



TO: Julie Martel, Area 3 Superintendent
FROM: W. Stephen Carr, Director, Office of Internal Audit *WSC*
DATE: July 2, 2013
RE: La Jolla High School ASB Audit

Our office completed an audit of the Associated Student Body financial operation at La Jolla High School for the period July 1, 2011 through June 30, 2012 . 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 have 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
A. Donovan
L. Jackson

email: Members, Audit Committee
M. Hudson

LA JOLLA HIGH SCHOOL

Associated Student Body Audit Report

July 2, 2013

Introduction

The Office of Internal Audit performed an audit of the Associated Student Body (ASB) financial operations at La Jolla High School for the period July 1, 2011 through June 30, 2012.

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 connections with these activities.

The La Jolla High School ASB checking and other asset accounts as of June 30, 2012, had a balance of \$285,264.01. The ASB General Fund constitutes a balance of \$119,356.33 of this total. Approximately \$969,085.00 was deposited and \$915,254.00 was withdrawn between July 1, 2011 and June 30, 2012, through the La Jolla High School ASB accounts.

The enrollment as of February 22, 2013 was 1,505 students.

Audit Scope and Objectives

- To audit financial records from July 1, 2011 through June 30, 2012.
- 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

Findings 1 – 9 were transactions handled by a Financial Clerk who resigned when the audit began. The former Financial Clerk performed operations that concealed cash collections unaccounted in the amount of \$26,925.16, and completed a series of account manipulations to

conceal removal of the monies. Before being assigned to LJHS, this Financial Clerk had unaccounted collection at the previous school site using the same accounting techniques effected in the unaccounted funds at La Jolla High School. For these findings, advisory staff did not, as required, obtain receipts for monies deposited with this Financial Clerk.

1. The audit identified a total of \$23,597.16 in unaccounted collections.
2. The cash collections of \$2,441.00 from basketball game ticket sales are unaccounted.
3. The cash collections of \$2,264.00 from the football game ticket sales are unaccounted.
4. The total cash collections of \$1,697.00 from the CIF playoff games of the Boys Volleyball (\$1,117.00) and the Girls Volleyball (\$580.00) ticket sales are unaccounted.
5. Four checks totaling \$7,648.00 received from The Foundation of La Jolla High School for the reimbursement of a trainer's salary were not deposited to the district. Three checks were diverted to unrelated accounts to replace cash collections and conceal the non-deposit of the diverted cash and one check remains in the Clear Foundation account and not deposited to the district.
6. A check from The Foundation of La Jolla High School in the amount of \$12,036.00 to reimburse spring coaches was recorded for \$8,536.00 to the correct account. The difference of \$3,500.00 was inappropriately posted to account 2268-Drama Club to substitute an unaccounted collection for the ticket sales for "Grease."
7. The audit determined an unaccounted ASB Ball income totaling \$3,360.00.
8. The audit determined an unaccounted ASB Air Band income totaling \$373.77.
9. The audit determined unaccounted collections of \$1,982.00 for Senior Dues for the Class of 2012.
10. The annual inventory of merchandise on hand as required by District Administrative Procedure No. 2360 was not performed at the end of the fiscal year.
11. Pre-numbered tickets were not used for ticket sales and ticket recap form is not prepared that calculates the number of tickets sold and the total income generated based on the selling price per ticket.
12. A master ticket log is not maintained by the sites to account for all tickets on hand and used during the year.
13. The Financial Clerk did not safeguard the backup of the Blue Bear Track system that generates the receipts for fiscal year 2011-2012; there is no assurance that collections recorded in the ASB Books are accurate.
14. There are 310 receipts that are missing resulting in limited assurance that collections were fully accounted.

15. The principal directed several inappropriate transfers of ASB funds totaling \$29,898.12 into trust account 2226-Principal's Discretionary and inappropriately used the funds for payment of district obligations.
16. Proctors were paid a total of \$8,511.00 directly as consultants using the ASB checking account instead of processing payments through the District's Time and Labor system.
17. ASB fund was used to pay a district employee for services rendered.
18. A retired district employee was inappropriately paid \$1,062.11 for pre-school counseling service using the account 2218-Advance Placement in the ASB books.
19. A cheer coach was paid a total of \$1,500.00 directly from the ASB instead of processing payment through the District payroll system.
20. ASB consultant forms were not prepared as required by district procedure and for IRS reporting of earnings.
21. Misuse of student body funds through inappropriate expenditures was accounted totaling \$12,988.51.
22. Cash collections from basketball games ticket sales totaling \$3,759.00 were not deposited in a timely manner.
23. A Financial Clerk, violated district policy by using personal funds for cash refund and then reimbursing herself without the approval of the ASB student council and ASB advisor.
24. Cash deposits from the advisors or student clubs to the Financial Clerk are not always accompanied by a cash count sheet to document the total deposit as pre counted by the advisor or student.
25. The remaining balance in the Senior Class of 2011 was improperly distributed against their Class Will's instruction.
26. The Class of 2011 and Class of 2012 each inappropriately transferred \$250.00 to the La Jolla High School Alumni, a non-district organization.
27. Six student clubs, without required board approval, conducted fundraisings totaling \$9,243.47 for the benefit of a non-district organization.
28. The ASB constitution lacks regulation for the management of student body funds and for inventorying merchandise purchased for resale as required by district procedure.
29. Annual budgets were not planned and developed to ensure a sound financial condition for all student body activities.
30. Trust/Clubs were not properly managed and controlled in violation of District Procedure No. 6240.

31. Revenue potentials were not prepared for any fundraising activities as required by district procedure.
32. All fundraising activities held during fiscal year 2011-2012 did not have an approval form.
33. ASB requisitions were not on file for 215 check payments in violation of District Procedure No. 2437.
34. There are 41 inactive trust/club accounts as of June 30, 2012 having balances totaling \$5,633.64 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.
35. Eleven "Clearing Account" balances were not cleared at the end of the fiscal year.
36. Several ASB requisitions did not have the proper signatures that are required to authorize the purchase.
37. Nine student body checks were released to the payee bearing only one of the required two signatures.
38. Student body checks were not written in numerical sequence.
39. The School violated District Administrative Procedure 2270 on ASB Food Sales/Wellness Policy.
40. The school understated the remittance of the 80% net proceeds from football games due to the district in fiscal year 2011-2012 by \$1,248.33.
41. The school understated the remittance of the ASB Cards sales to the district by \$652.00.
42. Funds collected for Lost Book and Late Book Fines were not remitted to the district for a combined total of \$7,050.22.
43. Improper payment processing practices resulted in overpayments totaling \$142.81.
44. The School opened a revolving charge account with Home Depot in violation of District Procedure 1570.
45. The school is charging students for lockers and the collections are transferred to The Foundation of La Jolla High School.
46. The School asked for donations during registration by specifying an amount for each item in violation of the California Constitution that mandates public education be provided free of charge.
47. The School accepted a grant for a total amount of \$26,386.25 from the University of California, San Diego (UCSD) and deposited the amount into the ASB checking account instead of the District account.

48. Eighteen (18) students were paid a total of \$3,970.00 in the guise of scholarships for services rendered for the joint UCSD-LJHS Science Education Partnership Award grant.
49. Reimbursement for custodial services received from The Bishop's School for JV/Varsity Football Games in the amount of \$771.00 was not deposited to the district.
50. Disbursements were not supported by required documentation.
 - a. Expenditures totaling \$204,472.75 were not verifiable due to lack of documentation.
 - b. Supporting documents of expenditures totaling \$37,611.83 were inadequate.
51. Supporting documents were not stamped "PAID" for check payments.
52. Funds collected for transcripts are not remitted to the district.
53. High risk activities were conducted at the School site in violation of District Procedure No. 5153.
54. Seven journal vouchers are not on file, as a result, authorizations for transfer of funds cannot be determined.
55. Competitive bids were not solicited for a purchase of \$1,500 or more in violation of District Administrative Procedure No. 2435.
56. The School, by signing a multi-year contract, did not follow district policy that restricts contracts to the current year.
57. Numerous adjusting entries are needed to correct misdirected deposits to unrelated accounts.
58. The ASB was misused to pay cash awards given to four students for winning the film fest contest.
59. The student store lacks sufficient internal controls for the handling of cash deposits.
60. The School charged student fees for Arts Shop, Ceramics Shop, and Construction Tech Shop in excess of the cost or near cost of the materials purchased.

Conclusion

The Principal, as trustee, has unsatisfactorily administered the ASB operations. Based on the audit scope and results of tests performed, the ASB operations at La Jolla High School disclosed very serious exceptions to administration; these exceptions showed a failure to comply to district policy and procedure designed to protect the interests of the students and integrity of the ASB. The Principal committed actions that violated district policy, procedures and the Education Code.

A former Financial Clerk performed operations that concealed cash collections unaccounted in the amount of \$26,925.16, and completed a series of account manipulations to conceal removal of the monies. This Financial Clerk had similar behavior with missing collection at another school site prior to being assigned to La Jolla High School. This Financial Clerk resigned when the

audit started. The \$26,925.16 is a minimum amount. No club or their advisor obtained receipts for monies deposited with the Financial Clerk. Inventory did not happen and therefore prevents an accounting of sales.

Additionally, the Financial Clerk purposefully did not completely maintain the source documents such as receipts and deposit tickets. This forced the audit to reconstruct the financial records based on the bank deposit records, showing the actual deposit. The auditor expended approximately two months of audit time to reconstruct the records.

Several money transfers that district policy requires to be deposited to the ASB General Fund were transferred to a principal's discretionary account in violation of district policy. The principal used the transferred money to pay for the following inappropriate expenditures:

- (1) Use of ASB funds for district responsibilities,
- (2) Expenditures for faculty and staff,
- (3) Donation to non-district/charitable organizations, and
- (4) Purchase of gift cards.

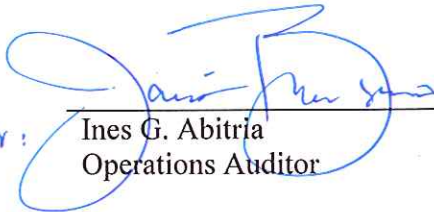
Some Student Body requisitions did not contain the signature of the authorized student officer of the organization as required by the California Education Code and School District Administrative Procedures. Appropriate supporting documentation was not maintained at the school for several of the ASB payments.

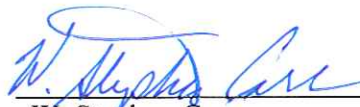
Our audit of the student body fund also disclosed a need to improve controls in several areas to ensure that all funds are accounted, all disbursements are proper, and the staff comply with accounting and reporting requirements. The audit established that staff serving as advisors did not practice a required basic accounting control - to obtain receipts for monies placed with the Financial Clerk having responsibility for ASB account processing.

The principal is to establish with ASB participants an understanding of and requirement to obtain receipts when surrendering deposits to the financial office. The clubs are to be provided an understanding of the requirement to manage and be accountable for their accounts by maintaining and reconciling club financial records to the records of the financial office.

The Office of Internal Audit recommends that the Area Superintendent monitor the Principal's trustee governance of ASB owing to the number of significant findings.

We believe that if the recommendations are implemented and oversight of the principal's administration of the ASB operations is effected, this school will then meet district standards of operation.

For: 
Ines G. Abitria
Operations Auditor


W. Stephen Carr
Director, Office of Internal Audit

Audit Findings and Recommendation

1. The audit identified a total of \$23,597.16 in unaccounted collections.

Audit analyzed the daily fund collections by comparing the receipts against the collections recorded per books of record and monies deposited to the bank for fiscal year 2011-2012, to determine that all collections were deposited intact. Many of the shortages were offset against the 2012-Class of 2012 trust account where numerous revenue producing events that were not tracked took place. This provided an opportunity to remove funds while in turn requiring a need to increase the account balance. Moving monies not due to this trust account enabled increasing the balance to reasonably reflect a balance from expected revenues. Our comparison revealed the following shortages:

Ref#	Date	Collection From	Amount Received	Amount Recorded	Shortage
a	09/15/2011	2511 Clearing Football	\$651.00	\$18.00	\$633.00
b	10/21/2011	2521 Clear Foundation	1,326.00	0.00	1,326.00
c	03/01/2012	2012 Class of 2012	2,030.00	0.00	2,030.00
d	03/08/2012	2218 Advanced Placement Test	174.00	0.00	174.00
e	03/29/2012	2521 Clear Foundation	12,036.00	8,536.00	3,500.00
f	04/10/2012	2223 Lost Book Trust	170.97	0.00	170.97
g	04/10/2012	4008 ASB Vending Income	153.25	0.00	153.25
h	05/03/2012	2012 Class of 2012	100.00	0.00	100.00
i	05/07/2012	2012 Class of 2012	2,372.28	390.28	1,982.00
j	05/07/2012	2265 Ath/Football-Var	100.00	0.00	100.00
k	05/08/2012	2012 Class of 2012	100.00	0.00	100.00
l	05/15/2012	2235 Science Misc. Supplies	1,000.00	0.00	1,000.00
m	05/15/2012	2265 Ath/Football-Var	1,500.00	0.00	1,500.00
n	05/15/2012	4008 ASB Vending Income	96.98	0.00	96.98
o	05/15/2012	2265 Ath/Football-Var	100.00	0.00	100.00
p	05/21/2012	2512 Clear AK Officials	452.00	0.00	452.00
q	05/22/2012	2513 Clear AK Supplies	1,210.00	0.00	1,210.00
r	05/23/2012	2521 Clear Foundation	1,912.00	0.00	1,912.00
s	05/23/2012	2502 Clear Misc.	403.92	0.00	403.92
t	05/25/2012	2521 Clear Foundation	1,912.00	0.00	1,912.00
u	05/29/2012	2223 Lost Book Trust	140.00	0.00	140.00
v	06/01/2012	2012 Class of 2012	100.00	0.00	100.00
w	06/01/2012	2223 Lost Book Trust	238.00	0.00	238.00
x	06/11/2012	2356 U-Touch Club	525.00	0.00	525.00
y	06/11/2012	2521 Clear Foundation	510.04	0.00	510.04
z	06/11/2012	4015 Graduation Tickets(New)	66.00	0.00	66.00
aa	06/13/2012	2521 Clear Foundation	1,912.00	0.00	1,912.00
bb	06/22/2012	2521 Clear Foundation	1,250.00	0.00	1,250.00
		Total Shortage	\$32,541.44	\$8,944.28	\$23,597.16

- a. On 9/15/2011 the cash collection from the presale of football tickets vs. Valley Center totaling \$651.00 was only recorded as \$18.00, short \$633.00. The \$633.00 was then deposited to the Class of 2012. The ASB advisor stated that on this day there were concession sales for the Class of 2012. No income was receipted or recorded for concession sales and there was no record of the amount of actual concession sales.

