



LINCOLN HIGH SCHOOL

Boys' Basketball Club Audit Report

September 7, 2012

Introduction

The Office of Internal Audit performed an audit of the Boys' Basketball Club financial operations at Lincoln High School (LHS) for the period July 1, 2010 through May 3, 2012 at the request of the Area Superintendent to determine if there was insufficient bookkeeping or inappropriate use of the Nike sponsorship's donated items to the Boys' Basketball Varsity Team. Additionally, we applied a limited expanded scope to determine that LHS complied with aspects of an earlier audit.

The Lincoln High School Boys' Basketball received a three year sponsorship contract from Nike USA, Inc. with regard to Nike's supply and school's use of Nike products. The contract period covers from September 1, 2010 to August 31, 2013. For each contract year, Nike, at no cost, will supply the school the following products for use by Staff and Team.

Item Description	Quantity
Basketball shoes	30
Team bags	15
Travel warm-up suits	15
Socks	30
Coaches shoes	5
Coaches polo shirts	5
Coaches warm-ups	5

The Lincoln High School Boys' Basketball Club account as of May 3, 2012, had a balance of \$1,473.71. Approximately \$16,515.00 was deposited and \$17,368.00 was withdrawn between July 1, 2010 and May 3, 2012, through the Lincoln High School ASB accounts.

In fiscal year 2010-2011, Lincoln High School had three principals, an executive principal who retired from the District effective July 1, 2011, a principal who resigned from the District effective December 3, 2011 and the last principal was reassigned to another school on April 11, 2012.

Currently, a new lead principal was assigned at Lincoln High School on February 24, 2012 and another principal started on May 17, 2012.

Audit Scope

We performed the audit of the Boys' Basketball Club financial records from July 1, 2010 through May 3, 2012 at Lincoln High School. However, we expanded the audit to include other ASB trust accounts related to athletics from July 1, 2010 to May 3, 2012, due to the failure of the site to properly account the reimbursement process of athletic game related expenses.

Objectives

- To audit selected financial records from July 1, 2010 through May 3, 2012.
- To ensure adequate internal controls are in force.
- To determine if athletic 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. The School, using ASB Funds in violation of District Procedure 2225, purchased rings that were given to the former executive principal, the Boys Basketball coach and five other coaches.
2. The ASB General Fund, in violation of District Procedure 2225, was inappropriately used to pay part of costs of the Boys' Basketball Championship rings in the amount of \$4,250.06.
3. The ASB General Fund, in violation of District Administrative Procedures No. 2225 and 4587, was inappropriately used to transfer funds to the Boys' Basketball Club in the amount of \$2,000.00 to help pay for their Hawaii basketball tournament expenses after having received board approval based on funding reportedly being provided by a corporate sponsor.
4. The Boys' Basketball coach submitted personal expenditures totaling \$2,358.86 and was reimbursed inappropriately using student body funds.
5. The Varsity Basketball Assistant and Freshman Basketball Coach were hired as a consultant instead of as a district employee.
6. Basketball and Football games varsity official fees totaling \$7,478.00, already deducted from the gate receipts were also submitted to the district for reimbursement; this action violated the Interscholastic Athletic Program City Conference Blue Book rules.

This is a repeat finding from the Office of Internal Audit's February 5, 2010 Associated Student Body Audit Report that audited school years 2007/2008 and 2008/2009 and found fees totaling \$24,807.00 were deducted from gate receipts and also submitted to and then reimbursed by the district.

7. The California Interscholastic Federation (CIF) basketball and football playoff official fees totaling \$1,277.00 already deducted from the gate receipts were also submitted to the district for reimbursement; this action is in violation of the Interscholastic Athletic Program City Conference Blue book.
8. The school understated the remittance of the 80% net proceeds from basketball games to the district in fiscal years 2010-2011 and 2011-2012 by \$541.23.

This is a repeated gate receipt processing February 5, 2010 audit exception finding.

9. The school understated the remittance of the 70% net proceeds from basketball playoff games to the CIF in fiscal year 2010-2011 by \$366.80.
10. The Boys' Basketball coach received 10 pairs of Nike shoes from a Nike representative without a "Request for Acceptance of Gift" approval form and he sold some of the shoes to the members of the Junior Varsity Boys Basketball team.
11. Records were not maintained regarding the distribution of Nike products.
12. Proceeds from various fundraising conducted by the Boys Basketball Club were not properly controlled.
13. Fundraisers conducted by the Boys Basketball Club did not have the approval of the principal and the ASB council.

