Elementary School Assistant, under the Principal's direction and supervision, is responsible for all handling of cash in connection with these activities.

The Linda Vista Elementary School ASB checking and other asset accounts as of December 31, 2013, had a balance of \$4,501.40. The ASB General Fund constitutes a balance of \$2,421.59 of this total. Approximately \$16,907.00 was deposited and \$17,421.00 was withdrawn between July 1, 2012 and December 31, 2013, through the Linda Vista Elementary School ASB accounts.

Linda Vista Elementary School is a year round K-5 school. The school has an enrollment of 477 students as of December 20, 2013.

Audit Scope and Objectives

- To audit ASB financial records from July 1, 2012 through December 31, 2013.
- To ensure adequate internal controls are in force.
- To determine if ASB accounts and activities are in accordance with district procedures.
- To determine that expenditures have adequate supporting documentation.
- To determine that record keeping is sufficient to assure efficient and accurate accounting.

Audit Findings Summary

1. The School had two instances of electronic debits in their ASB checking account, bypassing the required two signatures.
2. Misuse of student body funds through inappropriate expenditures was accounted totaling \$331.92.
3. Disbursements were not supported by required documentation.
 - a. Expenditures totaling \$1,233.68 were not verifiable due to lack of documentation.
 - b. Supporting document of expenditure for \$198.49 was inadequate.
4. There are three inactive trust accounts as of December 31, 2013 having balances totaling \$663.85 that require review by the principal and the student council, as required by district procedure, to determine their need for incorporation into the ASB General Fund.
5. The School violated District Administrative Procedure 2270 on ASB Food Sales/Wellness Policy.

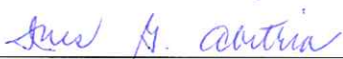
Conclusion

Based on the audit scope and tests performed, the ASB financial operation at Linda Vista Elementary requires improvement in several areas to ensure that all funds are accounted for, all disbursements are proper; and staff complies with accounting and reporting requirements.

The inappropriate use of student body funds and lack of adequate supporting documentation is of high concern. Without supporting documents we cannot determine the reasonableness or propriety of these expenditures.

It is imperative that all district procedures designed to increase internal controls of cash transactions are complied with by the site administration and staff to reasonably assure efficient and accurate accounting of student body funds. The recommendations must be implemented for ASB operations to be in compliance with district procedures.

We appreciate the cooperation extended by the staff during the examination.



Ines G. Abitria
Operations Auditor



W. Stephen Carr
Director, Office of Internal Audit

Audit Findings and Recommendation

1. The School had two instances of electronic debits in their ASB checking account, bypassing the required two signatures.

Our review of the cancelled checks and bank statements revealed that the school had two electronic debits in their ASB checking account totaling \$285.22. The School bypassed the required two signatures in violation of District Administrative Procedure Nos. 2247 and 2247.

- District Administrative Procedure No. 2247 states "Signatures of both principal and secretary/financial clerk are required on each check prepared."
- District Administrative Procedure No. 2247 states "Payment of all bills shall be by prenumbered check; cash collected by the student body shall not be used for payments of any kind. All checks shall be drawn to a named payee (never to "Cash")."

Recommendation

The administrator is to place in practice procedures that assure checks are properly completed.

The Elementary School Assistant is to ensure that the checks are prepared and have two signatures before they are released for payment.

2. Misuse of student body funds through inappropriate expenditures was accounted totaling \$331.92.

Our review of the disbursement from July 1, 2012 through December 31, 2013, revealed several expenditures totaling \$331.92 that were an inappropriate use of student body funds.

Specifically, we noted the following inappropriate expenditures:

Date	Check #	Description	Source	Amount
07/06/2012	1254	Soda and Water	3000 ASB General Fund	\$4.07
05/16/2013	1308	Candy for Mother's Day volunteer	3000 ASB General Fund	42.15
11/08/2013	1325	Cookies for parenting class	3000 ASB General Fund	10.98
11/08/2013	1328	Staff name badges and lanyards	3000 ASB General Fund	274.72
Total Inappropriate Expenditures				\$331.92

- District Administrative Procedure No. 2225 Section C.6.a. "Expending funds. Student body general funds shall be expended only for purposes that benefit the entire student body."