Total missing monies from this date's concession sales cannot be determined and this date's sales were for Homecoming where sales are highest.

- b. On 10/21/2011 a check from The Foundation of La Jolla High School in the amount of \$1,326.00 to reimburse the volleyball-girls club was correctly receipted to account 2521-Clear Foundation, a clearing account. However, the Financial Clerk when next moving the monies from the clearing account, intentionally deposited to the Account 2012- Class of 2012. This enabled taking \$1,326 from the Account 2012-Class of 2012 without presenting a shortage. There was no oversight of the clearing account except by the Financial Clerk in charge of bookkeeping and no notice that the \$1,326 was not applied to the proper account where the Financial Clerk effected the shortage.
- c. On 3/1/2012 there were 29 checks totaling \$2,030.00 that were not receipted but included in the deposit. These checks were collections for 2012-Class of 2012 senior's dinner but were not posted to their account. The amount of \$2,030 was applied inappropriately to 4002-ASB Ball Income account.
- d. On 3/8/2012 a check in the amount of \$174.00 to pay for Advance Placement test was receipted and posted to 2263-Madrigals Club instead of to the account 2218-Advanced Placement Trust. The Madrigals Club deposited a total of \$1,440.00 consisting of three checks totaling \$600.00 and cash of \$840.00. Cash deposit of \$840 was reduced by \$174 by substituting the check for Advance Placement test fee. The Advance Placement test account maintained a significant balance.
- e. On 3/29/2012 a check from The Foundation of La Jolla High School in the amount of \$12,036.00 to reimburse winter coaches was only recorded as \$8,536.00. The difference of \$3,500.00 was credited to Drama Club. The Drama Club sold tickets for a play entitled "Grease" for the period 3/14/2012 to 3/17/2012 but no deposits were recorded in the books.
- f. On 4/10/2012 a check in the amount of \$170.97 for a refund from Pearson Education was not receipted but included in the deposit to the bank and not credited to the 2223-Lost Book account that originally paid for the order from Pearson Education. This check was credited to the account 4032-ASB Air Band Income. Air Band was held by the ASB on 3/29/2012 which resulted in an unaccounted collection of \$374. The check for \$170.97 was substituted for the unaccounted collection.
- g. On 4/10/2012 a check from the commission of the vending machine in the amount of \$153.25 was not receipted and not credited to the account 4008-ASB Vending Income. This check was credited to the account 4032-ASB Air Band Income. Air Band was held by the ASB on 3/29/2012 which resulted in an unaccounted collection of \$374. The check for \$153.25 was substituted for the unaccounted collection.
- h. On 5/3/2012 a check for Class of 2012 in the amount of \$100.00 was not receipted but deposited to the bank. However, no overage appears. This allowed for reducing that day's cash deposit by \$100.
- i. On 5/7/2012 the total receipted collection for Class of 2012 was \$2,372.28. However, only \$390.28 was recorded—a shortage of \$1,982.00. This amount was credited to 2510-Clear Basketball Home Games-Ticket Sold. On this day, there were no collections

received for the basketball tickets sales and therefore enabled increasing the Basketball ticket sales to cover for short deposits from Basketball Home Games-Ticket Sold.

- j. On 5/7/2012 a check intended for summer football camp in the amount of \$100.00 was not receipted but deposited to the bank. However, no overage appears therefore as an offset, cash was shorted.
- k. On 5/8/2012 a check for \$100.00 was not receipted but included in the deposit. However, no overage appears therefore as an offset, cash was shorted.
- l. On 5/15/2012 a check in the amount of \$1,000.00 received from the Society for Science & the Public to support science, math & engineering education was not receipted but deposited. However, no overage appears. This check was posted to 2510-Clear Basketball Home Games-Tickets Sold to substitute unaccounted collections from ticket sales.
- m. On 5/15/2012 a check in the amount of \$1,500.00 received from La Jolla Kiwanis Foundation to support football was not receipted but deposited. However, no overage appears. This check was posted to 2510-Clear Basketball Home Games-Tickets Sold to substitute unaccounted collections from ticket sales.
- n. On 5/15/2012 a check in the amount of \$96.98 for the vending commission was not receipted but deposited. However, no overage appears therefore as an offset, cash was shorted.
- o. On 5/15/2012 a check in the amount of \$100.00 for football team camp was not receipted but deposited. However, no overage appears therefore as an offset, cash was shorted.
- p. On 5/21/2012 a check in the amount of \$452.00 received from The Foundation of La Jolla High School intended to reimburse official fees of the Girls Lacrosse was receipted but posted to the account 2283-Mariners Club.
- q. On 5/22/2012 a check from The Foundation of La Jolla High School in the amount of \$3,193.71 was received to reimburse expenses incurred by Swimming. However, only \$1,983.71 was recorded and the balance of \$1,210.00 was posted to 2012-Class of 2012.
- r. On 5/23/2012 a check from The Foundation of La Jolla High School in the amount of \$1,912.00 to reimburse payment for a trainer for the month of March 2012 was not deposited to the district instead it was deposited to 2012-Class of 2012.
- s. On 5/23/2012 a check from the University of San Diego was received to reimburse a substitute for a math teacher in the amount of \$403.92. This check was receipted and posted to 2251-Ath/Track-Boys for \$133.92 and to 2269-Ath/Track-Girls for \$270.00 instead of depositing the amount to the district.
- t. On 5/25/2012 a check from The Foundation of La Jolla High School in the amount of \$1,912.00 was received to reimburse a trainer for the month of April 2012. This check was not receipted but deposited to account 2012-Class of 2012 for \$1,200.00 and to

account 2263-Madrigals Club in the amount of \$712.00 instead of depositing the amount to the district.

- u. On 5/29/2012 a check in the amount of \$140.00 was received to pay for lost book. This was receipted correctly but posted to the wrong account 2265-Ath/Football-Var.
- v. On 6/1/2012 receipt #2110972 for \$100.00 cash deposit to the account 2012-Class of 2012 was not recorded and not deposited. This allowed for reducing that day's cash deposit by \$100.00.
- w. On 6/1/2012 three checks were received for Lost Book fees totaling \$238.00. These checks were receipted but not recorded in the books. The amount of \$238.00 was added to the account 2265-Ath/Football-Var.
- x. On 6/11/2012 a club deposit ticket for a jewelry fundraising conducted by the 2356-U-Touch Club in the amount of \$525.00 cash was not receipted, not recorded and not deposited. This club deposit slip was verified and signed by the Financial Clerk.
- y. On 6/11/2012 a check from The Foundation of La Jolla High School in the amount of \$510.04 was deposited to account 2239 Social Committee Trust for \$260.04 and to account 2265-Ath/Football-Var for \$250.00. This check was intended for reimbursement of spring coaches 2012 and should have been deposited to the district.
- z. On 6/11/2012 four checks totaling \$66.00 were included in the deposit but not receipted and not posted. These are collections for graduation tickets sold. This allowed for reducing that day's cash deposit by \$66.00.
- aa. On 6/13/2012 a check from The Foundation of La Jolla High School in the amount of \$1,912.00 for the reimbursement of a trainer was not receipted but included in the deposit. This allowed for reducing that day's cash deposit by \$1,912.00.
- bb. On 6/22/2012 The Foundation of La Jolla High School gave the school four checks totaling \$67,349.17. However, only \$66,099.17 was recorded. The difference of \$1,250.00 was receipted and posted to account 2264-Ath/Basketball Boys-Var that is not part of the intent of the checks from the Foundation.

In summary, the former Financial Clerk manipulated collections as follows:

Nine (9) checks received from The Foundation of La Jolla High School were used to substitute missing cash collections from various club/trust accounts totaling \$13,984.04. (Schedule I - See b, e, p, q, r, t, y, aa, and bb above for explanation)

Forty (40) checks received totaling \$5,092.98 were not receipted but were included in the deposits to substitute for missing cash collections from various club accounts. (Schedule II - See c, h, j, k, l, m, n, o, and z above for explanation)

Eight (8) checks totaling \$1,280.14 were receipted but posted to unrelated accounts to conceal missing cash collections. (Schedule III - See d, f, g, s, u, and w above for explanation)

A club deposit ticket in the amount of \$525.00, all in cash, was not receipted and not deposited to the U-Touch Club. (See x above for explanation)

Collections were also diverted to unrelated/inappropriate accounts totaling \$2,715.00. (See a, i, and v above for explanation)

Recommendation

The principal is to establish with ASB participants an understanding of and requirement to obtain receipts when surrendering deposits to the financial office. The clubs are to be provided an understanding of the requirement to manage and be accountable for their accounts by maintaining and reconciling club financial records to the records of the financial office. This finding and the following findings related to unaccounted monies are based on not adhering to obtaining receipts and reconciling accounts as an internal control process.

The former Financial Clerk must reimburse the total amount of \$23,597.16.

2. The cash collections of \$2,441.00 from basketball game ticket sales are unaccounted.

In fiscal year 2011-2012, La Jolla High School basketball home game ticket sales (cash) per ticket recapitulations prepared by the Financial Clerk were as follows:

Date	Opponent	Cash Collection per Recap
01/10/2012	vs. Saints	\$1,454.00
01/20/2012	vs. Scripps Ranch High	528.00
01/31/2012	vs. Lincoln High	459.00
	Total	\$2,441.00*

*The missing collection of \$2,441.00 is part of Finding #1.

The cash collections for the basketball games ticket sales for the month of January 2012 totaling \$2,441.00 were not deposited to the bank. The Financial Clerk covered the unaccounted January cash deposits in May 2012 as follows:

a. On 5/7/2012 the Financial Clerk understated the collections of senior dues for the account 2012-Class of 2012 by \$1,982.00.

The total receipts for Class of 2012 was \$2,372.28 but was only recorded in the books as \$390.28. The difference of \$1,982.00 (\$2,372.28 - \$390.28) was posted to account 2510-Clear Basketball Home Games-Tickets Sold to conceal unaccounted cash collections for basketball ticket sales on 1/10/2012 and 1/20/2012 (\$1,454.00 + \$528.00).

The missing cash collection of \$1,982.00 was not easily detected because it was concealed by understating the recording of collections for the account 2012-Class of 2012.

- b. On 5/15/2012 the Financial Clerk recorded deposits in the books a total of \$2,441.00 (1,454.00+528.00+459.00) to the account 2510-Clear Basketball Home Games-Ticket Sold by depositing checks collected for purposes not related to the basketball ticket sale.**

The amount of \$2,441.00 came from checks collected that were not intended for the basketball tickets sold. In fact, collections for the basketball tickets sold at the gate consist of cash only and not checks.

Specifically, we noted the following checks were substituted for the missing cash:

Date	Payor	Purpose	Amount
05/02/2012	Society for Science & the Public	To support science, math & engineering education	\$1,000.00
04/19/2012	La Jolla Kiwanis Foundation	For football	1,500.00
		Total	\$2,500.00

The Financial Clerk deposited these checks in lieu of the missing cash collections for the basketball games ticket sales for the dates 1/10/2012, 1/20/2012 and 1/31/2012 (\$1,454.00 + \$528.00 + \$459.00) respectively.

Note: The basketball gate receipts dated 1/10/2012 and 1/20/2012 totaling \$1,982.00 was already deposited inappropriately from the senior dues of Class of 2012 on 5/7/2012. The Financial Clerk again on 5/9/2012 used checks to replace the missing cash deposits.

This is indicative of how the Financial Clerk is manipulating the deposits to cover the missing collections. In this case the missing cash collections were substituted twice by depositing unrelated and unrecorded checks collections that belongs to other accounts.

It should also be noted that the last basketball ball game ended on February 14, 2012 but the Financial Clerk only started to deposit money into the account starting May 7, 2012 (over 80 days later).

Recommendation

The former Financial Clerk must reimburse the total amount of \$2,441.00. This amount is part of Finding #1.