Conclusion

Based on the audit scope and results of tests performed, the Boys' Basketball Club operations at Lincoln High School disclosed serious exceptions to administration and were unsatisfactory. 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.

Misuse of ASB funds through inappropriate expenditures were identified as follows:

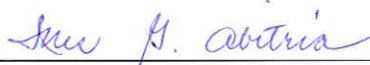
- (1) Expenditures for faculty and staff.
- (2) Expenditures not for the benefit of the entire student body,

Lack of adequate internal controls over the Boys' Basketball Club fundraising activities resulted in decreased accountability and an increased risk of loss of funds that may occur and may not be detected since there were no internal controls accounting for income or recording of all sales.

The Boys' Basketball coach received 10 pairs of Nike shoes from a Nike representative without prior approval for the received goods and sold some Nike shoes to the junior varsity team and gave away some of the donated items. Records were also not maintained regarding the distribution of donated Nike products as a result, proper accountability was not established.

The School claimed duplicative expenses for the Boys' Basketball and Football official fees for the 2010-2011 and 2011-2012 games. Official fees already treated as part of the game expenses and deducted from the gate receipts, were also submitted to the district for reimbursement. This is in violation of the Interscholastic Athletic Program City Conference Blue book. Game expenses already claimed as a deduction from gate receipts are not to be submitted to the district for reimbursement. As a result, the 80% of the net income reported to the district was understated and LHS received twice the revenue due to the school. This is a repeated February 5, 2010 audit exception finding.

Our audit of the Boys' Basketball Club and other related athletic trust accounts disclosed a need to improve controls in several areas to ensure that all funds are accounted for, all disbursements are proper, and the staff comply with accounting and reporting requirements. We believe that if the recommendations are implemented the ASB operations will meet district standards of operation.



Ines G. Abitria
Operations Auditor



W. Stephen Carr
Director, Office of Internal Audit

Audit Findings and Recommendation

1. **The School, using ASB Funds in violation of District Procedure 2225, purchased rings that were given to the former executive principal, the Boys' Basketball coach and five other coaches.**

On June 15, 2011, an ASB requisition was submitted by the Boys Basketball coach to pay San Diego Graduate Supply for the purchase of 20 championship rings, two 10K rings and two ring bases (pendant) totaling \$11,242.79. This requisition was approved by the former executive principal.

Out of the 20 championship rings purchased, 15 rings were given to the Boys Basketball team and 5 rings were given to the coaches. Each ring cost \$384.13. The total cost of these rings was \$7,682.50 (384.13×20).

The two 10K rings were given to the former principal and the Boys Basketball coach. Each ring cost \$1,467.36. The total cost of these rings was \$2,934.72 ($\$1,467.36 \times 2$).

The two ring bases (pendant) were given to two student managers. The total cost of the ring bases was \$625.56 (312.78×2).

- **District Administrative Procedure No. 2225 states "Expenditures for faculty. Under no conditions shall student body money be expended for the benefit of faculty."**

Expenditures are to be examined to ensure that they are an appropriate use of student body funds. Student body funds are to be expended only for purposes that benefit the entire student body and are not to be used for the benefit of the faculty.

Recommendation

The school is to collect the total amount of \$4,855.37. \$1,467.36 from the former principal, \$1,467.36 from the Boys Basketball coach and \$384.13 each from the five individual coaches who received the rings to pay back for the cost of the ring.

2. **The ASB General Fund, in violation of District Procedure 2225, was inappropriately used to pay part of costs of the Boys' Basketball Championship rings in the amount of \$4,250.06.**

On June 15, 2011, the School purchased 20 championship rings, two 10K rings and two ring bases (pendant) totaling \$11,242.79. The school used account 6025 ASB Card Expense, an ASB General Fund account, to pay \$4,250.06 as part of the cost of the rings – this action violated district procedure 2225.

