



TO: Julie Martel, Area 3 Superintendent
FROM: Stephen Carr, Director, Office of Internal Audit *SC*
DATE: December 18, 2013
RE: Carson Elementary School ASB and Purchase Card Audit

Our office conducted an audit of the Carson Elementary School ASB and Purchase Card 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 and Purchase Card audits were 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



CARSON ELEMENTARY SCHOOL

Associated Student Body Audit Report

December 18, 2013

Introduction

An audit was performed on the Associated Student Body (ASB) financial operations at Carson Elementary School for the period July 1, 2012 through June 20, 2013 at the request of the principal.

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 Carson Elementary School ASB checking and other asset accounts as of June 30, 2013, had a balance of \$4,214.08. The ASB General Fund constitutes a balance of \$897.77 of this total. Approximately \$8,564.00 was deposited and \$8,165.00 was withdrawn between July 1, 2012 and June 30, 2013, through the Carson Elementary School ASB accounts.

Carson Elementary School is a year round K-5 school. The school has an enrollment of 572 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 form for non-district organization conducting fundraiser was not found and financial transactions of a fundraiser conducted by the Carson Parent Organization did not pass through the school office.
2. The school conducted a fundraiser without completing a request/permission to raise funds.
3. Supporting documents were not stamped "PAID" for check payments.
4. The trust account for the Kindergarten Fund became inactive as of June 30, 2013 having a balance of \$360.14 that required review by the principal per district procedure to determine the need for incorporation into the ASB General Fund.

Conclusion

In our opinion, the ASB financial operations at Carson Elementary are generally in good order except for the above findings. All fundraisers require prior approval by the principal. Fundraisers conducted by parent groups that are not officially organized must pass through the school office and the principal is required to control all financial transactions.

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 form for non-district organization conducting fundraiser was not found and financial transactions of a fundraiser conducted by the Carson Parent Organization did not pass through the school office.**

The Carson Parent Organization, a parent group without a 501(c) (3) determination letter from the IRS, conducted See's fundraiser without a written approval from the principal. The proceeds from fundraiser were kept by the parent group instead of turning them over to the school.

- **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."**
- **District Administrative Procedure 9325 C.3.i.(3). states that "School fundraisers operated by the school through the support of parent groups that are not officially organized are fundraisers of the school and all financial transactions must pass through the school office. The principal shall control all collections, deposits, and expenditures of monies, whether the transaction is by cash or by check.**

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

All collections from fundraisers conducted by parent groups that are not officially organized must pass through the school office and controlled by the principal.

Recommendation

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

2. **A fundraiser was conducted without a written request/permission to raise funds.**

The school conducted a book fair fundraising without preparing the request/permission to raise funds.

- **District Administrative Procedure No. 2265 states: “Before any activity to raise funds may be held in an elementary school, written permission must be obtained from the principal. Approved “Student Body, Permission to Raise Funds, Elementary” form must be on file at the school site.”**

Recommendation

Fund raising approval form is required before any activity is held at the school site. A copy of the approval form must be kept on file at the school site for audit purposes.

3. 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 require the Financial Clerk to stamp all invoices or receipts “PAID” to lessen the risk of making duplicate payments.

4. The trust account for the Kindergarten Fund became inactive as of June 30, 2013 having a balance of \$360.14 that required review by the principal per district procedure to determine the need for incorporation into the ASB General Fund.

The review of trust accounts revealed that the Kindergarten Fund trust account with a balance of \$360.14 is inactive and remains on the ASB books as of June 30, 2013.

- **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.”**

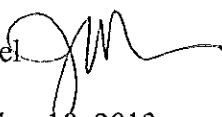
Recommendation

The principal (or designee) is to review the inactive account. If the club or trust account is to be disbanded, the balance of the inactive account is transferred to the ASB General Fund.

The trust account for the Kindergarten Fund requires review by the principal per district procedure to determine the need for incorporation into the ASB General Fund.



MEMORANDUM

TO: S. Carr
FROM: J. Martel 
DATE: December 18, 2013
SUBJECT: CARSON ELEMENTARY SCHOOL AUDIT

The Office of Internal Audit identified four (4) findings in the area of Time and Labor, two (2) findings in the area of Purchase Card, and four (4) findings in the area of ASB that need corrective action. I have reviewed principal Joe Frescatore responses to the recommendations made by the Office of Internal Audit and I am confident he will follow through with the actions he has outlined.



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To: Dr. Julie Martel, Area 3 Superintendent
From: Joseph Frescatore, Principal, Carson Elementary School
Date: November 20, 2013
Re: Audit Report Response

Associated Student Body Audit Response

1. Carson Elementary has started implementation of the Request for Approval of Fundraising Activity by a Non District Organization form (Admin Proc. 9325) this current school year, 2013-2014. All future proceeds from fundraisers conducted by the Carson Parent Organization will pass through the school office and be controlled by the principal. In addition, the Carson Parent Organization will pursue 501(c) (3) determination letter from the IRS.
2. Carson Elementary has started implementation of the Request/Permission to Raise Funds, Student Body, Elementary (Admin Proc. 2265) this current school year, 2013-2014.
3. Carson has ordered a PAID stamp for documentation and will stamp invoices or receipts as PAID.
4. The trust account for the Kindergarten Fund shall be transferred to the Student Body General Fund.

Purchase Card Audit Response

1. Original invoices will be kept in place of order confirmations. In the event that an original invoice is not supplied by the vendor, an online invoice will be printed.
2. When reconciling the P-Card transactions, Carson Elementary will now be reporting the Use Tax by indicating 'N' in the field with the heading 'Sales Tax Included' as needed.

Payroll Time and Labor Audit Response

1. Time Error Correction Notices were submitted to Payroll for the 45.00 hours not previously recorded.

2. A timecard has now been completed for the 7.75 hours that were missing and a determination was made that the payments made were allowable, valid and authorized. This was an isolated oversight.
3. The two employees who submitted Short Term Leave with Pay Request (for bereavement) qualified for this benefit. We will ensure all staff fills out these forms with a full explanation.
4. A Time Error Correction Notice to Payroll was submitted to correct the duplication of "Floating Holiday". I will work with the site timekeeper to double check PeopleSoft before submitting Floating Holiday hours.