- 3. The cash collections of \$2,264.00 from the football game ticket sales are unaccounted.**

In fiscal year 2011-2012, La Jolla High School had five football home games where the school sold tickets. We compared the ticket sales per books recorded by the Financial Clerk with our audit of the collections and football ticket financial recap. Our analysis identified unaccounted collections of \$2,264.00 as follows:

Game Date	Opponent	Cash Collection		Over/(Short)
		Per Books	Per Audit	
09/16/2011	vs. Valley Center	\$5,335.00	\$5,968.00	(\$633.00)*
09/30/2011	vs. Santa Fe Christian	2,970.00	2,970.00	0.00
10/28/2011	vs. Hoover High	609.00	966.00	(357.00)
11/04/2011	vs. Serra High	1,008.00	2,350.00	(1,342.00)
11/10/2011	vs. Mission Bay High	511.00	977.00	(466.00)
Unidentified Deposit on 1/6/2012		529.00	0.00	529.00
Overage on 9/16/2011		5.00	0.00	5.00
Totals		\$10,967.00	\$13,231.00	(\$2,264.00)

*\$633.00 missing collection is part of Finding #1.

The Financial Clerk understated the collections from the football games ticket sales by a total of \$2,264.00 to conceal missing cash collections.

On 9/15/2011 the collections from presale of football tickets vs. Valley Center totaling \$651.00 was only recorded as \$18.00. The Financial Clerk understated the recording by \$633.00.

On 10/28/2011 per the “Financial Recap-Athletic Event” report, prepared by the Financial Clerk, the total gross receipt was \$966.00. However, only \$609.00 was recorded in the books. The Financial Clerk understated the collection by \$357.00.

On 11/4/2011 the total presale and gate receipts was \$2,350.00 (\$388.00 + \$1,962.00). The Financial Clerk only deposited \$1,008.00 (\$388.00 + \$620.00), understating the gate receipts by \$1,342.00.

On 11/10/2011 the total presale and gate receipts was \$977.00 (\$111.00 + \$866.00). The Financial Clerk only deposited \$511.00 (\$112.00 + \$399.00), understating the gate receipts by \$466.00.

This process of understating cash collections in the books clearly indicates how the Financial Clerk was manipulating the collections by not depositing the collections intact.

Recommendation

The former Financial Clerk must reimburse the total amount of \$1,631.00 (\$2,264.00 – \$633.00). This amount is in addition to Finding #1.

4. The total cash collections of \$1,697.00 from the CIF playoff games of the Boys Volleyball (\$1,117.00) and the Girls Volleyball (\$580.00) ticket sales are unaccounted.

In fiscal year 2011-2012, La Jolla High School volleyball for boys and girls participated in the CIF playoff games where tickets were sold. We compared the ticket sales per ticket recap prepared by the Financial Clerk to the “Per Books” recorded by the Financial Clerk. Our comparison resulted in unaccounted cash collections of \$1,117.00 for the Boys Volleyball and \$580.00 for the Girls Volleyball games.

- a. The Boys Volleyball had two CIF playoff home games where the school sold tickets. We compared the ticket sales per “CIFSDS Playoff Game Report” prepared by the Financial Clerk with the recording in the books also done by the Financial Clerk. Our comparison resulted in unaccounted collections of \$1,117.00 as follows:

Date	Game	Cash Collection		Over/(Short)
		Per Books	Per Recap	
05/12/2012	Quarter Finals	\$0.00	\$328.00	(\$328.00)
05/16/2012	Semi Finals	0.00	789.00	(789.00)
	Total Shortage	0.00	\$1,117.00	(\$1,117.00)

- b. The Girls’ Volleyball had three CIF playoff home games where the school sold tickets. We also compared the ticket sales per ticket recap prepared by the Financial Clerk to the per books recorded by the Financial Clerk. Our comparison resulted in unaccounted collections of \$580.00 as follows:

Date	Opponent	Cash Collection		Over/(Short)
		Per Books	Per Recap	
11/08/2011	vs. Palo Verde	0.00	121.00	(\$121.00)
11/10/2011	vs. Our Lady of Peace	322.00	321.00	1.00
11/15/2011	vs. Del Norte	464.00	924.00	(460.00)
	Total Shortage	786.00	1,366.00	(\$580.00)

On 12/2/2011 the Financial Clerk recorded in the books the amount of \$121.00 as collections from the games vs. Palo Verde but this amount is not for the ticket sales because this collection was receipted to account 2353-Ath/Basketball-Girls-Var.

In addition, CIF official’s fees for the girls’ volleyball playoff games totaling \$392.00 and CIF team entry fees for tennis and cross country totaling \$210.00 were inappropriately charged against the ASB expense account 6004-ASB CIF Playoff Expenses. These fees should have been charged to account 2522-Clear CIF Playoffs. On 6/30/2012 balance of \$2,386.95 in this account was transferred to account 2512-Clear AK Officials.

Recommendation

The former Financial Clerk must reimburse the total amount of \$1,697.00.

Journal vouchers are to be prepared to correct the inappropriate charges against the ASB General Fund as follows:

Account	Debit	Credit
2201 All Sports Trust	392.00	
3000 ASB General Fund		392.00

Explanation: To correct inappropriate charge of the Girls’ Volleyball CIF playoff official fees to the ASB.

Account	Debit	Credit
2201 All Sports Trust	210.00	
3000 ASB General Fund		210.00

Explanation: To correct inappropriate charge of the CIF tennis and cross country entry fees to the ASB.

5. **Four checks totaling \$7,648.00 received from The Foundation of La Jolla High School for the reimbursement of a trainer’s salary were not deposited to the district. Three checks were diverted to unrelated accounts to replace cash collections and conceal the non-deposit of the diverted cash and one check still remains in the Clear Foundation account and still not deposited to the district.**

Our review of the receipts for fiscal year 2011-2012 revealed that four checks received from The Foundation of La Jolla High School totaling \$7,648.00, for the purpose of reimbursing a trainer’s salary, were not deposited as required to the district. Instead the Financial Clerk posted these to other trust accounts to cover shortages.

Specifically, we noted the following:

Check Date	Check#	Purpose	Posted to	Amount
03/29/2012	10215	Trainer reimbursement-February 2012	2521 Clear Foundation	\$1,912.00
05/10/2012	10279	Trainer reimbursement-March 2012	2012 Class of 2012	1,912.00
05/10/2012	10278	Trainer reimbursement-April 2012	2012 Class of 2012=\$1,200.00 2263 Madrigals Club=\$712.00	1,912.00
06/04/2012	10323	Trainer reimbursement-May 2012	2356 U-Touch Club	1,912.00
			Total	\$7,648.00

The Foundation of La Jolla High School issued a total of nine checks for \$1,912.00 each. The first five checks were sent to the district to reimburse the salary of a trainer but the Financial Clerk withheld the last three checks and posted these checks to unrelated accounts. The 4th check is still in the account 2521-Clear Foundation and has not been deposited to the district.

This process of misdirecting collections to other unrelated accounts demonstrates the Financial Clerk’s manipulation of the collections.

Recommendation

The total amount of \$7,648.00 is to be deposited to the district to reimburse the salary of the trainer.

6. **A check from The Foundation of La Jolla High School in the amount of \$12,036.00 to reimburse spring coaches was recorded for \$8,536.00 to the correct account. The difference of \$3,500.00 was inappropriately posted to account 2268 Drama Club to substitute an unaccounted collection for the ticket sales for “Grease.”**

The Drama Club presented a play entitled “Grease” on March 15, 2012 through March 17, 2012 and sold tickets at various prices as follows:

Sold to:	Ticket Price
Students with ASB sticker	\$7.00
Students without ASB sticker	10.00
Senior Citizens	11.00
Adults	15.00

According to the Drama Club advisor, they sold tickets at full capacity of the auditorium for the three days presentation. The capacity of the auditorium is 475 seats per the Drama Club advisor. We used the average ticket price of \$10.75 to approximate the amount of tickets sold. The Drama Club did not prepare the required ticket recap and tickets sold were not pre-numbered, another requirement. The approximate ticket sales would have been \$15,318.75 (1,425 seats x \$10.75). For the period 3/13/2012 to 3/26/2012, only \$980.96 was deposited to the Drama Club account. There is an estimated loss of \$14,337.79 (\$15,318.75 – 980.96).

Audit was unable to determine the actual total amount of missing collections from the ticket sales of the play “Grease”. However, \$3,500.00 was deposited to the Drama Club on 3/29/2012 to substitute cash collections. This \$3,500.00 will have to be deducted from the Drama Club and sent to the district to reimburse spring coaches.

Recommendation

The former Financial Clerk must reimburse the total amount of \$3,500.00. This amount is part of Finding #1.

A check is to be prepared payable to San Diego Unified School District in the amount of \$3,500.00 for the reimbursement of spring coaches.

7. The audit determined an unaccounted ASB Ball income totaling \$3,360.00.

On 2/25/2012 the ASB held an ASB Ball by selling tickets at prices of \$35.00, \$40.00 and \$45.00. The tickets were not pre-numbered and a ticket recap was not prepared for the sale. Total deposit per book into the ASB Ball Income was \$28,087.00 representing 724 tickets.

Per the ASB advisor, there were 820 students who paid to attend the ASB Ball. Our analysis of the ASB Ball Income resulted in a minimum unaccounted income of \$3,360.00 as follows:

Number of students paid per ASB advisor	820
Less: Number of students paid per books	(724)
Unaccounted number of students paid	<u>96</u>
Multiply by \$35.00 (lowest price of ticket)	x \$35.00
Minimum unaccounted ASB Ball Income	<u>\$3,360.00</u>

- **District Administrative Procedure No. 2260 states “Ticket sellers or person(s) responsible complete ticket charge-out forms and turn in all material and money after an event.”**

Ticket charge-out/recapitulation form is to be prepared when the activity involves the selling of tickets to properly account the number of tickets sold.

Recommendation

Administration has the responsibility to institute practices that assure compliance with district requirements.

8. The audit determined an unaccounted ASB Air Band income totaling \$373.77.

On 3/29/2012 the ASB held an ASB Air Band competition by selling tickets at prices of \$5.00 and \$7.00. The tickets were not pre-numbered and a ticket recap was not prepared for the sale. Total deposit per books to the ASB Air Band Income was \$3,075.45. However, two checks totaling \$324.22 belonging to other accounts were included in the ASB Air Band deposit totaling \$324.29 and needs to be deducted. As a result actual income per books is \$2,751.23 (3,075.45 – 324.22).

Per ASB advisor, the full capacity of the auditorium was 375 seats. There were about 100 guests for the afternoon show and 375 guests for the night time show. Our analysis of the ASB Air Band resulted in an approximate unaccounted income of \$373.77 as follows:

100 guests at \$5.00 (Approximate)	\$500.00
375 guests at \$7.00	<u>2,625.00</u>
Air Band Income per Audit	\$3,125.00
Less: Income per books	<u>2,751.23</u>
Shortage	<u>\$373.77</u> *

*This amount is included in Finding #1. Two checks belonging to other accounts were deposited to Air Band.

- **District Administrative Procedure No. 2260 states “Ticket sellers or person(s) responsible complete ticket charge-out forms and turn in all material and money after an event.”**

Ticket charge-out/recapitulation form is to be prepared when the activity involves the selling of tickets to properly account the number of tickets sold.

Recommendation

Administration has the responsibility to institute practices that assure compliance with district requirements.

9. The audit determined unaccounted collections of \$1,982.00 for Senior Dues for the Class of 2012.

On 5/7/2012, the total receipted collection for Senior Dues was \$2,372.28. The Financial Clerk only recorded in the books the amount of \$390.28, understating the recording by \$1,982.00 (\$2,372.28 – \$390.28). The shortage was recorded into account 2510-Clear Basketball Home Games-tickets Sold to cover for the missing cash collection from basketball ticket sales. (See Finding #2)

Recommendation

Administration has the responsibility to institute practices that assure compliance with district requirements. This shortage is part of Finding #1.

10. The annual inventory of merchandise on hand as required by District Administrative Procedure No. 2360 was not performed at the end of the fiscal year.

At the end of fiscal year 2010-2011, an inventory of merchandise on hand was not conducted. Since there was no beginning inventory, we were not able to determine the reasonableness of the total sales of merchandise sold.

- **District Administrative Procedure No. 2360 states “At close of every school year, each student body activity shall take an inventory of all merchandise on hand which was purchased for resale, including shop materials.”**

At the close of every school year, each student body activity shall take an inventory of all merchandise on hand which was purchased for resale, such as P.E. clothes, locks, and including shop materials. The advisor or Financial Clerk is responsible for supervising the annual inventory count.

The advisor and/or Financial Clerk are to conduct an accurate inventory of merchandise for sale, which will serve as a benchmark for subsequent inventories. In addition, the Financial Clerk shall maintain the inventory on a spreadsheet and post daily sales of merchandise and quantity of items on the spreadsheet whenever a purchase is made.

An accounting of sales cannot be performed; therefore if fraud or misappropriation happened through unrecorded sales, the loss cannot be established. In light of the unaccounted monies, a high probability exists for loss of funds.

Recommendation

The principal is to institute procedures to assure compliance to district procedure No. 2360 and introduce a process that monitors compliance to this district procedure.

11. Pre-numbered tickets were not used for ticket sales and ticket recap form is not prepared that calculates the number of tickets sold and the total income generated based on the selling price per ticket.

Several activities held by the ASB and ASB clubs involved the selling of tickets. However, the tickets sold were not pre-numbered and ticket recaps were not prepared. As a result the sales generated from these activities cannot be properly accounted.

Specifically, we noted the following activities:

Club Name	Activity
ASB	ASB Ball
ASB	Air Band
Madrigals Club	Broadway Showcase
Madrigals Club	Talent Show
Drama Club	Grease

Pre-numbered tickets are to be used for any activities involving the sale of tickets. When ticket rolls are issued, there should be a log noting the beginning ticket number in the roll and to whom the roll was issued. At the end of the sale, a ticket recap must be completed to calculate the number of tickets sold and the total income generated based on the selling price of the tickets and the returned tickets.

