



TO: Lamont Jackson, Area 2 Superintendent
FROM: Stephen Carr, Director, Office of Internal Audit *SC*
DATE: October 8, 2013
RE: Bethune K-8 School – Purchase Card Audit Report

Our office conducted an audit of the Purchase Card at Bethune K-8 School for the period July 1, 2012 through May 31, 2013. The audit report contains information regarding the audit findings and recommendations. Enclosed are copies of the audit report and the response.

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

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

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

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



Audit Report
Bethune K-8 School
Purchase Card

October 8, 2013

Introduction

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

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

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

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

Audit Objectives

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

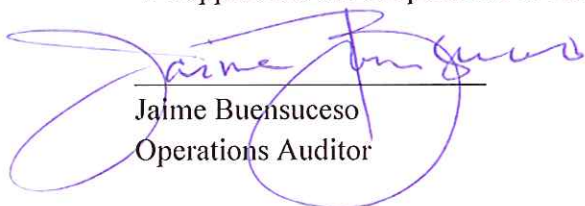
Audit Scope

We examined the Purchase Card policies and procedures being followed and related records and reports for the period October 16, 2012 through May 15, 2013.

Conclusion

In our opinion, the Purchase Card financial activities at Bethune K-8 School from October 16, 2012 to May 15, 2013, were generally in order except for the failure of the cardholder to report use tax on three purchases.

We appreciate the cooperation of school personnel during the examination.


Jaime Buensuceso
Operations Auditor


W. Stephen Carr
Director, Office of Internal Audit

Audit Finding and Recommendation

1. Use/Sales tax was not reported.

The Purchase Card Statement of Expenses submitted to Accounts Payable by the cardholder stated that sales tax was paid on purchases made from out of state vendors. However, we noted that the sales tax on the following purchases was not paid.

Date	Description of Items	Price	Freight	Tax	Total
10/26/12	2 Black Ink Tank	448.00	21.00	0.00	469.00
12/18/12	7 Canon Ink Tank	132.00	30.32	0.00	162.32
05/06/13	8 Workbooks and 1 Math DVD	111.00	13.25	0.00	124.25
	Total	691.00	64.57	0.00	755.57

As a result, the district may be penalized for not reporting the equivalent use tax on the above purchases.

Recommendation:

The cardholder should ensure that applicable use tax is reported in the monthly Purchase Card Statement of Expenses reported to Accounts Payable if the sales tax was not collected by the vendor. The principal on review of the Purchase Card Statement has responsibility for certifying that the statement is correct.



Mary McLeod Bethune K-8 School

F. Matthews, Principal

6835 BENJAMIN-HOLT RD, SAN DIEGO, CA 92114

PHONE: (619) 267-2271 / FAX: (619) 475-5068

TO: STEPHEN CARR, DIRECTOR OF INTERNAL AUDIT

FROM: F. Matthews, Principal *fm*

DATE: October 3, 2013

SUBJECT: **RESPONSE TO BETHUNE PROCUREMENT CARD AUDIT REPORT**

- 1 The principal will ensure that applicable use tax is reported in the monthly Purchase Card Statement of Expense reported to Accounts Payable and the responsibility to verify statement.
- 2 Out-of-state vendors will be reviewed to make sure that if they don't charge state tax, we are aware of it and handle the account according to District procedures to maintain compliance.

NOTE:

I have been the principal for Bethune K-8 since June 2013. I was made aware of the situation after the audit was completed. For the 2013-2014 school year we are motivated to implement policies to certify compliance with district procedures.

C: L. Jackson, Area 2 Superintendent
Jamie Buensuceso, Internal Auditor