



**TO:** Mitzi Merino, Area 5 Superintendent  
**FROM:** Stephen Carr, Director, Office of Internal Audit *SC*  
**DATE:** December 18, 2013  
**RE:** Franklin Elementary School – Time & Labor Audit, Associated Student Body (ASB) Audit, and Purchase Card Audit

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Our office conducted an audit of the Franklin Elementary School Time & Labor, and ASB for the period July 1, 2012 through June 30, 2013, and Purchase Card for the period October 16, 2012 through June 15, 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  
A. Donovan  
S. Weir

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

**Audit Report**  
**Franklin Elementary School**  
**Associated Student Body (ASB)**

**December 18, 2013**

**Introduction**

We performed a regular audit of the ASB financial activities at Franklin Elementary School for the period July 1, 2012 through June 30, 2013 at the request of the current principal.

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

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

The principal, who was in charge of the ASB operations from July 2012 to June 2013, had transferred to another school site on 7/1/2013. The current principal assumed the supervision of the ASB operations on 7/1/2013.

The Franklin Elementary School ASB checking and other asset accounts as of June 30, 2013, had a balance of \$2,500.00. The ASB General Fund constitutes a balance of \$200.00 of this total. Approximately \$9,250.00 was deposited and \$10,600.00 was withdrawn between July 1, 2012 and June 30, 2013, through the Franklin Elementary School ASB accounts.

## Audit Objectives

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

## Audit Scope

Our review included an analysis of the ASB financial activities from July 1, 2012 through June 30, 2013. We examined the procedures being followed and transactions for cash receipts and disbursements of the ASB funds.

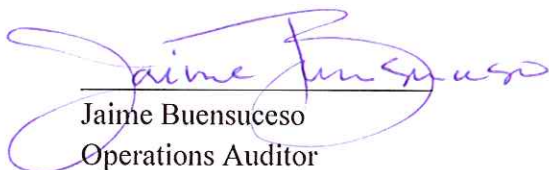
## Audit Findings

1. Supporting documentation for three ASB checks totaling \$711.81 are missing.
2. A teacher did not provide supporting documentation for an ASB check issued to her totaling \$488.00.
3. Collections totaling \$3,420.29 were not receipted.
4. Two ASB receipts had erasures.

## Conclusion

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

We appreciate the cooperation of school personnel during the examination.

  
Jaime Buensuceso  
Operations Auditor

  
W. Stephen Carr  
Director, Office of Internal Audit

## Audit Findings and Recommendations

### **1. Supporting documentation for three ASB checks totaling \$711.81 are missing.**

Supporting documentation for three ASB checks (Ck#1343, Ck#1344, and Ck1345) issued in May 2013 totaling \$711.81 are missing.

We also noted that Ck#1344 in the amount of \$135.00 was released without the signature of the principal.

*Administrative Procedure No. 2247, section D.2.b. states "Signatures of both principal and secretary/financial clerk are required on each check prepared."*

As a result, we were not able to determine the appropriateness of those expenses.

### **Recommendation**

We require that all ASB checks must have the signatures of both principal and elementary school assistant; and supporting documents such as invoices and receipts must be on file for audit purposes.

### **2. A teacher did not provide supporting documentation for an ASB check issued to her totaling \$488.00.**

We noted, that ASB check #1315 totaling \$488.00 issued to a teacher on 8/20/2012 had no supporting documents on file. The check was signed by an interim Elementary School Assistant who was no longer authorized to sign the check. Her authority to sign the ASB check had ended in August 2011. The check was released by the interim Elementary School Assistant without the approval of either the interim principal or former principal. According to the Elementary School Assistant, the teacher did not want to provide any documents to support the expenses, because she believed the money was donated by the PTO and did not belong to the ASB.

*Administrative Procedure No. 2225, section C.3. states "Definition. Student body funds consist of monies collected, contributed, and earned by students through activities such as contests, plays, and sales, including monies given to a particular school for use of students."*

### **Recommendation**

We require that the teacher provides the invoices or receipts to account for the \$488.00 she received.

The interim Elementary School Assistant must be advised that ASB check should not be issued without supporting documents and proper approval.

**3. Collections totaling \$3,420.29 were not received.**

On 8/13/2012, and 5/30/2013, collections in the amount of \$2,031.22 and \$1,389.07 respectively, were deposited in the bank but were not received.

*District Administrative Procedure No. 2235, section C.2.e. states "Receipts. Schools shall issue receipts in triplicate (on receipt machines) for all money collected, except cafeteria funds which are controlled by the cash register. Receipts must be written in sequence. Receipts written after a deposit has been prepared should be dated the following school day."*

**Recommendation**

We require the Elementary School Assistant to issue student body receipt at time money is collected, and enter the activity or fund involved, purpose of collection, and name of person or organization from whom the money was received.