An accounting of sales cannot be performed therefore if fraud or misappropriation happened through unrecorded sales, the loss cannot be established. In light of the unaccounted monies, a high probability exists for loss of funds.

Recommendation

Administration is to adhere to district policy and institute practices to assure compliance to district policy. A pre-numbered ticket is to be used when selling tickets for any activities and a ticket recap must be prepared to account for the tickets sold.

12. A master ticket log is not maintained by the sites to account for all tickets on hand and used during the year.

Tickets are to be safeguarded and treated as cash because stolen tickets are equivalent to lost income for the site since these tickets could be presented for admission without the presenter paying for admission or tickets could be fraudulently sold.

An accounting of sales cannot be performed, therefore if fraud or misappropriation happened through unrecorded sales, the loss cannot be established. In light of the unaccounted monies, a high probability exists for loss of funds.

Recommendation

The principal is to institute practices for ticket management that secures this asset against misuse and fraud.

A master ticket log is to be maintained to record the type of ticket, color, price and the current beginning ticket number in the role.

- 13. The Financial Clerk did not safeguard the backup of the Blue Bear Track system that generates the receipts for fiscal year 2011-2012; there is no assurance that collections recorded in the ASB Books are accurate.**

According to the Financial Clerk she created a backup of the receipts on a USB flash drive. However, during the audit, she was not able to provide the flash drive. A backup of auditable records such as receipts is important to safeguard the records just in case the files are corrupted then files can be recovered by restoring the backup files.

In this audit the backup was needed as original records were not kept.

- **California Code of Regulations 16026. Retention Period. “Disposable record shall not be destroyed until after the third July 1 succeeding the completion of the audit required by Education Code Section 41020 or any other legally required audit, or after the ending date of any retention period required by any agency other than the State of California, whichever date is later. A continuing record shall not be destroyed until the fourth year after it has been classified as Class 3-Disposable.”**

Backup files of auditable records created on a flash drives or other devices are to be safeguarded and kept in the safe.

As a result, there is limited assurance that the collections recorded in the ASB books are accurate. There is also a high risk of possible monetary loss since some collections were not receipted.

Recommendation

Administration has the responsibility to institute practices that assure compliance with district requirements.

- 14. There are 310 receipts that are missing resulting in limited assurance that collections were fully accounted.**

The backup of the Blue Bear Track system that generates the receipts for fiscal year 2011-2012 is missing. Audit identified a total of 310 receipts missing by reviewing the printout of the daily closeout “Sales by Receipt Report”.

Also the review of the daily “Closeout Summary Report” and the “Sales by Receipt Report” reveals that the following collections were not supported by a daily closeout report and/or the daily sales report.

Date	Receipt Number per Books	Total Amount
10/11/2011	No receipt numbers recorded	\$1,593.00
02/28/2012	2109521 – 2109593	12,380.00

03/02/2012	2109819 – 2110065	15,504.00
05/15/2012	2110781 – 2110808	5,875.50
	Total	\$35,352.50

- **California Code of Regulations 16026. Retention Period.** “Disposable record shall not be destroyed until after the third July 1 succeeding the completion of the audit required by Education Code Section 41020 or any other legally required audit, or after the ending date of any retention period required by any agency other than the State of California, whichever date is later. A continuing record shall not be destroyed until the fourth year after it has been classified as Class 3-Disposable.”

As a result, there is limited assurance that the collections recorded in the ASB books are accurate. There is also a high risk of possible monetary loss since some collections were not received.

Recommendation

Administration has the responsibility to institute practices that assure compliance with district requirements.

15. **The principal directed several inappropriate transfers of ASB funds totaling \$29,898.12 into a trust account 2226 Principal’s Discretionary and inappropriately used the funds for payment of district obligations.**

The principal directed several inappropriate transfers of various ASB funds to 2226 Principal’s Discretionary account. This trust account is being used as a discretionary fund that the principal has sole control and used of it. The audit was expanded to review prior fiscal years to determine if there were inappropriate transfers of ASB accounts.

Specifically, we noted the following:

Date	Journal Voucher	Account Transferred to 2226 Principal’s Discretionary	Amount	Sub Total
11/16/2010	135169	2218 Advanced Placement Trust	\$25,198.00	
05/26/2011	144303	2218 Advanced Placement Trust	915.50	\$26,113.50
06/22/2010	135090	4015 ASB Graduation Income (net)	2,615.92	\$2,615.92
06/23/2010	135096	2548 LMC Printer Operation Trust	69.70	
01/27/2011	135183	2267 LJ Rotary Found Music Grant	600.00	
03/16/2011	135197	2240 ID Card Trust	499.00	\$1,168.70
		Total Inappropriate Transfer of Funds	\$29,898.12	\$29,898.12

- a. **Inappropriate transfer from account 2218 Advanced Placement Trust to 2226 Principal’s Discretionary amounting to \$26,113.50.**

Our audit revealed that there were two journal vouchers written to transfer the total amount of \$26,113.50 from 2218 Advanced Placement Trust to 2226-Principal’s Discretionary account to cover the cost of a payment made to AccuBuild Construction, Inc. for building wall, drainage and water proofing around the football field in the

amount of \$24,000.00, an expenditure that is the responsibility of the district.

Trust accounts are created for a specific purpose and are not to be transferred to the Principal's Discretionary account. District purchases are not to be run through the ASB account, instead, they should be processed through the district's normal purchasing procedures.

b. Inappropriate transfer from account 4015 ASB Graduation Income to 2226 Principal's Discretionary for a net amount of \$2,615.92.

The Principal's Discretionary account's initial amount came from transferring the income and expense transaction balances of the ASB Graduation Income of \$2,691.10 and ASB Graduation Expense of \$75.18 (net amount of \$2,615.92).

Activities which are supported by the general student body must be considered general student activity revenue and are not to be diverted to the accounts of special groups.

c. Inappropriate transfer from three other trust accounts to 2226 Principal's Discretionary totaling \$1,168.70.

Trust accounts are created for a specific purpose and are not to be transferred to the Principal's Discretionary account. If the trust account is inactive, the balances are to be transferred to the ASB General Fund.

- **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."**

Trust accounts must not be transferred to a different trust account because each account has their own specific purpose. If a trust account becomes inactive for one year, the remaining balance is to be transferred to the ASB General Fund.

Recommendation

These actions are a violation of site managerial responsibility. Intervention against the staff member is needed and management of the involved staff is required to take action appropriate to the audit findings in accordance with performance evaluation. The Legal and Human Resources departments are available to provide support and guidance in this process.

The ASB General Fund needs to be reimbursed the amount of \$2,615.92. The inappropriate transfers to the 2226-Principal's Discretionary account are to be transferred back to the appropriate trust accounts and as required, moved to the ASB General Fund.

We recommend that the Area Superintendent implement processes to assure principal adherence to district policy and procedure.

- 16. Proctors were paid a total of \$8,511.00 directly as consultant using the ASB checking account instead of processing payments through the District's Time and Labor system.**

Fourteen (14) AP test proctors and one PSAT proctor, a district employee, were paid directly as consultant using the ASB checking account for a total amount of \$8,511.00 instead of processing payments through the District's Time and Labor system. Among the 14 AP test proctors paid as consultant, 4 were retired former employees of the district. Retired district employees must be regarded as "employees" and processed through the Payroll Unit and the payroll system. The retirees are subject to their retirement systems' earning limitations.

These payments were made in violation of district procedure 1550 Professional Consultants, Resource Persons, and Student Service Providers.

Recommendation

Administration has the responsibility to institute practices that assure compliance with district requirements.

- 17. ASB fund was used to pay a district employee for services rendered.**

A teacher was paid \$200.00 for racket restringing using the ASB trust account 2326 PE Trust Account in violation of the following procedure:

- **District Administrative Procedure No. 2225 states "Items sold by employees. Student body funds may not be used to purchase items sold by district employees".**
- **District Administrative Procedure No. 1550 states "Current employees of the district or employees on leave of absence may not be retained as professional consultants, resource persons, or student service providers.**

ASB funds cannot be used to pay for items sold by employees.

Recommendation

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

- 18. A retired district employee was inappropriately paid \$1,062.11 for pre-school counseling service using the account 2218-Advance Placement in the ASB books.**

The Foundation of La Jolla High School originally paid a retired district employee the amount of \$1,280.00 for pre-school counseling services. On 10/19/2011, an ASB check no. 7090 for \$1,062.11 was issued payable to The Foundation of La Jolla High School as reimbursement using the account 2218-Advance Placement account.

In essence, the retired district employee was paid by the ASB. This payment was made in violation of district procedure 1550 Professional Consultants, Resource Persons, and Student Service Providers, that states: “Retired district employees must be regarded as “employees” and processed through the Payroll Unit and the payroll system. As employees they are subject to their retirement systems’ earning limitations.”

Recommendation

Administration has the responsibility to institute practices that assure compliance with district requirements.

- 19. A cheer coach was paid a total of \$1,500.00 directly from the ASB instead of processing payment through the District payroll system.**

The ASB checking account was used to pay the cheer coach directly for a total amount of \$1,500.00 as follows:

Date	Check #	Description	Amount
10/12/2011	7042	Cheer routine	\$500.00
11/18/2011	7281	Choreography for homecoming	500.00
02/15/2012	7611	Choreography for spring season	500.00
		Total	\$1,500.00

Recommendation

Administration is to adhere to district policy and institute practices to assure compliance to district policy. Cheer coaches are classified as employees and are to be paid through the District’s payroll system.

Since this action provided no accounting that satisfies IRS income reporting requirements, the principal is to contact the controller’s office to process this payment in a manner that satisfied income reporting requirements.

- 20. ASB consultant forms were not prepared as required by district procedure and for IRS reporting of earnings.**

The ASB paid consultants for a total of \$1,295.00 for services rendered without preparing a consultant form.

Specifically, we noted the following:

Date	Check#	Description of Service	Account	Amount
10/19/2011	7102	Sound and light tech	2263Madrigals Club	\$50.00
02/14/2012	7581	Ooh La La Dance Academy	2268 Drama Club	250.00
03/13/2012	7701	Vocal coach	2268 Drama Club	420.00
05/25/2012	8034	DJ/MC service senior prom	2012 Class of 2012	575.00
		Total		\$1,295.00

Recommendation

ASB consultant forms must be completed prior to the rendering of services. Pink copies of the consultant forms should be sent to Accounts Payable so that the IRS form 1099 may be filed at the end of the calendar year. The yellow copy should be retained at the site to document payment made.

Since this action provided no accounting that satisfies IRS income reporting requirements, the principal is to contact the controller’s office to process this payment in a manner that satisfied income reporting requirements.

21. Misuse of student body funds through inappropriate expenditures was accounted totaling \$12,988.51.

Our review of the disbursement from July 1, 2011 through June 30, 2012, revealed several expenditures totaling \$12,988.51 that were an inappropriate use of student body funds.

Specifically, we noted the following inappropriate expenditures:

a. District Expenditure:

Date	Check #	Description	Source	Amount
09/14/2011	6373	4 teachers/counselors registrations for UC conference	2288 Project Success Club	\$160.00
10/21/2011	7126	Various athletics supplies	2326 PE Trust Account	1,054.65
11/01/2011	7160	PE Equipment	2326 PE Trust Account	\$593.60
12/07/2011	7349	Math Department Supplies	6003 ASB Miscellaneous Expense	104.25
12/12/2011	7362	Badminton rackets	2326 PE Trust Account	460.95
01/12/2012	7463	San Diego County School Districts Directory	2202 Academic Cords	21.55
03/01/2012	7666	Heavy duty net ratchet	2326 PE Trust Account	677.16
03/22/2012	7733	Various PE Equipment	2326 PE Trust Account	1,363.89
05/18/2012	7984	CPR class for choir teacher	2226 Principal’s Discretionary	23.00
06/01/2012	8062	CSU San Marcos-UARSC-counselor conference registration	2218 Advanced Placement Trust	65.00
06/06/2012	8090	Regents of University of California-counselor registration fee	2218 Advanced Placement Trust	40.00
Total District Expenditures				\$4,564.05

b. Expenditures for Faculty and Staff:

Date	Check #	Description	Source	Amount
05/29/2012	8049	Restaurant gift cards for assistant coaches	2290 Science Team	\$79.99
Total Expenditures for Faculty and Staff				\$79.99

c. Donation to Non-District/Charitable Organization:

Date	Check #	Description	Source	Amount
05/29/2012	8049	Costco-CMN donation	2290 Science Team	\$1.00
06/04/2012	8078	Peaceplayers International	2357 Irish Club	180.67
06/05/2012	8083	Donation to Jonathan Tarr Foundation	2219 Island Style Club	300.00
06/11/2012	8103	US Funds for Unicef	2299 Unicef	619.22
06/20/2012	8135	U-Touch	2356 U-Touch Club	5,793.58
07/09/2012	8158	Friends of the Poor	2227 Casa de los Pobres	850.00
Total Donation to Charitable Organization				\$7,744.47

d. Gift Cards:

Date	Check No.	Description	Source	Amount
05/29/2012	8050	Amazon gift cards	6003 ASB Miscellaneous	\$100.00
06/04/2012	8077	Walmart gift cards	2330 UCSD-SEPA	500.00
Total Gift Cards				\$600.00

- **District Administrative Procedure No. 2225 states “Expenditures for faculty. Under no conditions shall student body money be expended for the benefit of faculty.”**
- **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 “Instructional supplies and equipment. In secondary schools, student body funds may not be used to purchase instructional supplies and equipment for instructional use.”**
- **Education Code section 44032 states “The governing board of any school district shall provide for the payment of the actual and necessary expenses.”**

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

These actions are a violation of managerial responsibility. Intervention against the financial clerk is needed and management of the involved staff is required to take action appropriate

to the audit findings in accordance with performance evaluation. The Legal and Human Resources departments are available to provide support and guidance in this process.

