



**TO:** Fabiola Bagula, Area Superintendent  
**FROM:** Stephen Carr, Director, Office of Internal Audit *WSC*  
**DATE:** July 16, 2014  
**RE:** Marshall Middle School Associated Student Body and Purchase Card Audit

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Our office conducted an audit of the Marshall Middle School Associated Student Body and Purchase Card for the period July 1, 2013 through February 28, 2014. The audit reports contain information regarding the audit findings and recommendations. Enclosed are copies of the audit report and the response.

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

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



**Marshall Middle School**  
**Associated Student Body Audit Report**

July 16, 2014

**Introduction**

The Office of Internal Audit performed an audit of the Associated Student Body (ASB) at Marshall Middle School for the period July 1, 2013 through February 28, 2014.

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 Financial Clerk, under the Principal's direction and supervision, is responsible for all handling of cash in connection with these activities.

The Marshall Middle School ASB checking and other asset accounts as of February 28, 2014, had a balance of \$146,868.35. The ASB General Fund constitutes a balance of \$82,350.00 of this total. Approximately \$200,100.00 was deposited and \$177,600.00 was withdrawn between July 1, 2013 and February 28, 2014, through the Marshall Middle School ASB accounts.

**Audit Scope**

We performed the audit of ASB financial records for the period July 1, 2013 through February 28, 2014 at Marshall Middle School. We examined the procedures being followed, and transactions for cash receipts and disbursements of the ASB funds,

**Audit Objectives**

- 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.

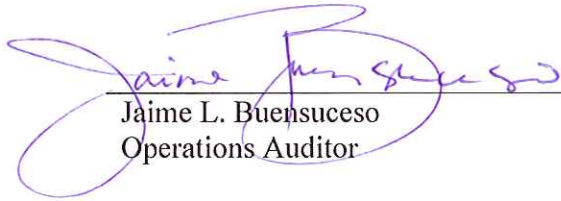
## Audit Findings Summary

1. The proceeds from the magazine and cookie dough sales have a difference of \$489.40.
2. The ASB consultant form was not completed for the payment of services to an independent contractor.
3. The "Request for Fund Raising Activity" did not indicate the purpose, and time of the fundraiser.
4. The description of the transactions was not indicated.

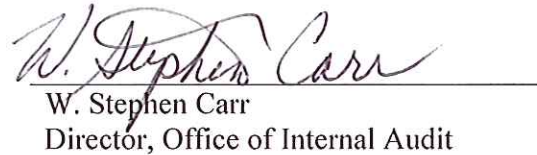
## Conclusion

In our opinion, the ASB financial activities at Marshall Middle School from July 1, 2013 to February 28, 2014, are generally in order, except for the above findings that need attention.

We appreciate the courtesies and cooperation of school personnel during the examination.



Jaime L. Buensuceso  
Operations Auditor



W. Stephen Carr  
Director, Office of Internal Audit

## Audit Findings and Recommendations

**1. The proceeds from the magazine and cookie dough sales have a difference of \$489.40.**

From November to December 2013, the school conducted Magazine and Cookie Dough fundraiser. Internal Audit compared the fundraiser's total proceeds deposited in the ASB to the total sales reported by the vendor. The comparison of the fundraiser's total sales between the sales per ASB records and sales reported by the vendor showed a difference of \$489.40 as follows.

Total magazine and cookie dough sales reported by the vendor:		
Total magazine sales		\$20,119.00
Less: Web sales	8,502.00	
Discount -- staff sales	1,282.00	9,784.00
Net magazine sales		\$10,335.00
Add: Cookie dough sales		13,678.00
Total magazine and cookie dough sales reported by the vendor		\$24,013.00
Total magazine and cookie dough sales deposited in the ASB		23,523.60
Difference/loss in sales		\$ 489.40

**Recommendation**

The principal should require the fundraising company to reconcile the actual cash collections to the amount in the order forms.