- **District Administrative Procedure No. 2225 states “Expenditures for faculty. Under no conditions shall student body money be expended for the benefit of faculty.”**

Student body funds should only be used for non-curricular activities and for purposes that benefit the entire student body. Under no condition shall student body funds be used for the benefit of the faculty.

Recommendation

Administration is to adhere to district policy and institute practices to assure compliance to district policy.

A journal voucher is needed to transfer the expenditures incurred by the staff from the ASB General Fund to the Faculty Fund trust account.

3. Disbursements were not supported by required documentation.

The review of the disbursement transactions covering the period July 1, 2012 through December 31, 2013 resulted in the following exceptions:

a. Expenditures totaling \$1,233.68 were not verifiable due to lack of documentation.

Our verification of expenditures from July 1, 2012 through December 31, 2013, revealed a total of \$1,233.68 representing 7% of the total disbursements tested were not supported by original vendor invoices or cash register receipts. As a result, we were not able to determine the reasonableness or propriety of these expenditures.

Specifically, we noted the following checks issued without supporting documents:

Date	Check#	Payee/Description	Account	Amount
07/03/2012	1253	Bill Me Later/Library books	3000 ASB General Fund	\$19.02
07/19/2012	1261	Bill Me Later/Library books	3000 ASB General Fund	165.74
07/23/2012	1264	Principal’s end of year gift	2130 Faculty Fund	54.00
09/10/2012	1266	Bill Me Later/Library books	2140 Library	8.61
12/12/2012	1278	Staff holiday luncheon	2130 Faculty Fund	683.09
03/29/2013	1304	Bill Me Later/Library books and Spelling City	2140 Library	37.97
12/10/2013	1333	Donation-Brother’s memory	2130 Faculty Fund	50.00
06/30/2013	No check issued	Electronic fund withdrawal/Mascot costume	3000 ASB General Fund	215.25
Total Expenditures without Supporting Documentation				\$1,233.68

b. Supporting document of expenditure for \$198.49 was inadequate.

Our verification of expenditures from July 1, 2012 through December 31, 2013, reveals that of the total checks tested, \$198.49 was not supported by original vendor invoices or cash register receipts.

Recommendations

- a. The Elementary School Assistant should ensure that proper documentation of disbursements exists before issuing a check and the site administrator should adequately review supporting documentation for completeness and propriety before attaching their signature on the check.
 - b. Supporting documents such as invoices and receipts are essential parts of sound accounting practice and required internal control. Documentation must be kept on file for audit purposes and to validate activity. Original receipts or invoices are to support all payments and not photocopies or facsimile of invoices, statements, packing lists or order forms.
- 4. There are three inactive trust accounts as of December 31, 2013 having balances totaling \$663.85 that require review by the principal and the student council, as required by district procedure, to determine their need for incorporation into the ASB General Fund.**

The review of several trust accounts revealed a total of three accounts with a total balance of \$663.85 that are inactive and still carried in the ASB books as follows:

Account	Amount
2000 Target Field Trip Grant	\$290.00
2180 Shoe/Eyeglass Fund	300.00
2190 T-Shirts	73.85
Total	\$663.85

- **District Administrative Procedure No. 2225 states that “All balances remaining in the trust account of any club or organization that has been inactive for one year shall be reviewed by the Principal (or designee) and the student council, and subject to extenuating circumstances, shall be transferred to the Student Body General Fund. Such action shall be recorded in the minutes of a student council meeting.”**

Recommendation

The principal (or designee) and the ASB council are to review the listed inactive accounts. If the club or trust accounts are to be disbanded, the balances of the inactive accounts are transferred to the ASB General Fund.

The inactive trust accounts require review by the principal per district procedure to determine the need for incorporation into the ASB General Fund.