Administration is to adhere to district policy and institute practices to assure compliance to district policy. Grant awards are to be deposited in the district and not in the ASB.

The Area Superintendent is to assure that site action and principal directed expenditures comply with Education Code, district procedure and the spirit of the purpose for ASB.

22. Cash collections from basketball games ticket sales totaling \$3,759.00 were not deposited in a timely manner.

Our review of the basketball games tickets sales for fiscal year 2011-2012 revealed that cash collections totaling \$3,759.00 were not deposited to the bank in a timely manner. The range of delay was from 97 to 128 days.

Specifically, we noted the following:

Game Date	Opponent	Date Deposited	Days Elapse	Amount
01/10/2012	vs. Saints	05/07/2012	128 days	\$1,454.00
01/20/2012	vs. Scripps Ranch High	05/07/2012	118 days	528.00
01/31/2012	vs. Lincoln High	05/15/2012	115 days	459.00
02/03/2012	vs. Mission bay High	05/21/2012	108 days	778.00
02/14/2012	vs. University City High	05/21/2012	97 days	540.00
	Total			\$3,759.00

- **District Administrative Procedure No. 2245 states “All money collected during one day, prior to time for deposit, is prepared for deposit intact.”**

For internal control purposes and to comply with district procedure, all collections are to be receipted and deposited to the bank on a daily basis to minimize the amount of cash held at the site and protect the district’s assets as well as lessen the opportunity for abuse and theft.

Recommendation

Internal Audit requires that the principal initiate site practices that adhere to District Procedure No. 2245 to properly effect actions that are designed for safeguarding assets as a basic and essential internal control.

23. A Financial Clerk, violated district policy by using personal funds for cash refund and then reimbursing herself without the approval of the ASB student council and ASB advisor.

On June 6, 2012, the Financial Clerk issued a check to reimburse herself the amount of \$75.00 for a cash refund to a student for the purchase of yearbook and ASB sticker. The Financial Clerk circumvented the approval process for disbursing ASB funds by performing

a cash refund and reimbursing herself without the approval of the ASB student officer and the ASB advisor.

The \$75.00 refund was recorded as a debit to account 2212-Yearbook. Our review reveals that this should have been debited to the following accounts:

Account	Amount
2212 Yearbook Club	\$60.00
4001 ASB Sticker	15.00
Total	\$75.00

- **District Administrative Procedure No. 2245 states “Cash collected by the student body shall not be used for payments of any sort; payment shall be by ASB check only.”**
- **District Administrative Procedure No. 2437 states: “Student body requisition: Approval of a representative of the student body organization, the ASB advisor or sponsor, and the Principal is required.”**

Cash refunds are not to be made because payments of any kind must be by ASB check only as a basic internal control.

Recommendation

Administration is to implement practices that assure compliance to district procedure. A journal voucher needs to be prepared to correct the entry as follows:

Account	Debit	Credit
3000 ASB General Fund (4001 ASB Sticker)	15.00	
2212 Yearbook Club		15.00

Explanation: To correct posting of check No. 8093.

For internal control purposes, refunds are to be made by checks only.

- 24. Cash deposits from the advisors or student clubs to the Financial Clerk are not always accompanied by a cash count sheet to document the total deposit as pre counted by the advisor or student.**

We noted that several deposits from clubs were not always supported by a cash count sheet to document the deposit total as counted by the advisor or student.

The cash count sheet serves the same purpose as a deposit slip to the bank, and it provides for a reconciliation process since the deposit is usually not verified with both parties present. A difference between the Financial Clerk’s count and the advisor or student’s count would warrant a recount with both parties present. This procedure decreases the number of disputes arising from deposits processed incorrectly.

Recommendation

To strengthen the procedures over cash collections, all deposits forwarded to the Financial Clerk must have a cash count sheet. The student or club advisor is to maintain an independent record of their transactions (receipts/disbursements) by reconciling their actual deposits and expenditures with the records in the financial office.

25. The remaining balance in the Senior Class of 2011 was improperly distributed against their Class Will’s instruction.

At the end of fiscal year 2010-2011, the Senior Class of 2011 had a remaining balance of \$6,810.38. A journal voucher no. 147819, dated 1/11/2012 was prepared to distribute the remaining balance. However, the amount distributed was not in adherence to the “Class Will.”

Per Senior Class of 2011 “Class Will”, \$1,000 each is to be deposited into the accounts of the Class of 2012, 2013, 2014 and 2015. \$250 is to be transferred to the La Jolla High School Alumni Office and the remainder of the funds is to be transferred into the General Fund. However, the amount transferred was as follows:

Accounts	Per Class Will	Actual Distribution	Difference
Alumni Office	\$250.00	\$250.00	\$0.00
Class of 2012	\$1,000.00	\$3,140.09	\$2,140.09
Class of 2013	\$1,000.00	\$1,140.09	\$140.09
Class of 2014	\$1,000.00	\$1,140.10	\$140.10
Class of 2015	\$1,000.00	\$1,140.10	\$140.10
Totals	\$4,250.00	\$6,810.38	\$2,560.38

The remaining amount of \$2,560.38 should have been transferred to the ASB General Fund per “Class Will”.

Recommendation

Administration has the responsibility to institute practices that assure adherence to the graduating class will.

The school is to transfer the corresponding amount from each of the class accounts, the total amount of \$2,560.38 to the ASB General Fund as follows:

Account	Debit	Credit
2012 Class of 2012	\$2,140.09	
2013 Class of 2013	\$140.09	
2014 Class of 2014	\$140.10	
2015 Class of 2015	\$140.10	
3000 ASB General Fund		\$2,560.38

Explanation: To correct amount distributed to each class per class will of 2011.

26. The Class of 2011 and Class of 2012 each inappropriately transferred \$250.00 to the La Jolla High School Alumni, a non-district organization.

Accounts in the ASB are intended only for students currently enrolled in the school. At the end of each school year, the graduating class prepares a class will that provides for the disposal of all funds remaining in the class account. These funds may be designated for specific purpose or transferred to the ASB General Fund. However, the Senior Class of 2011 and Class of 2012 inappropriately willed funds in the amount of \$250.00 each to the La Jolla High School Alumni, a non-district organization.

Recommendation

The administrator is to place in practice procedures that assure funds deposited in the ASB account are not transferred to a non-district organization.

The school is to initiate the collection of \$500.00 from the La Jolla High School Alumni.

27. Six student clubs, without required board approval, conducted fundraisings totaling \$9,243.47 for the benefit of a non-district organization.

Our review of the disbursements revealed that five student clubs donated to non-district organizations without the approval of the Board of Education as follows:

Date	Check #	Club Account	Donated To	Amount
06/20/2012	8135	2356 U-Touch Club	U-Touch	\$5,793.58
07/09/2012	8158	2227 Casa de los Pobres	Friends of the Poor	850.00
05/29/2012	8048	2283 Mariners Club	Melanie B Jones Scholarship	1,500.00
06/11/2012	8103	2299 Unicef	US Funds for Unicef	619.22
06/05/2012	8083	2219 Island Style Club	Jonathan Tarr Foundation	300.00
06/04/2012	8078	2357 Irish Club	Peaceplayers International	180.67
			Total	\$9,243.47

a. The U-touch Club conducted fundraisings and donated the proceeds to a nonprofit organization without the approval of the Board of Education.

The U-touch Club is operating without a “Request for Organization of School Club,” Constitution and without fundraising approval from the Board of Education.

In fiscal year 2011-2012, the U-touch Club conducted a jewelry fundraiser and donated the amount of \$5,793.58 to a nonprofit organization called U-touch. This fundraising is to support children’s education in Uganda.

b. The Casa de los Pobres Club donated the amount of \$850.00 to the Friends of the Poor without the approval of the Board of Education.

- c. **The Unicef Club donated to the United States Fund for Unicef the amount of \$619.22 without the approval of the Board of Education.**

The Unicef Club is operating without a “Request for Organization of School Club,” Constitution and without fundraising approval from the Board of Education.

- d. **The Island Style Club donated the amount of \$300.00 to the Jonathan Tarr Foundation without the approval of the Board of Education.**

- e. **The Irish Club donated to the Peaceplayers International the amount of 180.67 without the approval of the Board of Education.**

Donations to nonprofit organizations are not allowed because they are considered a gift of public funds, no matter how worthy the cause. Fundraisings that occur on campus should be for the benefits of the students and not for other organizations unless approved by the Board of Education.

Recommendation

The administrator is to place in practice procedures that assure funds deposited in the ASB account are not transferred to a non-district organization.

Fundraisings for charitable purposes require board approval.

- 28. **The ASB constitution lacks regulation for the management of student body funds and for inventorying merchandise purchased for resale as required by district procedure.**

We reviewed the ASB Constitution provided by the ASB advisor and found that it lacks the following criteria:

- **District Administrative Procedure No. 4353 C.3. states “Constitution and bylaws shall contain:**
 - c. **Regulations for management of student body funds, including provisions for an annual budget to be developed by a budget committee composed of elected students and faculty members**
 - e. **Regulations for inventorying merchandise purchased for resale.**

Recommendation

An ASB Constitution is to be amended by the ASB in the manner that complies with district procedure.

The ASB constitution must be amended by the student body organization to include provision for the regulation for management of student body funds including an annual budget and regulations for physical inventory of merchandise for resale.

29. Annual budgets were not planned and developed to ensure a sound financial condition for all student body activities.

Our audit disclosed that ASB budgets were not planned and developed for fiscal year 2011-2012.

- **District Administrative Procedure No. 2227 states: “Student-faculty finance committee, composed of ASB council students, ASB adviser, faculty members, financial clerk, and a management employee, shall be formed to develop a recommended budget.**

b. A time schedule shall be established so the preliminary budget may be adopted by May 1, and the final budget, not later than October 1”.

The essential elements of a student body budget include the establishment of specific goals, estimated income and expenditures for a given period and periodic comparison of the actual results with the budget to assure that income is adequate to meet expenses. In preparing a budget the financial pattern of the prior years should be considered, including specific planned activities. The budgets should be realistic and should attempt to reflect the conditions under which student body activities will be conducted in the coming year.

The student-faculty finance committee is to prepare an annual budget based on the financial pattern of the past few years and to take into consideration the specific planned activities for the related fiscal year, operate within the budgetary limitations and periodically compare the actual results with the budget to assure that income is adequate to meet expenses. They are to submit an amended budget if necessary with approval from Student Council to ensure that the student body is operating in a sound financial manner.

Recommendation

The Student-faculty finance committee, composed of ASB council students, ASB advisor, faculty members, financial clerk, and a management employee, shall be formed to develop a recommended budget.

30. Trust/Clubs were not properly managed and controlled in violation of District Procedure No. 6240.

Our review of the recorded Trust/Clubs in the ASB books showed the following deficiencies:

- a. Approved constitutions and by-laws or statement of purpose for several trust/club accounts were not on file in the financial office. (Schedule VIII)**

As a result, we could not establish the validity of trust/club accounts, nor the purpose for which these trust/club accounts were organized and carried on the student body books.

- **District Administrative Procedure No. 6240 states “A charter, constitution or statement of purpose and objectives, and membership requirements must be approved by the student governing body and by the Principal. A copy must be on file in the school office”.**
- b. **The faculty advisors of several clubs did not complete the “Club Advisor Checklists.” (Schedule IX)**

Our review of the Trust/Clubs revealed that the faculty advisors of several clubs did not complete the “Club Advisor Checklists” as required by District Procedure No. 6240.

- **District Administrative Procedure No. 6240 states “Advisor acknowledges receipt of “Club Advisor Checklist”. A signed copy of the “Club Advisor Checklist” must be on file in the school’s financial office.”**
- c. **The “Request for Organization of a School Club” forms were not completed by several clubs. (Schedule X)**

The “Request for Organization of a School Club” forms were not completed by several clubs.

- **District Administrative Procedure No. 6240 states “Students seeking approval of school club through student representative, complete “Request for Organization of a School Club” form declaring the aims or statement of purpose of proposed club, proposed membership source, and requesting approval as a school club.”**
- d. **All the “Request for Organization of a School Club” forms did not have the approval signature of the principal and the student council.**
- **District Administrative Procedure No. 6240 states “Every proposed student club desiring district authorization must apply to the student governing body of the school”.**
 - **District Administrative Procedure No. 6240 states “Principal or agent of principal reviews request for approval. Approves or disapproves.”**

Recommendations

We recommend that the site administrator:

- a. Enforce the requirement to have club sponsors submit to the Student Body Financial Office the constitution and by-laws of the clubs or class that they are sponsoring.

Ensure that clubs or classes without the required constitution and by-laws are not allowed to use the trust account of the student body fund.

Require that a copy of the charter, constitution or statement of purpose and objectives is on file in the financial office.