If the actual cash turned in by the students is less than the amount in the order forms as determined by the company representative, we suggest that the order should not be processed. If the company representative decided to complete the order, the company should absorb the difference/loss and not the ASB.

**2. The ASB consultant form was not completed for the payment of services to an independent contractor.**

An ASB consultant form was not completed by the independent contractor for the following services.

Date	Check No.	Description	Amount
10/24/2013	3420	DJ Halloween Dance	1,000.00
10/14/2013	3399	Installation of shed	774.40
		Total	1,774.40

The Internal Revenue Service requires the district to report payment of rent and services (including parts and materials) made to a contractor. This requirement can be accomplished by having the contractor complete the ASB Consultant Form and submit the completed form to Accounts Payable Department for preparation of Form 1099 - Miscellaneous Income.

### **Recommendation**

We require the school administration to have the contractor complete an ASB Consultant Form when paid to perform services on behalf of the students.

### **3. The “Request for Fund Raising Activity” did not indicate the purpose, and time of the fundraiser.**

Internal Audit was informed that several student body organizations conducted food sales during class and right after the bell rings. District procedures limit the food sales conducted from one-half hour before to one-half hour after school hours for four days food sales per school year.

We examined the food sales approval on file to determine if they conform to the district procedures. We noted that the “Request for Fund Raising Activity” form did not indicate the purpose, and time of the fundraiser.

As a result, we were not able to determine whether the fundraiser were done during or after school hours, and if the proceeds were used according to its purpose.

### **Recommendation**

We require the school administration to include in the “Request for Fund Raising Activity” form the time and purpose of the fundraiser.

We also require that food sales conducted from one-half hour before to one-half hour after school hours be limited to four days per year.

### **4. The description of the transactions was not indicated.**

From 7/2/2013 to 2/26/2014, the financial clerk issued 278 ASB receipts for cash collected totaling \$199,855.13. The financial clerk entered the description of the cash receipts in the “Name” field instead of in the “Memo/Description” field.

As a result, the name of the person or club that turned in the money was not identified.

From 8/28/2013 to 2/27/2014, the financial clerk issued 239 ASB checks for expenses totaling \$177,068.46. We noted that the description of the disbursement of the 239 ASB checks was not indicated in the ledger.

As a result, the uses of funds were not immediately identified.

Standard accounting practice requires the identification of the person whom the money was received, the payee, and the description of each transaction be recorded in the books. It is important to describe each transaction to identify and properly account the sources and uses of funds.

## **Recommendation**

We require that the name of the person whom the money was received, payee, and description of cash receipts and cash disbursements be indicated in the ledger.



**San Diego Unified**  
SCHOOL DISTRICT

**Fabiola Bagula**  
Area 6 Superintendent  
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fbagula@sandi.net

TO: W. Stephen Carr, Director, Office of Internal Audit

FROM: Fabiola Bagula, Area Superintendent *FB*

DATE: July 11, 2014

RE: Marshall Middle School School Time & Labor Audit,  
Associated Student Body Audit, and Purchase Card Audit

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The Office of Internal Audit identified two (2) findings in the area of time and labor, five (5) findings in the area of ASB that need corrective action, and no findings in the purchase card audit. I have reviewed principal Michelle Irwin's responses to the recommendations made by the Office of Internal Audit and I am confident she will follow through with the actions outlined.





**DATE:** June 19, 2014  
**TO:** Stephen Carr, Director Office of Internal Audit  
**FROM:** Michelle Irwin, Principal  
**RE:** Thurgood Marshall Middle School Audit