5. The School violated District Administrative Procedure 2270 on ASB Food Sales/Wellness Policy.

In fiscal year 2012-2013, the School conducted 16 days of food sales during school hours and 6 days of food sales from July 1, 2013 to December 31, 2013 exceeding the maximum of 4 days allowed in a fiscal year.

Specifically, we noted the following violation:

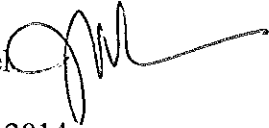
- a. Food sales exceeded the maximum allowed (four days) in a fiscal year.
- **District Administrative Procedure 2270 states, "Elementary School Food Sales. Effective from one-half hour before to one-half hour after school hours. Applies to food and beverage sales by student organizations. Student organizations must meet all of the following:**
 - a. **Only one food or beverage item per sale. The food or beverage must meet nutritional requirements listed in Section D.3.**
 - b. **Four sales per year are permitted per campus.**
 - c. **The food or beverage item cannot be the same item sold in the food service program at that school during the same school day.**
 - d. **This food or beverage sale item shall not be prepared on the campus.**
 - e. **Notification to the cafeteria site leader needs to be made.**

Recommendation

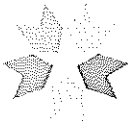
The School Administrator must ensure that the district's food and beverage restrictions are followed when selling to students on campus during the school day.



MEMORANDUM

TO: S. Carr
FROM: J. Martel 
DATE: April 2, 2014
SUBJECT: LINDA VISTA ELEMENTARY SCHOOL AUDIT

The Office of Internal Audit identified five (5) findings in the area of Time and Labor and five (5) findings in the area of ASB that need corrective action. I have reviewed principal Deborah Hatchell-Carter responses to the recommendations made by the Office of Internal Audit and I am confident she will follow through with the actions she has outlined.



March 25, 2014

TO: Julie Martel, Area 3 Superintendent

FROM: Deborah Hatchell-Carter

SUBJECT: **RESPONSE TO ASSOCIATED STUDENT BODY AUDIT FINDINGS**

An audit was conducted of the Associated Student Body from July 1, 2012 to December 31, 2013. This is my response to those findings.

1. **The school had two instances of electronic debits in their ASB checking account, bypassing the required signatures.**

The secretary will ensure that the checks are prepared and have two signatures before they are released for payment.

2. **Misuse of student body funds through inappropriate expenditures was accounted totaling \$331.92.**

Check #1254 for soda and water totaling \$4.07 was an oversight and should have been crossed off receipt. The money was collected from the staff member and redeposited in the General Fund, Egry Receipt #194886.

Check #1328 for staff name badges and lanyards totaling \$274.72 was inadvertently posted to the wrong account (General Fund). Journal Voucher #42323 was prepared and the expense was charged to the correct account (Faculty Fund).

The secretary and principal will ensure that student body funds will only be used for non-curricular activities and for purposes that benefit the entire student body.

3. Disbursements were not supported by required documentation.
 - a. Expenditures totaling \$1,233.68 were not verifiable due to lack of documentation.
 - b. Supporting document of expenditure for \$198.49 was inadequate.

The secretary will ensure that proper documentation of disbursements exists before issuing a check, and the principal will review documentation for completeness before signing checks.

4. There are three inactive trust accounts as of December 31, 2013 having balances totaling \$663.85 that require review by the principal and the student council, as required by district procedure, to determine their need for incorporation into the ASB General Fund.

Account 2180 Shoe/Eyeglass Fund in the amount of \$300.00 will remain open.

Account 2000 Target Field Trip Grant in the amount of \$290.00 and Account 2190 T-Shirts in the amount of \$73.85 will be disbanded and transferred to the Student Body General Fund.

The principal and secretary will review any inactive trust accounts to determine the need for incorporation into the ASB General Fund.

5. The school violated District Administrative Procedure 2270 on ASB Food Sales/Wellness Policy.

The principal and secretary are now clear on the District's Food and Beverage restrictions and will ensure that they are followed when selling to students on campus during the school day.