- b. The Principal institutes a practice that distributes the “Club Advisor Checklist” forms to all faculty advisors and requires that they acknowledge receipt of the “Club Advisor Checklist.” This will ensure that the faculty advisors are aware of their responsibilities as an advisor. The Principal is to require that a copy of the “Club Advisor Checklist” is kept on file in the financial office for each Club Advisor.
- c. All clubs seeking approval are to submit a “Request for Organization of a School Club” form. The Principal approves or disapproves each request for organization of a school club, per District Administrative Procedure No. 6240, and obtains approval by the ASB for all clubs and requires that a copy of the approval is filed in the financial office.

31. Revenue potentials were not prepared for any fundraising activities as required by district procedure.

Fundraising activities were conducted without satisfying the requirement of pre-determining whether the event will secure revenues in excess of expenditures.

A “Revenue Potential” form is completed prior to conducting any fund raising activity. At the conclusion of the fund-raiser, the form must be finalized to compare projected earnings to actual earnings and have variances analyzed. The completed form is to be filed in the finance office.

District Procedure 6240 addresses the need for and presents an example of the Revenue Potential Form. The requirement for and instructions on completion of the Revenue Potential form is also presented in the ASB Handbook.

Recommendation

The Principal institute a practice that assures the Revenue Potential Form is completed and filed prior to the approval of fundraising activities.

32. All fundraising activities held during fiscal year 2011-2012 did not have an approval form.

The ASB did not maintain records of all fundraising activities for fiscal year 2011-2012, as a result, approval of all fundraising activities cannot be verified.

- **District Administrative Procedure No. 2265 states “Student organizations wishing to collect funds for any purpose shall obtain advance approval of the principal or designee and the ASB council.”**

Each plan for the raising of student body organization funds must be approved by the student council and the school principal. Approval shall be recorded in the ASB minutes.

Recommendation

The Principal is to adhere to district policy and institute practices to assure compliance to district policy. The Financial Clerk or ASB is to keep a copy of the fundraising activities approval form on file.

33. ASB requisitions were not on file for 215 check payments in violation of District Procedure No. 2437. (Schedule IV)

Our audit of the disbursements for the period July 1, 2011 through June 30, 2012, revealed that ASB requisitions were missing for 215 checks totaling \$37,780.53.

- **District Administrative Procedure No. 2437 states: “Prior to any purchase, a student body requisition shall be completed and approved by a student body organization representative, and the Principal.”**

Recommendation

The Principal is to effect processes that ensure that a properly completed requisition is created for every ASB check.

34. There are 41 inactive trust/club accounts as of June 30, 2012 having balances totaling \$5,633.64 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. (Schedule VII)

The review of several trust/club accounts revealed a total of 41 accounts were inactive and still carried in the ASB books.

- **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 inactive accounts listed in Schedule VII. If the club or trust accounts are to be disbanded, the balances of the inactive accounts are then transferred to the ASB General Fund.

35. Eleven “Clearing Account” balances were not cleared at the end of the fiscal year.

Our review of the ASB financial statement at the end of fiscal year 2011-2012 revealed that balances existed on eleven “Clearing Accounts” as follows:

Clearing Accounts	Balance as of June 30, 2012
2501 Clear Locker donation	\$473.00
2502 Clear Miscellaneous	350.00
2510 Clear Basketball Home Game Tickets Sold	5,292.39
2511 Clear Football Home Games-Ticket Sold	3,181.65
2512 Clear AK Officials	(6,061.60)
2513 Clear AK Supplies	(1,245.76)
2515 Clear AK Entry Fees/Pool Rental	(1,152.60)
2520 Clear-Registration Refunds	13.00
2521 Clear Foundation	3,196.10
2522 Clear CIF Playoffs	2,386.95
2524 Clearing Girls JV Tennis	290.41

The purpose of a clearing account is to setup a special account apart from the regular accounts to avoid distorting the general financial condition of the ASB. This type of account is closed at year-end and therefore, a balance must not exist at the end of the fiscal year.

Recommendation

The administrator is to place in practice procedures that assure adherence to proper accounting practices.

Clearing accounts are to be cleared at the end of the fiscal year.

36. Several ASB requisitions did not have the proper signatures that are required to authorize the purchase.

The audit revealed that there were 280 instances representing (17%) of the total student body requisitions tested that did not have the required approval signatures of the ASB student representative, the ASB advisor or sponsor, the principal and the financial clerk.

Missing Signatures on ASB Requisition by:	Number of Instances
ASB student representative	163
ASB/Club advisor/sponsor	87
Financial Clerk	15
Person making the requisition	9
Principal	6
Total Number of Instances without Proper Signatures	280

- **District Administrative Procedure No. 2437 states: “Student body requisition is a serially numbered, original internal control form which must be completed as authorization for drawing a student body check. Approval of a representative of the student body organization, the ASB advisor or sponsor, and the Principal is required.”**

Recommendation

ASB expenditure requests shall be submitted on student body requisition forms signed by the originator of the request, the Financial Clerk, the ASB representative, the ASB advisor/sponsor, and the Principal. The Financial Clerk’s signature certifies that request is authorized and funds are available.

37. Nine student body checks were released to the payee bearing only one of the required two signatures.

Our review of the cancelled checks revealed that 9 ASB checks were released to the payee with only one signature instead of the required two signatures. All of these checks did not have the signature of the principal.

- **District Administrative Procedure No. 2247 states “Signatures of both principal and secretary/financial clerk are required on each check prepared.**

Recommendation

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

The Financial Clerk is to ensure that the checks prepared have two signatures before they are released for payment.

38. Student body checks were not written in numerical sequence.

Our review of the disbursements for fiscal year 2011-2012 revealed that numerous checks were not issued in numerical sequence.

Specifically, we noted the following out of sequence checks:

Date Issued	Check Nos.
08/08/2011-08/11/2011	6884-6911
08/31/2011	6857
09/06/2011	6939-6940
09/08/2011-09/21/2011	6858-6883
09/29/2011	6992
11/29/2011	7287
12/16/2011	7466
01/18/2012	7502-7512
02/20/2012	7485-7501
02/28/2012	7728
03/31/2012	7832-7833
04/10/2012	7774
04/30/2012	8036
04/30/2012	8095

05/01/2012	8037-8038
06/15/2012	8145-8149

Checks are to be written in numerical and chronological sequence to ensure that all checks are accounted for and no checks are missing. It also facilitates the bank reconciliation process.

Recommendation

For internal control purposes, checks should be written in numerical and chronological sequence. All checks are to be accounted and posted in the ASB books.

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

In fiscal year 2011-2012, the School allowed clubs to conduct over 97 days of food sales during school hours, exceeding the maximum of 4 days allowed in a fiscal year. The clubs sold food items that are noncompliant to providing approved items.

Specifically, we noted the following violations:

- a. Food sales exceeded the maximum allowed (four days) in a fiscal year.
- b. Noncompliant foods were sold on campus less than ½ hour after the school day.
- **District Administrative Procedure 2270 states, Secondary 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:**

In addition to one student organization sale each day, any and all student organizations may sell on the same four designated days per year. School administration determines these dates and needs to notify the cafeteria manager/site leader”.

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.

40. The school understated the remittance of the 80% net proceeds from football games due to the district in fiscal year 2011-2012 by \$1,248.33.

At the end of every football season, the school is required to report the income and expenses and to remit 80% of the net proceeds of scheduled football games to the district.

Our review of the “Summary Report of Income from 2011-2012 Football Game Gate Receipts” resulted in a net income of \$3,797.40. The school should have remitted 80% of

the net income equivalent to \$3,037.92 ($\$3,797.40 \times 80\%$) to the district. However, the school only remitted \$1,789.59 as a result, the remittance to the district was understated by \$1,248.33 ($\$3,037.92 - \$1,789.59$).

In fiscal year 2011-2012, the school did not include the income from the presale tickets sold and as a result, the football gate receipt was understated by \$1,854.00. The football game expenses were also understated by a net of \$293.59 – this resulted in the net income reported to the district being understated by \$1,248.33 ($\$1,854.00 - \$293.59 = \$1,560.41 \times 80\%$).

Specifically, we noted the following:

Total net proceeds reported to the district	\$2,236.99
Should be	3,797.40
Difference	<u>(\$1,560.41) *</u>
Multiply by	<u>80%</u>
Understated amount	<u><u>\$1,248.33</u></u>

*The difference of \$1,560.41 ($\$1,854.00 - \293.59) represents presale ticket sales that were not included in the ticket financial recap and incorrect reporting of expenses as follows:

- a. Presale ticket sales totaling \$1,854.00 were not included in the calculation of the ticket recap:

LJHS vs. Valley Center	\$1,215.00
LJHS vs. Santa Fe Christian	140.00
LJHS vs. Serra High	388.00
LJHS vs. Mission Bay High	111.00
Total difference	\$1,854.00

- b. Various errors in claiming expenses related to the game.

LJHS vs. Valley Center	Deducted expense for bleachers without prior approval-not allowable expense	\$520.00
LJHS vs. Hoover High	Security expense not included	(486.90)
	Ambulance claimed expenses short	(315.42)
	Child tickets included in facility fund	21.00
LJHS vs. Serra High	Child tickets included in facility fund	57.00
	Presale tickets not included in facility fund	(128.00)
LJHS vs. Mission Bay	Ambulance claimed expense short	(82.32)
	Ticket sellers expense claimed over	135.66
	Child tickets included in facility fund	90.00
	Timer not included as expense	(67.61)
	Presale tickets not included in facility fund	(37.00)
Net Shortage in Claimed Expenses		(\$293.59)

Income and expenses from the gate receipts are to be reported accurately.

Recommendation

Administration has the responsibility to institute practices that assure compliance with district requirements.

The school is to write a check payable to San Diego Unified School District in the amount \$1,248.33 representing 80% of the net proceeds for the 2011-2012 football games.

41. The school understated the remittance of the ASB Cards sales to the district by \$652.00.

At the end of every basketball season, the school is required to remit to the district, \$4 for each ASB Cards sold. The school only reported a total of 554 ASB Cards. Our audit revealed that 717 ASB Cards was sold in fiscal year 2011-2012.

Total sales per books	\$10,768.00
Divided by cost per ASB Cards sold	<u>\$15.00</u>
Total number of ASB Cards sold per audit	717
Total ASB Cards sales reported to the district	<u>554</u>
Total number of ASB Cards not reported to the district	163
Multiply by	<u>\$4.00</u>
Understatement of ASB Cards remitted to the district	<u>\$652.00</u>

Recommendation

Administration has the responsibility to institute practices that assure compliance with district requirements.

The school is to write a check payable to San Diego Unified School District in the amount \$652.00 representing the understated ASB Cards sales for the 2011.

42. Funds collected for Lost Book and Late Book Fines were not remitted to the district for a combined total of \$7,050.22.

Our review of the Lost Book trust account revealed that the school did not make a remittance to the district at the end of fiscal year 2011-2012. The School has been using this fund for direct purchases such as rebinding of textbooks, calculus books and library books totaling \$12,090.86 instead of using the district's purchasing system.

We also reviewed the Late Book Fines trust account and similarly, the school also has not been making remittances to the district from fiscal year 2009-10 through 2011-12. The School also used this fund for direct purchases such as rebinding cover of textbooks totaling \$2,553.41.

The collections for lost books and book fines are district funds. The trust fund accounts setup in the ASB books are to be used for refunds and any remaining balances should be transferred to the district. As of June 30, 2012, the trust account for Lost Book and Late

Book Fines has balances of \$5,043.71 and \$2,006.51 respectively.

- **District Administrative Procedure No. 2165 states “Financial clerk issues, periodically, an ASB check payable to San Diego Unified School District, requesting funds to be appropriated to account indicated.”**

The Lost Book trust account is not to be used for purchasing supplies for the library using the ASB checking account. This account is solely to be used to pay for books returned by the students. Purchases are not to be run through the ASB account instead they should be processed through the District’s normal purchasing procedures.

The Late Book Fines trust account is also not to be used for purchasing supplies using the ASB checking account. The balance at the end of the year is to be remitted to the district.

Recommendation

The Financial Clerk is to periodically issue an ASB check to San Diego Unified School District, retaining a small amount in the ASB checking account to be used for fall refunds. The check should be submitted to the district cashier, Accounting Operations Department, requesting that the funds be appropriated to an account specified on the “District Daily Remittance Advice.”

43. Improper payment processing practices resulted in overpayments totaling \$142.81.

Our review of the disbursements for the period July 1, 2011 through June 30, 2012 revealed that duplicate and overpayments were made as follows:

- a. Duplicate payments:

Date Issued	Check No.	Account	Amount	Bank Paid
12/08/2011	7351	6021 ASB Activities Expense	\$29.50	02/02/2012
12/15/2011	7391	6021 ASB Activities Expense	\$29.50	12/19/2011

Check no. 7391 was reissued for check no. 7351 but both checks were paid by the bank.

Date Issued	Check No.	Account	Amount	Bank Paid
04/19/2012	7841	2512 Clear AK Officials	\$50.00	04/23/2012
04/30/2012	7896	2512 Clear AK Officials	\$50.00	05/04/2012

Check no.7841 was voided and check no. 7896 was issued as replacement but both checks were presented to the bank and paid by the bank.

The Financial Clerk did not verify if the first check issued was already paid by the bank and did not place a stop payment before reissue to prevent duplicate payments.

b. Various overpayments:

Date	Check No.	Account	Amount
10/19/2011	7115	6024 ASB Link Crew	\$0.11
11/08/2011	7192	2281 Key Club	0.31
01/06/2012	7426	6021 ASB Activities Expense	15.96
04/17/2012	7828	2265 Drama	35.05
04/19/2012	7863	2268 Drama	0.10
05/01/2012	7899	2271 Girls Golf Team	3.79
05/04/2012	7932	2316 Bulgarian Club	3.99
05/29/2012	8052	2012 Class of 2012	4.00
		Total Overpayment	\$63.31

The Financial Clerk did not properly match the supporting documentation before disbursements.