The \$11,242.79 in rings was paid as follows:

Date	Check No.	Paid From Account	Amount
06/15/2011	4373	6025 ASB Card Expense (ASB General Fund)	\$4,250.06
		2361 LHS Boys B-ball Invitational	4,250.06
		2363 Basketball Tickets	2,742.67
		Total	\$11,242.79

- **District Administrative Procedure No. 2225 states “Expending funds. Student body general funds shall be expended only for purposes that benefit the entire student body.”**

Expenditures are to be examined to ensure that they are an appropriate use of student body funds. Student body general funds are to be expended only for purposes that benefit the entire student body.

Recommendation

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

The ASB General Fund must be reimbursed the amount of \$4,250.06.

3. **The ASB General Fund, in violation of District Administrative Procedures No. 2225 and 4587, was inappropriately used to transfer funds to the Boys’ Basketball Club in the amount of \$2,000.00 to help pay for their Hawaii basketball tournament expenses after having received board approval based on funding reportedly being provided by a corporate sponsor.**

On September 14, 2011, the School transferred funds from the ASB General Fund to the Boys’ Basketball Club in the amount of \$2,000.00 to help pay for their Hawaii basketball tournament expenses – this action violated District Administrative Procedure 2225 and 4587.

The “Application for approval to conduct multi-day and/or out-of state/country field trip” was submitted to the Board of Education and was approved based on the fact stated on the application signed by the boys’ basketball coach, that the cost of the field trip would come from corporate sponsors. By having ASB fund part of the trip, the field trip application to the board, misrepresented the trip’s source of funding.

- **District Administrative Procedure No. 2225 states “Expending funds. Student body general funds shall be expended only for purposes that benefit the entire student body.”**
- **District Administrative Procedure No. 4587 states, “No expenses of students participating in a field trip to any other state or the District of Columbia shall be paid with school district funds. Students and parents must take the major responsibility for funding support.”**

The cost of the field trip for outside the state is to be financed by the Boys' Basketball Club and not by the ASB General Fund. Students and parents/guardians must bear the responsibility for funding the balance between available monies and shortage to actual expenses.

Expenditures are to be examined to ensure that they are an appropriate use of student body funds. Student body general funds are to be expended only for purposes that benefit the entire student body.

Recommendation

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

The Boys Basketball Club is to reimburse the amount of \$2,000.00 to the ASB General Fund.

- 4. **The Boys' Basketball coach submitted personal expenditures totaling \$2,358.86 and was reimbursed inappropriately using student body funds.**

The Boys' Basketball coach used the trust account titled, LHS Boys Invitational Account, to pay for his personal expenditures including airfare, hotel accommodation, meals, BCA registration and renewal fees as follows:

Date	Check#	Description	Amount
05/03/2011	4233	BCA registration and membership renewal-5/25/11-5/28/11	409.00
05/03/2011	4234	BCA convention Vinoy Renaissance St. Petersburg Resort-5/25/11-5/28/11	467.04
05/03/2011	4235	BCA convention-airfare to Tampa, FL - 5/25/11-5/28/11	331.75
05/03/2011	4238	Las Vegas Coaches clinic & hotel-5/6/11-5/8/11	\$484.00
05/13/2011	4268	Coaches clinic meal-5/7/11	35.62
05/16/2011	4278	Las Vegas Nike coaches clinic car rental, gas, meals-5/5/11-5/9/11	411.48
06/02/2011	4326	BCA convention car rental, gas, parking, US Air baggage fees, breakfast-5/25/11-5/28/11	219.97
		Total Inappropriate Expense	\$2,358.86

- **District Administrative Procedure No. 2225 states, "Expenditures for faculty. Under no conditions shall student body money be expended for the benefit of the faculty."**

Student body funds are to be expended for the benefit of the students and not for the benefit of the faculty. Personal expenses are not to be reimbursed using the ASB funds.

Recommendation:

The Boys' Basketball coach is to reimburse the account 2361 LHS Boys B-Ball Invitational the amount of \$2,358.86.

5. **The Varsity Basketball Assistant and Freshman Basketball Coach were hired as a consultant instead of as a district employee.**

Student body funds totaling \$1,300.00 were used to pay for salaries instead of paying through the District's payroll system.

