

TO: Janice Kaneko, Area Superintendent
FROM: Stephen Carr, Director, Office of Internal Audit *usc*
DATE: June 10, 2014
RE: Miller Elementary School –Associated Student Body (ASB) Audit

Our office conducted an audit of the Miller Elementary School ASB for the period July 1, 2012 through October 31, 2013. The audit report contains 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
M. Hudson

Audit Report
Miller Elementary School
Associated Student Body (ASB)

May 9, 2014

Introduction

We performed a regular audit of the ASB financial activities at Miller Elementary School for the period July 1, 2012 through October 31, 2013.

Student body funds consist of monies collected, contributed, and earned by students through activities such as contests, plays, and sales, including monies given to a particular school for use of students.

The superintendent shall have responsibility and authority to implement all policies and regulations pertaining to the supervision and administration of student body activity funds in accordance with established policies and regulations of the Board of Education. The principal, as trustee is directly responsible of the overall management and administration of the school including the conduct of student financial activities. The elementary school assistant under the principal's direction shall be responsible for all student activity funds, shall maintain control records, and shall follow prescribed accounting procedures.

The Miller Elementary School ASB checking account as of October 31, 2013, had a balance of \$10,966.04. Approximately \$18,500.00 was deposited and \$20,800.00 was withdrawn between July 1, 2012 and October 31, 2013, through the Miller Elementary School ASB accounts.

Audit Objectives

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

Audit Scope

Our review included an analysis of the ASB financial activities from July 1, 2012 through October 31, 2013. We examined the procedures being followed and transactions for cash receipts and disbursements of the ASB funds.

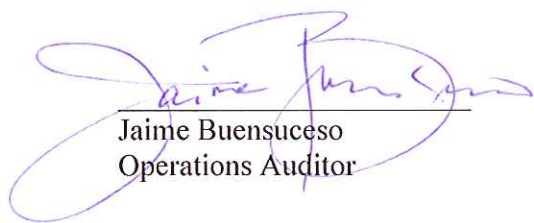
Audit Findings

1. A check payable to the principal totaling \$162.60 had no supporting invoices on file.
2. The bank reconciliations for several months were not in order.
3. The ASB consultant form was not completed for the payment of rent and services to a contractor.
4. A void check in the amount of \$302.76 was not cancelled.

Conclusion

In our opinion, the ASB financial activities at Miller Elementary School from July 1, 2012 to October 31, 2013, are generally in order, except for the above findings that need attention.

We appreciate the cooperation of school personnel during the examination.



Jaime Buensuceso
Operations Auditor



W. Stephen Carr
Director, Office of Internal Audit

Audit Findings and Recommendations

1. A check payable to the principal totaling \$162.60 had no adequate supporting documentation on file.

On 10/4/2013, an ASB check no.1293 was issued to the principal to reimburse her for new classroom set up supplies. There were no invoices or receipts on file that support the expenses. In lieu of the lost receipt, a list of items and cost, date of purchase, and name of the vendor was attached.

As a result, we were not able to verify the validity of the expenditures.

Recommendation

We require that all expenses be supported by original invoice/receipt.

2. The bank reconciliations for several months were not in order.

The bank reconciliations for several months were not properly completed as a result the bank balances for six months are not accurately reported as follows.

Month	Book balance	Should be balance	Difference – Over (Short)
7/31/2012	13,744.03	10,239.56	3,504.47 (a)
8/31/2012	10,818.53	10,239.56	578.97 (b)
9/30/2012	10,202.14	10,318.11	(115.97) (c)
11/30/2012	12,224.04	12,411.51	(187.47) (d)
12/31/2012	11,400.01	11,524.48	(124.47) (e)
4/30/2013	1,203,850.62	11,877.48	1,191,973.14 (f)

a.

Description of error	Amount
Error in entering bank ending balance	
Bank ending balance	11,228.23
Entered as	<u>10,533.29</u>
Difference	<u>694.94</u>
Check cashed by the bank, not cleared in the books	(115.97)
Automatic balancing entry	2,925.50
Total bank reconciliation error – July 2012	3,504.47

b.

Description of error	Amount
Error in entering bank ending balance	
Bank ending balance	11,228.23
Entered as	<u>10,533.29</u>
Difference	<u>694.94</u>
Check cashed by the bank, not cleared in the books	(115.97)
Total bank reconciliation error – August 2012	578.97

c.

Description of error	Amount
Check cashed by the bank, not cleared in the books	(115.97)
Total bank reconciliation error – September 2012	(115.97)

d.

Description of error	Amount
Error in entering ending balance	
Bank ending balance	16,270.31
Entered as	<u>16,207.31</u>
Difference	<u>63.00</u>
Check cashed by the bank, not cleared in the books	(115.97)
Unrecorded NSF check	(8.45)
Difference in deposit	(.05)
Total bank reconciliation error – November 2012	(187.47)

e.