Recommendation

The Financial Clerk is to follow the accounting procedures to verify checks if already paid by the bank and initiate a stop payment before reissue to prevent duplicate payments.

The Financial Clerk is to ensure that proper documentation for 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.

The school is to initiate the collection of duplicate and overpayments.

44. The School opened a revolving charge account with Home Depot in violation of District Procedure 1570.

Our audit revealed that the school has a revolving credit card account with Home Depot. This credit card is being used to purchase materials used by the Construction Tech Shop, Auto Shop and Drama Club.

- **District Administrative Procedure No. 1570 states “All district contracts must be approved by the Board of Education unless power to contract on behalf of the district has been delegated by the board to a district officer/employee.”**

The School is not allowed to open a credit card from a vendor.

Recommendation

Administration is to adhere to district policy and institute practices to assure compliance to district policy. The School is to close the credit card issued by Home Depot.

45. The school is charging students for lockers and the collections are transferred to The Foundation of La Jolla High School.

The Foundation of La Jolla High School provided the lockers at La Jolla High School. Every year, the school is charging students an amount for the maintenance and replacement of these lockers. The collections are being deposited in the ASB checking account as a clearing account and then transferred to The Foundation of La Jolla High School. In fiscal year 2011-2012, the school transferred a total of \$14,000 to The Foundation of La Jolla High School.

We asked the principal of La Jolla High for an explanation why the collections for lockers are transferred to The Foundation of La Jolla High School and his explanation was as follows:

*“The district has repeatedly stated that it does not purchase lockers for schools nor support their maintenance. Basically, they told us we are on our own, in spite of the fact that a parent went to the Board and literally tossed her freshman daughter’s 80lb. backpack up on the stage!
So the Foundation stepped in to raise the money needed to install the original lockers. Since then, we annually ask for a donation to maintain/replace the lockers we have installed. That said, any student who wants a locker gets one, donation or not.”*

- **District Administrative Procedure No. 9300 Acceptance of Gifts states: “Gifts given to a school become district property.”**

“Ownership. All student body property is under the management and ownership of the district. Once purchased, a piece of equipment becomes property of the district, and shall be handled as all other district property.”

- **District Administrative Procedure No. 9325 states: “The nonprofit organization’s funds and accounts shall be kept completely separate from school and Associated Student Body accounts. The organization shall be responsible for their own bookkeeping and accounting”.**

The Foundation of La Jolla High School may solicit voluntary donations for the maintenance of lockers but such collection is to be done outside of the school instructional day and done by the Foundation members.

Recommendation

ASB account is not to be used for collecting donations for the maintenance and replacement of lockers. Nonprofit organization’s funds and accounts are to be kept separate from school and ASB accounts.

46. The School asked for donations during registration by specifying an amount for each item in violation of the California Constitution that mandates public education be provided free of charge.

We reviewed the form “2011-2012 Purchase/Donation List” distributed during registration. This form stated that “payment for “donation” items is optional but appreciated.” The school listed items as donation on the form for the following items:

Item	Explanation	Cost
I.D. Card	Required for all students; used for textbooks, library, computer lab, bus pass, etc.	\$3.00 (donation)
Locks	State Law requires that only locks purchased at the Finance Office be used on books and PE lockers.	1=\$5.00; 2=\$10.00 (donation)
P.E. clothes	Students may only wear official LJHS P.E. clothes. Loaners available (May be purchased later.)	\$20.00 (donation)
Locker Donation	This nominal yearly donation provides LJHS students with lockers which the district will not buy nor maintain. Without donations lockers will be closed.	\$20.00 (donation)

- Per District Guidelines for District Staff and Parents Regarding Student Fees, donation and Fundraising dated November 2009, “School districts, schools, programs and classes can and do seek and accept donations of funds and property, and this practice is permissible as long as it is truly voluntary and in no way a prerequisite to participation in the program or activity. Therefore, any statement or explanation related to a donation that could lead a reasonable person to believe the donation may not be voluntary is to be avoided. Examples include but not limited to a specified minimum amount of donation, a date by which a donation is due, a lesser donation amount if funds are received prior to a certain date. Additionally, any statements or actions that exert explicit or implicit pressure on students or parents to make a donation are to be avoided.”**
- The California Constitution provides for a free school system. Title 5, California Code of Regulations, section 350, specifically states: "A pupil enrolled in a school shall not be required to pay any fee, deposit, or other charge not specifically authorized by law."**

The California Constitution mandates that public education be provided to students free of charge, unless a charge is specifically authorized by law for a particular program or activity.

Recommendation

The Area Superintendent is to assure that site action and principal adhere to district policy and education code and institute practices to assure compliance.

- 47. The School accepted a grant for a total amount of \$26,386.25 from the University of California, San Diego (UCSD) and deposited the amount into the ASB checking account instead of the District account.**

A sub-award agreement was entered into by UCSD and San Diego Unified School District (SDUSD) was named as a sub-recipient. The school received a total of \$26,386.25 from UCSD for the period 7/23/2011 to 7/22/2012. The awarding agency of this grant is the National Institute of Health and the purpose of the award was educating high school students and their families about clinical research.

The School deposited the \$26,386.25 into a trust account called 2330 UCSD-SEPA Grant Science in the ASB books instead of to the site’s district account.

Recommendation

These actions are a violation of site managerial responsibility. Intervention against the staff member is needed and management of the involved staff is required to take action appropriate to the audit findings in accordance with performance evaluation. The Legal and Human Resources departments are available to provide support and guidance in this process.

Administration is to adhere to district policy and institute practices to assure compliance to district policy. Grant awards are to be deposited in the district and not in the ASB.

- 48. Eighteen (18) students were paid a total of \$3,970.00 in the guise of scholarships for services rendered for the joint UCSD-LJHS Science Education Partnership Award grant.**

In fiscal year 2011-2012, there were 12 students who received a total of \$2,550.00 for working with the elder one on one program at Cloisters and 3 students were paid as responder “scholarships” as lead students for the UCSD-SEPA project at Cloisters for a total amount of \$400.00.

Also noted in fiscal year 2012-2013, three students were paid for creating a video for the joint UCSD-LJHS organ donor program totaling \$1,020.00.

Specifically we noted the following payments:

Date	Check No.	Description	Amount
05/29/2012	8039	Responder “scholarships” for lead students for the UCSD-SEPA project at Cloisters	\$100.00
05/29/2012	8040	Responder “scholarships” for lead students for the UCSD-SEPA project at Cloisters	100.00
05/29/2012	8041	Responder “scholarships” for lead students for the UCSD-SEPA project at Cloisters	200.00
06/04/2012	8066	Scholarships for students working with the elder-one-on-one program at Cloisters	200.00
06/04/2012	8067	Scholarships for students working with the	200.00

		elder-one-on-one program at Cloisters	
06/04/2012	8068	Scholarships for students working with the elder-one-on-one program at Cloisters	100.00
06/04/2012	8069	Scholarships for students working with the elder-one-on-one program at Cloisters	200.00
06/04/2012	8070	Scholarships for students working with the elder-one-on-one program at Cloisters	150.00
06/04/2012	8071	Scholarships for students working with the elder-one-on-one program at Cloisters	400.00
06/04/2012	8072	Scholarships for students working with the elder-one-on-one program at Cloisters	200.00
06/04/2012	8073	Scholarships for students working with the elder-one-on-one program at Cloisters	300.00
06/04/2012	8074	Scholarships for students working with the elder-one-on-one program at Cloisters	50.00
06/04/2012	8075	Scholarships for students working with the elder-one-on-one program at Cloisters	150.00
06/04/2012	8076	Scholarships for students working with the elder-one-on-one program at Cloisters	200.00
06/12/2012	8117	Scholarships for students working with the elder-one-on-one program at Cloisters	400.00
12/13/2012	8623	Scholarships for students that created a video for the joint UCSD-LJHS organ donor program.	340.00
12/13/2012	8624	Scholarships for students that created a video for the joint UCSD-LJHS organ donor program.	340.00
12/13/2012	8625	Scholarships for students that created a video for the joint UCSD-LJHS organ donor program.	340.00
		Total	\$3,970.00

Scholarship prizes are not scholarships if it is not used for education. If it can be used for any purpose, the entire amount is taxable according to the Internal Revenue Services.

Recommendation

Administration is to adhere to district policy and institute practices to assure compliance to district policy. The ASB checking account is not to be used as a pass through account.

49. Reimbursement for custodial services received from The Bishop's School for JV/Varsity Football Games in the amount of \$771.00 was not deposited to the district.

On November 7, 2011, the school received a payment from The Bishop's School as reimbursement for custodial services rendered during their JV/Varsity football games in the amount of \$771.00. The payment was deposited into account 2511-Clear Football Home Games-Ticket Sold instead of 2519-Clear District Abatements. Although, the \$771.00 was

originally deposited to the account 2511-Clear Football Home Games-Ticket Sold, the balance at the end of fiscal year 2011-2012 was transferred to 2265-Ath/Football-Var.

Recommendation

The School is to write a check payable to San Diego Unified School District in the amount of \$771.00 and charge to the account 2265-Ath/Football-Var.

50. Disbursements were not supported by required documentation.

The review of the disbursement transactions covering the period July 1, 2011 through June 30, 2012 resulted in the following exceptions:

a. Expenditures totaling \$204,472.75 were not verifiable due to lack of documentation. (Schedule V)

Our verification of expenditures from July 1, 2011 through June 30, 2012, revealed a total of \$204,472.75 representing 22% 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.

b. Supporting documents of expenditures totaling \$37,611.83 were inadequate. (Schedule VI)

Our verification of expenditures from July 1, 2011 through June 30, 2012, reveals that of the total checks tested, \$37,611.83 or (4%) were not supported by original vendor invoices or cash register receipts.

Recommendations

- a. The Financial Clerk 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.

51. Supporting documents were not stamped "PAID" for check payments.

Supporting documentation such as invoices or receipts were not stamped "PAID". Not stamping the supporting documents "PAID" increased the risk of duplicate payments.

Recommendations

The principal institutes the practice that requires the Financial Clerk to stamp all invoices or receipts “PAID” to lessen the risk of duplicate payments.

52. Funds collected for transcripts are not remitted to the district.

Our review of the Transcript trust account revealed that the school is not making a remittance to the district. In fiscal year 2011-2012, the total amount collected for transcript was \$616.00. This amount was comingled with the collection for account 2202-Academic Cords.

The School has been using this fund for direct purchases instead of using the district’s purchasing system. District related purchases are not to be processed through the ASB account instead they should be processed through the District’s normal purchasing procedures.

Recommendation

The Financial Clerk is to periodically issue an ASB check to San Diego Unified School District to remit funds collected from transcripts.

The school is to transfer the amount of \$616.00 from the account 2202-Academic Cords and create a separate trust account for transcript.

53. High risk activities were conducted at the School site in violation of District Procedure No. 5153.

The School had fireworks during homecoming activities in violation of District Procedure 5153.

High Risk Activity	Amount
Fireworks for Homecoming	\$2000.00

- **District Administrative Procedure No. 5153 states “Bonfires and fireworks are not permitted on the school grounds.”**

Recommendation

Administration is to adhere to district policy and institute practices to assure compliance to district policy. In particular events, administration is to consult with the District’s Risk Management Unit before any high risk activities are allowed on district property.

54. Seven journal vouchers are not on file, as a result, authorizations for transfer of funds cannot be determined.

Our review of the journal vouchers for the period July 1, 2011 through June 30, 2012 showed seven source documents are not on file. As a result, authorization cannot be verified and there was a risk that unauthorized or inappropriate journal entries could remain undetected.

Date	Journal Voucher
02/28/2012	147836
04/30/2012	147838
04/30/2012	147839
06/04/2012	147837
06/13/2014	147840
06/30/2012	147450
06/30/2012	147451

A source document, such as a journal voucher, is required before any entry is made in the ASB books. The journal voucher documents movement of funds from one account to another. Approval by the principal indicates that the adjusting entries are authorized.

Recommendation

Administration has the responsibility to institute practices that assure compliance with district requirements.

Source documents such as journal vouchers are kept on file for sound internal control and audit purposes.

55. Competitive bids were not solicited for a purchase of \$1,500 or more in violation of District Administrative Procedure No. 2435.

Evidence shows that the yearbook process requiring the solicitation of three bids was not followed. The total invoice for the yearbook for fiscal year 2011-2012 was \$99,905.63 and without competitive bidding, the school may not have obtained a fair price for this purchase.

- **District Administrative Procedure No. 2435 states “Purchases of \$1,500 or more of a specific type of item in one school year must be submitted for competitive bid. Specifications must be issued to three or more responsible bidders.”**

Recommendation

The Principal is to require three competitive bids and assure that evidence of the bid process is kept on file at the finance office.

56. The School, by signing a multi-year contract, did not follow district policy that restricts contracts to the current year.

The School signed a three year contract with a vendor for yearbook in violation of District Administrative Procedure No. 2225.

- **District Administrative Procedure No. 2225 states “Debt. Schools may not assume a debt that will run beyond the current fiscal school year.**

Careful and prudent consideration must be given before signing any contracts. Contracts are to be submitted to the Strategic Sourcing Office for execution and are not to extend beyond the fiscal year because ASB officers change each year.

Recommendation

Administration is to adhere to district policy and institute practices to assure compliance to district policy. The School is not to sign a contract that will extend the fiscal year.

