



TO: Mitzi Merino, Area 5 Superintendent

FROM: Stephen Carr, Director, Office of Internal Audit

NSC

DATE: January 9, 2014

RE: Birney Elementary School ASB Audit

Our office conducted an audit of the Birney Elementary School ASB and Time and Labor for the period July 1, 2012 to June 30, 2013. The audit report contains information regarding the audit findings and recommendations. Enclosed are copies of the audit reports and the response.

The ASB audit was generally in good order. The site administrator was responsive to all of our recommendations and corrective actions had been taken or planned.

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

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

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



BIRNEY ELEMENTARY SCHOOL

Associated Student Body Audit Report

October 28, 2013

Introduction

A regular audit was performed on the Associated Student Body (ASB) financial operations at Birney Elementary School for the period July 1, 2012 through June 30, 2013.

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

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

The Birney Elementary School ASB checking and other asset accounts as of June 30, 2013, had a balance of \$7,853.35. The ASB General Fund constitutes a balance of \$5,102.02 of this total. Approximately \$4,403.00 was deposited and \$7,857.00 was withdrawn between July 1, 2012 and June 30, 2013, through the Birney Elementary School ASB accounts.

Birney Elementary School is a year round K-5 school. The school has an enrollment of 564 students as of July 12, 2013.

Audit Scope and Objectives

- To audit ASB financial records from July 1, 2012 through June 30, 2013.
- To ensure adequate internal controls are in force.
- To determine if ASB accounts and activities are in accordance with district procedures.
- To determine that expenditures have adequate supporting documentation.
- To determine that record keeping is sufficient to assure efficient and accurate accounting.

Audit Findings Summary

1. Approval forms for non-district organization conducting fund-raisers were not found.
2. The monthly trial balance was not printed and submitted for the principal's review and signature.
3. An adjustment was recorded in the ASB books without preparing a journal voucher for the principal's approval.
4. There are six inactive trust accounts as of June 30, 2013 having balances totaling \$1,434.66 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.

Conclusion

Based on the audit scope and tests performed, the ASB financial operation at Birney Elementary are generally in order except for the above findings.

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

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



Ines G. Abitria
Operations Auditor



W. Stephen Carr
Director, Office of Internal Audit

Audit Findings and Recommendation

1. Approval forms for non-district organization conducting fundraisers were not found.

PTA, a non-district organization, conducted fundraisers without a written approval from the principal.

The PTA did not obtain prior authorization to conduct fundraisings for book fair, Jamba Juice, Jog-a-thon and California Pizza Kitchen.

- **District Administrative Procedure 9325 B.4.a. states that Generally, solicitation on behalf of a school is prohibited by Education Code Section 51521, which states: “No person shall solicit any other person to contribute to any fund or to purchase any item of personal property, upon the representation that the money received is to be used wholly or in part for the benefit of any public school or the student body of any public school, unless such person obtain the prior written approval of either the governing board of the school district in which such solicitation is to be made or the governing board of the school district having jurisdiction over the school or student body represented to be benefited by such solicitation, or the designee of either of such boards”.**
- **District Administrative Procedure 9325 B.4.b. states that “Exception: The prohibition contained in B.4.a. shall not apply to any solicitation receiving prior approval of the superintendent as the governing board’s designee or of the superintendent’s designee.”**

Approval of the principal must be received prior to initiation of any fund-raising activities at a school by a non-district organization. The fund raising approval form must be kept on file at the school site to document compliance with district procedure.

Recommendation

Administration is to institute procedures that assure compliance with district requirements.

2. The monthly trial balance was not printed and submitted for the principal’s review and signature.

After posting all transactions from an accounting period, a trial balance is prepared to verify that the total of all accounts with debit balances equals the total of all accounts with credit balances. The trial balance lists every open general ledger account by account number and provides separate debit and credit columns for presenting account balances.

- **District Administrative Procedure No. 2251 states that “Elementary School. Secretary prepares monthly trial balance of student body accounts. Submits monthly trial balance to principal for review and signature.**

Principal is to review and sign the monthly trial balance report, indicating approval of the financial report.

Recommendation

Administration is to institute procedures that assure compliance with district practice.

3. **An adjustment was recorded in the ASB books without preparing a journal voucher for the principal's approval.**

Our review of the transactions posted to the ASB books revealed that a bank deposit correction was recorded without preparing a journal voucher.

Journal vouchers should be used to officially record a transaction or adjustment to the ASB financial records that cannot be recorded by an original source document. Journal vouchers should be signed by the Elementary School Assistant and approved by the Principal.

Recommendation

Administration is to institute procedures that assure compliance with district practice.

4. **There are six inactive trust accounts as of June 30, 2013 having balances totaling \$1,434.66 that require review by the principal and the student council, as required by district procedure, to determine their need for incorporation into the ASB General Fund.**

The review of several trust accounts revealed a total of seven accounts with a total balance of \$1,434.66 that are inactive and still carried in the ASB books as follows:

Account	Amount
2010 Awards Assemblies	\$466.62
2240 Fieldtrip	334.50
2310 Parent Involvement	33.69
2320 Media Center/Library	486.33
2360 5 th Grade Promotion	113.52
Total	\$1,434.66


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

Recommendation

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



TO: W. Stephen Carr

FROM: Mitzi Merino 

DATE: January 6, 2014

RE: Birney Elementary School Associated Student Body Audit

The Office of Internal Audit identified four (4) findings in the area of ASB that need corrective action. I have reviewed Amanda Hammond-Williams' responses to the recommendations made by the Office of Internal Audit and I am confident she will follow through with the actions outlined.



BIRNEY ELEMENTARY SCHOOL

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DRAFT

October 28, 2013

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Recommendation

Administration is to institute procedures that assure compliance with district requirements.

Response

Principal will institute procedures that assure compliance with district requirements.

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Response: Principal will institute procedures that assure compliance with district practice.

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Response: Principal will institute procedures that assure compliance with district practice.

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subject to extenuating circumstances, shall be transferred to the Student Body General Fund. Such action shall be recorded in the minutes of a student council meeting.”

Recommendation

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

Response: Principal will review inactive accounts with Student Council.

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