**4. Two ASB receipts had erasures.**

We reviewed the ASB receipts written from July 2012 to June 2013 to determine whether the amount stated in the receipts matched with the amount recorded in the books and deposited in the bank. The review revealed that two ASB receipts (177347 and 177348) written on 9/21/2012 had erasures.

*District Administrative Procedure No. 2235, section D.2. states*

*"2. Alteration of receipt by erasure or any other means is never permissible.*

*a. Correction of an error detected before posting and before transmittal of bank deposit:*

*(1) Mark all copies of receipt "Void."*

*(2) Issue a new receipt.*

*(3) File voided copies with duplicate copies in numerical sequence."*

**Recommendation**


We require the Elementary School Assistant to void all copies of receipts made in error and not crossing out or erasing mistakes. A new receipt should be issued to replace the voided receipt.



San Diego Unified  
SCHOOL DISTRICT

Mitzi Merino  
Area 5 Superintendent  
619.725.7232  
mmerino@sandi.net

TO: W. Stephen Carr

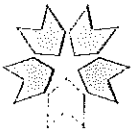
FROM: Mitzi Merino 

DATE: December 5, 2013

RE: Franklin Elementary School Time & Labor Audit, Associated  
Student Body Audit, and Purchase Card Audit

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The Office of Internal Audit identified three (3) findings in the area of time and labor, four (4) findings in the area of ASB, and four (4) findings in the area of purchase card that need corrective action. I have reviewed Magdalena Tavasci's responses to the recommendations made by the Office of Internal Audit and I am confident she will follow through with the actions outlined.



Magdalena Tavasci, Principal  
P- 619.344.3000  
F- 619.344.3040

TO: Jaime Buensuseco, Operations Auditor  
FROM: Magdalena Tavasci, Principal  
DATE: December 2, 2013  
SUBJECT: RESPONSE TO AUDIT REPORT FINDINGS FOR FRANKLIN ELEMENTARY  
FISCAL YEAR 2012-2013 SCHOOL YEAR  
CC: Mitzi Merino, Area 5 Superintendent

#### Payroll Time and Labor Audit

- o All errors mentioned in the audit report findings for Time and Labor have been corrected. All employee absences are cross checked by the ESA and principal weekly with the SAMS report and timesheets.
- o All Time and labor reports are kept in a binder in an organized manner.
- o Both my new ESA and I have attended the Time and Labor training held at the Fremont Training Center earlier this year.

#### Associated Student Body (ASB)

- o With regard to the three checks that were missing, I was shocked to find that a box of blank district checks were left out in the open in the main office when I arrived in July.
- o The box of checks are now in a locked cabinet.
- o With regard to a check that was released without [REDACTED]'s signature, I can assure you that I would not allow that to happen under any circumstances.
- o Regarding the finding of the lack of supporting documentation for ASB funds, I can assure you that we have a system tightly in place whereby all documentation of receipts, invoices and such are monitored closely and all accounted for by the ESA and principal.
- o Regarding the \$3,420.29 monies that staff collected in the year 2012-13, but receipts not provided, I can assure you that we are well aware of the importance of providing receipts and are competent in doing so.
- o Regarding #4, for the receipts that had erasures, I can assure you that both my ESA and are fully aware that erasures are not acceptable and would take every precaution to ensure this does not occur again.
- o Both the ESA and I research, review and discuss best ASB business practices on an ongoing basis. We also review the district's administrative procedures, and will periodically audit the account.

#### Purchase Card

- o Regarding #1 and 2, paying for volunteer gifts with the purchase card and going beyond \$25.00 for a student gift, I am fully aware that neither of these actions are acceptable, and therefore would not allow this to happen.

- Regarding #3 with reference to paying the sales, both my ESA and I know the policy regarding sales tax.
- Regarding #4, in reference to the missing original receipts and thus replacing them with the substitute transaction receipts from the bank, both the ESA and I ensure that we obtain duplicate receipts if the originals are ever misplaced. I do not anticipate this happening because we work very closely together to ensure that these careless mistakes do not occur.
- We both attend P-card trainings that are available, and keep abreast of any new changes of the P-card use. We stay in touch with district personnel to ensure that we are well informed at all times.

### Summary

Thank you for responding to my request to conduct a complete audit of the ASB account, Time and Labor and the Purchase Card. I am appreciative of your hard work and support with this matter.

It is our most sincere and diligent intent to maintain all finances at Franklin Elementary in excellent order at all times.

I am confident that with the ESA that is now in place at Franklin that we will continue our team work on site and with the central office to ensure impeccable record keeping of all school finances at Franklin Elementary School.

Respectfully,

Magdalena Tavasci