57. Numerous adjusting entries are needed to correct misdirected deposits to unrelated accounts. (Schedule XI)

Our review of the transactions for fiscal year 2011-2012 disclosed that several deposits were directed or recorded to an unrelated account. Collections receipted for a particular account were recorded to a different account.

Recommendation

Administration is to adhere to district policy and institute practices to assure compliance to district policy. Journal vouchers are to be prepared by the Financial Clerk to adjust the erroneous recording in the ASB books.

58. The ASB was misused to pay cash awards given to four students for winning the film fest contest.

Our review of the disbursement in fiscal year 2011-2012 revealed that there were four students who received cash awards for winning the film fest totaling \$300.00 as follows:

Date	Check#	Account	Amount
05/18/2012	7985	6003 ASB Miscellaneous Expense	\$100.00
05/18/2012	7986	6003 ASB Miscellaneous Expense	100.00
05/18/2012	7987	6003 ASB Miscellaneous Expense	50.00
05/18/2012	7988	6003 ASB Miscellaneous Expense	50.00
		Total Cash Awards	\$300.00

Cash awards are not allowed, because internal controls cannot be established and documented, unless a district’s board policy allows such awards. Also, student body funds

are to benefit students as a group and not individuals. Cash awards to individuals are considered a gift of public funds.

Recommendation

Administration is to adhere to district policy and institute practices to assure compliance to district policy. Cash awards are not permitted.

59. The student store lacks sufficient internal controls for the handling of cash deposits.

During the audit, we noted that the student store sales during the day are not counted by the students. The former Financial Clerk takes the cash box and prepares the deposit tickets, writes the receipt and prepares the deposits to the bank.

Segregation of duties is a basic internal control. The administration of the student stores is to happen under the stewardship of the students. A club deposit slip must be prepared by the students before turning over collections to the financial office.

Recommendation

Administration is to adhere to district policy and institute practices to assure compliance to district policy. Clubs are to prepare a club deposit slip when depositing money to the financial office.

60. The School charged student fees for Arts Shop, Ceramics Shop, and Construction Tech Shop in excess of the cost or near cost of the materials purchased.

Our review of the shop accounts revealed that students fees collected from students were in excess of the actual or near cost of the materials purchased. At the end of Fiscal Year 2011-2012 the following shop accounts had excess balances as follows:

Shop Accounts	Excess 2011-2012	Excess Prior Years	Total Excess
2230 Construction Tech Shop	\$833.01	\$213.64	\$1,046.65
2231 Art Shop	1,707.13	3,264.22	4,971.35
2232 Ceramics Shop	17.21	1,020.39	1,037.60
Total	\$2,557.35	\$4,498.25	\$7,055.60

- **District Administrative Procedure No. 2155 states “Required Class Projects. Assigned projects in required classes shall provide the operations necessary to meet requirements of the industrial technology course of study and should be small projects made of inexpensive materials; such materials shall be furnished without charge. If a student elects to make a project out of more expensive materials than those assigned by the instructor, the student shall pay for materials.”**

- **District Administrative Procedure No. 2227 states “Students building projects not required by instructional program, purchase materials at or near cost.”**


Recommendation

The principal is to institute a practice to assure that students do not pay in excess of the cost for more expensive materials.

We recommend that the total balance of \$7,055.60 in the shop accounts are to be transferred to the ASB General fund.



MEMORANDUM

TO: S. Carr
FROM: J. Martel 
DATE: July 2, 2013
SUBJECT: LA JOLLA HIGH SCHOOL AUDIT

The La Jolla High School audit finds fault with the principal and other individuals for several infractions of district policy, state education code, and general accounting practices.

The Office of Internal Audit identified eight (8) findings in the area of time and labor and sixty (60) findings in the area of ASB that need corrective action. As a result, the principal is directed to:

- Ensure that every request for the use of school facilities is processed through the district's rental office. School staff should have no direct role in securing or negotiating the use of a school field or building.
- Meet with the Area Superintendent to determine the best source for current training on district accounting practices. Once this source is identified and a training schedule is developed, the principal, his administrative team, the site's financial clerk, and the individual charged with keeping time and labor records will attend such training. It is vital that accurate financial records are maintained.
- Review such training annually. This continuous updating of financial practice is very important. Although the principal relied on district advice given in the past to guide his decisions on facility rental, that advice was not aligned with current district practice and resulted in violations cited by the audit.
- Meet with every booster organization and the foundation associated with La Jolla High to review and emphasize district policies and procedures on fund raising, facility rental, and payment to school personnel.
- Meet with all staff to review district policies on fund raising, rental of facilities, and payment of staff members by booster and foundation groups. Additionally, staff should be instructed on the establishment of student clubs and ASB accounts as well as the restrictions on the expenditure of funds from such accounts.

- Adhere in the strictest sense to all district policies and procedures regarding ASB funds and appropriate expenditures. District policies and procedures are not mere suggestions but define the practice of every site.

As the principal of La Jolla High School it is Dana Shelburne's responsibility to ensure all district policies and regulations set forth by the Board of Education and the California State Department of Education are implemented according to district procedures. As principal Shelburne's supervisor I expect him to hold the Financial Secretary, the ASB Advisor, and club advisors accountable for the implementation of practices that assure compliance with district requirements.

According to principal Shelburne's responses to the audit he has until October 1, 2013 to follow through with recommendations on many audit findings.

LA JOLLA HIGH SCHOOL
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TO: Julie Martel, Area Superintendent
FROM: Dana Shelburne, Principal
DATE: June 24, 2013
RE: Responses to La Jolla High School ASB and Time and Labor Audits

ASB Audit

1. a. ASB will procure receipts for all monies deposited in the Finance Office.
ASB/Principal will review "Transaction List by Account" on a monthly basis.
ASB/Principal will provide clubs an understanding of the requirement to manage and be accountable for their accounts by maintaining and reconciling club financial records to the records of the financial office.
b. My understanding is the district will pursue action to recover missing monies.
2. a. ASB/Principal will review "Quickbooks" reports for all athletic events charging admission on a monthly basis.
b. My understanding is the district will pursue action to recover missing monies.
3. My understanding is the district will pursue action to recover missing monies.
4. a. Finance clerk will prepare journal vouchers to correct earlier errors.
b. My understanding is the district will pursue action to recover missing monies.
5. a. By October 1, 2013, a check from Resource 08000 for \$7,648.00 is to be deposited to the district to reimburse the salary of the trainer.
b. By October 1, 2013, Finance clerk will prepare a journal voucher to return money to according to Schedule IX of the audit.
6. a. By October 1, 2013, a check from Resource 08000 for \$3,500.00 is to be deposited to the district for the reimbursement of spring coaches.
b. By October 1, 2013, a Finance clerk will prepare a journal voucher to return money to according to Schedule IX of the audit.
7. a. All tickets to all events will be pre-numbered and sequential, and kept in the Finance Office.

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- b. Ticket recaps will be generated and copies kept by all advisors, coaches, etc.
- 8. a. All tickets to all events will be pre-numbered and sequential, and kept in the Finance Office.
b. Ticket recaps will be generated and copies kept by all advisors, coaches, etc.
- 9. ASB/Principal will review "Transaction List by Account" of all clubs/classes on a monthly basis.
- 10. ASB/Principal shall ensure compliance with Procedure No. 2360 relative to inventories, including yearbook, P.E. clothing, and the ASB store.
- 11. a. All tickets to all events will be pre-numbered and sequential, and kept in the Finance Office.
b. Ticket recaps will be generated and copies kept by all advisors, coaches, etc.
- 12. a. All tickets to all events will be pre-numbered and sequential, and kept in the Finance Office.
b. Ticket recaps will be generated and copies kept by all advisors, coaches, etc.
- 13. Finance clerk will back-up the Blue Bear system prior to the start of the new year and maintain records in accordance with California Code of Regulations 16026.
- 14. Semi-annually, Finance clerk will review with the principal "Closeout Summary Reports" and "Sales by Receipt Reports" to confirm reconciliation of the two.
- 15. a. By October 1, 2013, Finance clerk will transfer \$2,615.92 from the Principal's Discretionary Fund to the ASB General Fund.
b. By October 1, 2013, Finance clerk will transfer all "Inactive Accounts" funds to the ASB General Fund.
- 16. The principal will work with the District to pay Advanced Placement proctors as district employees.
- 17. School site will adhere to District Administrative Procedures Nos. 1550 and 2225.
- 18. School site will adhere to District Administrative Procedures Nos. 1550 and 2225.
- 19. School site will adhere to District Administrative Procedures Nos. 1550 and 2225.

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20. By October 1, 2013, Consultant forms will be completed for these activities and sent to Accounts Payable.
21. School site will adhere to District Administrative Procedures No. 2225.
22. School site will adhere to District Administrative Procedures No. 2245.
23. a. School site will adhere to District Administrative Procedures Nos. 2245 and 2437.
b. By October 1, 2013, Finance clerk will prepare a journal voucher to correct the \$15 error.
24. All deposits forwarded to the Finance Clerk will have a cash count sheet, a copy of which will be maintained by the appropriate student/advisor for use in reconciling deposits and expenditures.
25. a. Distribution of funds called out in Class Wills will be followed exactly.
b. New finance clerk will prepare journal vouchers to reclassify the monies identified.
26. By October 1, 2013, the LJHS Alumni Office will refund \$250 to ASB.
27. The school has obtained official Board of Education approval for donations to these charitable groups.
28. The ASB Constitution is to be amended by the ASB in the manner that complies with District Administrative Procedure No. 4353 C.3.
29. By October 1, 2013, a student-faculty finance committee, composed of ASB council students, ASB advisor, faculty members, financial clerk, and a management employee, shall be formed to develop a recommended budget in accordance with District Administrative Procedure No. 2227.
30. School site will adhere to District Administrative Procedure No. 6240.
31. School site will adhere to District Administrative Procedure No. 6240.
32. a. School site will adhere to District Administrative Procedure No. 2265.
b. Finance clerk or ASB will keep a copy of the fundraising activities approval form on file.
33. School site will adhere to District Administrative Procedure No. 2437.

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34. By October 1, 2013, all "Inactive Accounts" funds shall be transferred to the ASB General Fund.
35. Annually, Finance clerk will clear all "Clearing Accounts" at the end of the fiscal year.
36. School site will adhere to District Administrative Procedure No. 2437.
37. School site will adhere to District Administrative Procedure No. 2247.
38. Finance clerk will use checks in sequential order.
39. School site will adhere to District Administrative Procedure No. 2270.
40. By October 1, 2013, the school will contact Bruce Ward's office to determine how to submit \$1,248.33 to cover the shortfall of the total amount representing 80% of the net proceeds for the 2011-2012 football games.
41. By October 1, 2013, the school will contact Bruce Ward's office to determine how to submit \$652.00 representing understated ASB Cards sales for the 2011.
42. Finance clerk will adhere to District Administrative Procedure No. 2165.
43. Finance clerk will follow accounting procedures to verify if checks have already been cashed by the bank and initiate a stop payment before reissuing to prevent duplicate payments.
44. Credit card account has been closed.
45. ASB accounts will no longer be used to process locker donations.
46. School site will adhere to district policy and education code regarding donations.
47. Future grant awards will be deposited with the Financial Accounting Office of the district and not in the ASB.
48. Future grant awards will be deposited with the Financial Accounting Office of the district and not in the ASB.
49. By October 1, 2013, the school will contact Bruce Ward's office to determine how to submit \$771.00 and charge to the account 2265-Ath/Football-Var.

50. Finance clerk will obtain and retain documentation for audit purposes and to validate activity.
51. Finance clerk will stamp all paid invoices as "PAID."
52. By October 1, 2013, the school will transfer the amount of \$616.00 from the account 2202-Academic Cords and create a separate trust account for transcripts.
53. The administration will consult with the District's Risk Management Unit before any high risk activities are allowed on district property.
54. Finance clerk will keep all journal vouchers on file.
55. School site will adhere to District Administrative Procedure No. 2435.
56. School site will adhere to District Administrative Procedure No. 2225.
57. By October 1, 2013, Finance clerk will prepare journal vouchers to adjust the erroneous recordings in the ASB books as noted in Schedule IX of the audit.
58. Future ASB awards will not be in cash.
59. Finance clerk will assure student clubs and the student store receive deposit slips when submitting money to the finance office.
60. School site will adhere to District Administrative Procedure No. 2155.

Time and Labor Audit

1. The principal will require the timekeeper to make the corrections by submitting Time Error Correction Notices to Payroll.
2.
 - a. The principal will require staff to complete a timecard and the timekeeper will ensure that proper supporting documents are on file when processing time and labor.
 - b. The timekeeper will also review the accuracy and completeness of payroll records and data prior to processing and reporting of payroll.

3. a. The principal will require staff to complete an absence request form and the timekeeper will ensure all absence requests' supporting documentation are on file.
b. The timekeeper will also review the accuracy and completeness of payroll records and data prior to processing and reporting of payroll.
4. Site administration will institute a system to corroborate time card calculations.
5. Going forward, site administration and timekeeper will confirm certificated and classified hourly and monthly payroll.
6. The principal will review with the timekeeper the need to have authorized signatures on time cards prior to posting to payroll.
7. The principal and timekeeper will assure compliance with district policy when granting short term leave with pay and secure the required detail to determine that the bereavement leave request satisfies contractual requirements.
8. All time cards will be signed manually.
9. The principal and timekeeper will review timecards to determine if they are properly completed before reporting into the Time and Labor system.