Description of error	Amount
Check cashed by the bank, not cleared in the books	(115.97)
Unrecorded NSF check	(8.45)
Difference in deposit	(.05)
Total bank reconciliation error – December 2012	(124.47)

f.

Description of error	Amount
Error in entering ending balance	
Bank ending balance	12,041.39
Entered as	<u>1,204,139.00</u>
Difference	<u>1,192,097.61</u>
Check cashed by the bank, not cleared in the books	(115.97)
Unrecorded NSF check	(8.45)
Difference in deposit	(.05)
Total bank reconciliation error – April 2013	1,191,973.14

On June 30, 2013, the unreconciled errors above were corrected in the books.

As of October 31, 2013, the bank balance of \$10,966.04 recorded in the books was fairly presented.

Recommendation:

To properly prepare the monthly bank reconciliation, the financial clerk must not click the “Finished” icon if there are items still not yet reconciled. The financial clerk must identify the unreconciled items, make the necessary corrections, then click the “Finished” icon when everything is reconciled.

3. The ASB consultant form was not completed for the payment of rent and services to a contractor.

An ASB consultant form was not completed for the contractor who rented and set up a projector used in showing a movie during 5th Grade activities on 7/10/12 and 9/13/13 totaling \$600.00.

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 or rent equipment on behalf of the students.

4. A void check in the amount of \$302.76 was not cancelled.

An ASB check # 1277 issued on 7/1/2013 totaling \$302.76 was voided but remained outstanding in the books. As a result, the Wells Fargo account balance and 5th Grade Activities account balance were not accurate.

Recommendation:


The elementary school assistant must cancel the voided check via a journal voucher.

Below is the suggested journal entry.

	<u>Debit</u>	<u>Credit</u>
1150 – Wells Fargo	\$302.76	
2140 – 5 th Grade Activities		\$302.76



MEMORANDUM

TO: W. Stephen Carr, Director, Office of Internal Audit
FROM: Janice Kaneko, Interim Area 6 Superintendent 
DATE: June 3, 2014
RE: Miller Elementary School Associated Student Body (ASB) Audit Report

On March 26, 2014, I received a memo regarding Miller Elementary School Associated Student Body (ASB) Audit Report. Based on the audit these were the findings:

1. A check payable to the principal totaling \$162.60 had no adequate supporting documentation on file.
 - a. Corrective measure: principal understands that all checks need to have supporting documentation and will follow procedure.
2. The bank reconciliations for several months were not in order.
 - a. Corrective measure: The ESA took bank statements and reconciliations to Fiscal Control in early September, 2013 to correct errors that had occurred in 2012-13 and had assistance in putting these records in order. Additional information and training was obtained to keep the bank reconciliations in better order going forward.
3. The ASB consultant form was not completed for payment of rent and services to a contractor.
 - a. Corrective measure: For any future events that involve a contractor the ESA will present a form to the staff member using these services to obtain from a consultant.
4. A void check in the amount of \$302.76 was not cancelled.
 - a. Corrective measure: Check has been cancelled.

The principal assures me she will provide supporting documentation for all checks and will abide by district procedure. The Elementary School Assistant has taken proper action to correct all bank reconciliations and has been provided with the proper training to assure the keeping of accurate records, in addition she will have better accountability of future consultant forms.

JK:gg
Attachments



San Diego Unified School District

MILLER ELEMENTARY SCHOOL

4343 Shields St., San Diego, CA 92124 Fax (858) 278-1849

(858) 496-8319

April 30, 2014

The office of Internal Audit conducted an audit of the ASB Financial Activities at Miller Elementary School for the period of July 1, 2013 through October 31, 2013. The following is a summary of the findings and corrective measures taken by Miller.

Audit Findings Summary for ASB Financial Activities Findings and corrective measures:

1. A check payable to the principal had no supporting invoice on file.
Corrective measure: Principal understands that all checks need to have supporting documentation and will follow procedure.
2. The bank reconciliations for several months were not in order.
Corrective measure: The ESA took bank statements and reconciliations to Fiscal Control in early September, 2013 to correct errors that had occurred in 2012-13 and had assistance in putting these records in order. Additional information and training was obtained to keep the bank reconciliations in better order going forward.
3. An ASB Consultant form was not completed for the payment of a contractor.
Corrective measure: For any future events that involve a contractor the ESA will present a form to the staff member using these services to obtain from a consultant.
4. A void check was not cancelled.
Corrective measure: Check has been cancelled.

1. Conclusion of Auditors findings for above:
The ASB Financial activities at Miller from July 1, 2012 to October 31, 2013 are generally in order, except for the above findings that need attention.


Stacy Jones

Principal