**Associated Student Body Audit**

1. **The proceeds from the magazine and cookie dough sales have a difference of \$489.40.**
  - The magazine company representatives must reconcile each individual order with its enclosed payment and record it. If there is a shortfall which is not corrected, the company will absorb the loss, not the Marshall ASB. Also, the percentage charged by the company representative on gross sales for student prizes will be strictly adhered to. Both of these items will be specifically written into the next school year's contract.
2. **The ASB consultant form was not completed for the payment of services to an independent contractor.**
  - This was an error. We thought if we wrote a check to a company for a service (*such as DJ*), an individual did not need an ASB Consultant Form (*from which the district creates a W-9*). We now know that if a company is not incorporated, the individual involved must complete an ASB Consultant Form even if the check is payable to the company. In all other cases, we have submitted ASB Consultant Forms for checks written to individuals for a service.
3. **The "Request for Fund Raising Activity did not indicate the purpose, and time of the fundraiser.**
  - The Request for Fund Raising Activity form will be revised to include the following information: purpose of the fund raising activity and date/time it will take place.
4. **The description of the transactions was not indicated.**
  - The financial clerk will henceforth note the description of ASB receipts in the memo section rather than the name section in Quickbooks.
5. **The description of the transactions was not indicated.**
  - The financial clerk will henceforth include the description of disbursements noted on ASB requisition forms in the ledger in Quickbooks.

Cc:  
Kaneko, J. – Interim Area 6 Superintendent  
Buensuceso, J. – Operations Auditor



**Audit Report**  
**Marshall Middle School**  
**Purchase Card**

**July 16, 2014**

**Introduction**

Finance Division introduced the purchase card program to streamline procurement procedures. The purchase card allows District departments and sites, under specific guidelines, to effectively obtain low dollar value purchases directly from vendors without waiting for purchase orders to be processed for each transaction.

The Controller as the Program Administrator administers the district's purchase card program and implements the purchase card policies and procedures. The Program Administrator is also responsible for setting appropriate card limits and commodity restrictions; and for monitoring, supervising and evaluating the use of purchase cards.

The Approving Official is responsible for reviewing all charges of cardholders that report to him/her. The Approving Official is also responsible for ensuring that all purchases on the monthly cardholder statements are appropriate, for official use, and have proper receipts or documents.

The cardholder is responsible for ensuring that the purchase card is used in accordance with district policies and procedures and all purchases of commodities are in accordance with district procurement and contracting procedures and policies. The cardholder is also responsible to keep all the original receipts/invoices at the site for audit.

**Audit Objectives**

- To determine if the internal control system is adequate and effective.
- To determine if purchase card activities comply with district procedures.
- To determine that expenditures are authorized and have adequate supporting documentation.
- To determine that record keeping are sufficient to reasonably assure efficient and accurate accounting.

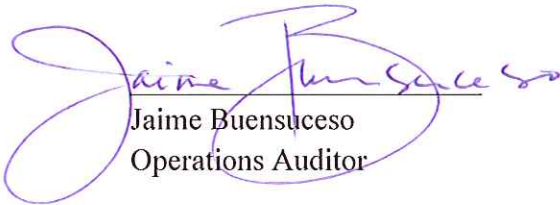
### Audit Scope


We examined the Purchase Card policies and procedures being followed and related records and reports for the period July 1, 2013 through February 28, 2014.

### Conclusion

In our opinion, the Purchase Card financial activities at Marshall Middle School from July 1, 2013 to February 28, 2014, were generally in order. We did not find exception that required attention or reforms.

We appreciate the cooperation of school personnel during the examination.

  
Jaime Buensuceso  
Operations Auditor

  
W. Stephen Carr  
Director, Office of Internal Audit



**San Diego Unified**  
SCHOOL DISTRICT

**Thurgood Marshall Middle School**  
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Fax 858.549-5490

**DATE:** June 19, 2014  
**TO:** Stephen Carr, Director Office of Internal Audit  
**FROM:** Michelle Irwin, Principal  
**RE:** Thurgood Marshall Middle School Audit

### **Purchase Card**

I want to commend Katie Englund, MMS Financial Secretary, for following all district procedures and policies for using the MMS Procurement/Purchase card with fidelity.

Cc:  
Kaneko, J. – Interim Area 6 Superintendent  
Buensuceso, J. – Operations Auditor