The school used the ASB funds to pay two individuals totaling \$1,300.00 for services performed as a varsity basketball assistant and a freshman basketball coach as follows:

Date	Check No.	Account	Amount	Type of Service
03/02/2012	4881	2361 LHS Boys B-ball Invitational	\$800.00	Varsity Basketball Assistant
03/02/2012	4882	2361 LHS Boys B-ball Invitational	500.00	Freshman basketball coach
		Total	\$1,300.00	

- **District Administrative Procedure No. 1550 states "A person should not be retained as a professional consultant, resource person, or student service provider if an employer-employee relationship exists (i.e., the employer has complete control over the manner and means of accomplishing the desired result). If such a relationship exists, that person may be regarded as employee, and the district may be liable for withholding state and federal income tax and unemployment taxes.**

Athletic coaches are classified as employees by the Internal Revenue Service and are to be paid through the District's payroll system.

Recommendation

Administration is to ensure that a person is not retained as a professional consultant, resource person, or student service provider if an employer-employee relationship exists. If such a relationship exists, payment for that person is to be processed through the District's payroll system.

6. **Basketball and Football games varsity official fees totaling \$7,478.00, already deducted from the gate receipts were also submitted to the district for reimbursement; this action violated the Interscholastic Athletic Program City Conference Blue Book rules.**

This is a repeated February 5, 2010 audit exception finding.

- **Interscholastic Athletic Program Handbook states, "Items that are deducted from gate receipts should not be submitted to district for reimbursement."**

a. Basketball Games:

Our review of the Basketball gate receipts for fiscal year 2010-2011 and 2011-2012, revealed that the payments for varsity official fees totaling \$3,166.00 already claimed as a deduction from the gate receipts were also submitted to the district for reimbursement.

Specifically, we noted the following:

Fiscal Year	Total Official Fees
2010-2011	\$1,680.00
2011-2012	1,486.00
Total	\$3,166.00

b. Football Games:

Our review of the Football gate receipts for fiscal year 2010-2011 and 2011-2012, revealed that the payments for varsity official fees totaling \$4,312.00 already deducted from the gate receipts were also submitted to the district for reimbursement.

Specifically, we noted the following:

Fiscal Year	Total Official Fees
2010-2011	\$1,368.00
2011-2012	2,944.00
Total	\$4,312.00

Game expenses already claimed as a deduction from gate receipts are not to be submitted to the district for reimbursement.

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 of \$7,478.00 (3,166.00 + 4,312.00) to payback the official fees already deducted from the gate receipts and also submitted to the district for reimbursement.

- 7. The California Interscholastic Federation (CIF) basketball and football playoff official fees totaling \$1,277.00 already deducted from the gate receipts were also submitted to the district for reimbursement; this action in violation of the Interscholastic Athletic Program City Conference Blue book.**

a. Basketball Playoff :

Our review of the CIF Basketball playoff game reports for fiscal year 2011-2012, revealed that a total of \$930.00 in payments for official fees, deducted from the CIF gate receipts, were also submitted to the district for reimbursement.

b. Football Playoff:

Our review of the CIF Football playoff game reports for fiscal year 2010-2011, revealed that a total of \$347.00 in payments for official fees, deducted from the CIF gate receipts, were also submitted to the district for reimbursement.

CIF game related expenses are to be deducted from the CIF gate receipts. Game expenses already claimed as a deduction from the gate receipts are not to be submitted to the district for reimbursement.

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 of \$1,277.00 for official fees already deducted from the gate receipts and still submitted to the district for reimbursement.

- 8. The school understated the remittance of the 80% net proceeds from basketball games to the district in fiscal years 2010-2011 and 2011-2012 by \$541.23.**

This is a repeated February 5, 2010 audit exception finding.

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

In fiscal year 2010-2011, the school included the payments for Junior varsity official fees in reporting the basketball game expenses when only varsity official fees are allowed to be included in the game expenses, as a result, a net loss of \$483.47 was reported to the district.

Our review of the "Summary Report of Income from 2010-2011 Basketball Game Gate Receipts" resulted in a net income of \$128.53. The school should have remitted 80% of the net income equivalent to \$102.83 ($128.53 \times 80\%$) to the district.

In fiscal year 2011-2012, the school overstated the basketball game expenses by \$548.00, as a result, the net income reported to the district was understated by \$438.40 ($548.00 \times 80\%$).

Specifically, we noted the following:

Total net proceeds reported to the district	\$1,002.00
Should be	<u>1,550.00</u>
Difference	<u>(\$548.00) *</u>
Multiply by	<u>80%</u>
Understated amount	<u>\$438.40</u>

The difference of \$548.00 represents deducting non-allowable game expenses, deducted when there was no collection of gate receipts:

LHS vs. Our Lady of Peace	\$194.00
LHS vs. La Jolla High	182.00
LHS vs. University City High	172.00
Total difference	<u>\$548.00</u> *

Recommendation

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

Expenses that are not allowable as a deduction from the gate receipts are not to be deducted from income.

The school is to write a check payable to San Diego Unified School District in the amount \$541.23 (102.83 + 438.40) representing 80% of the net proceeds for the 2010-2011 and 2011-2012 basketball games.

- 9. **The school understated the remittance of the 70% net proceeds from basketball playoff games to the CIF in fiscal year 2010-2011 by \$366.80.**

Our review of the CIF basketball playoff games in fiscal year 2010-2011 resulted in a total underpayment of \$366.80 of the 70% net proceeds. The total rebate earned from ticket sales was \$524.00 (524.00 x 70%=\$366.80). The underpayment was caused by errors in reporting the gross income. Basketball ticket rebates were subtracted from the gross income and also claimed as expenses.

Specifically, we noted the following:

Event	Payment	Should Be	Difference
Lincoln vs. Steele Canyon	\$579.60	\$595.35	\$15.75
Lincoln vs. Monte Vista	1,516.90	1,522.85	5.95
Lincoln vs. Morse High	3,359.30	3,704.40	345.10
Totals	\$5,455.80	\$5,822.60	\$366.80

Recommendation

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

We also recommend that a separate clearing account for CIF playoff games be established in the ASB books to properly account for income and expenditures.

10. **The Boys' Basketball coach received 10 pairs of Nike shoes from a Nike representative without a "Request for Acceptance of Gift" approval form and he sold some of the shoes to the members of the Junior Varsity Boys' Basketball team.**

The Boys' Basketball coach stated that a Nike representative gave him 10 pairs of Nike shoes independent of the Nike sponsorship contract. According to the coach, he sold about 3 or 4 pairs of Nike shoes and gave away some of the shoes. However, we were only able to identify one \$50.00 check paid by a parent for one pair of shoes deposited to the trust account 2361-LHS Boys B-Ball Invitational on 1/4/2011. We were not able to account for monies received for the other shoe sales because no accounting existed. As for the shoes given away, the coach also did not maintain a record for the distribution of the Nike shoes.

- **District Administrative Procedure No. 9300 states, "District employees shall not (a) receive any gift of any value if receipt of the gift gives the impression of seeking partiality, favoritism, or improper influence; or (b) receive gifts, presents, or articles of value from students or classes, or give such gifts; or (c) receive gifts from any vendor doing, or attempting to do, business with the school district".**
- **District Administrative Procedure No. 7046 states, "Gifts. District employees shall not (a) receive gifts, presents, or articles of value from students or classes, nor shall they give such gifts; (b) receive gifts from any vendor doing business with or attempting to do business with the school district."**
- **District Administrative Procedure No. 9300 states, "Approvals. A "Request for Acceptance of Gift" form should be approved *prior to acceptance of a gift* by the school or the district."**

Approval of the principal is required before receiving any gift and initiate acceptance procedure. Receipt of products for distribution that have value should follow a practice of accounting for the products' distribution.

Recommendation

The principal is to assure that controls exist to account for the distribution of products that have value.

The remaining shoes are to be surrendered to the administration that can sell the shoes for the benefit of the Boys' Basketball Club.

11. **Records were not maintained regarding the distribution of Nike products.**

According to the Boys Basketball coach the items that he received from the Nike sponsorship contract in fiscal year 2010-2011 were given to the Boys Basketball Varsity team. However, records as to who received the items were not maintained, as a result, there was no assurance that the items were distributed accordingly.

For internal control purposes, donated items and supplies received by the school are to be adequately controlled and accounted for by maintaining proper records and having each student and coaches receiving Nike products sign that they received the items.

An inventory of the items received and distributed is necessary to assure proper accountability.

Recommendation

The principal, in signing a contract, should assure that controls exist to account for adherence to the contract terms and distribution of products that have value.

12. Proceeds from various fundraising conducted by the Boys Basketball Club were not properly controlled.

Our review of the Boys Basketball Club account from July 1, 2010 through May 3, 2012 revealed that several fundraisings were not properly or adequately controlled.

a. Concession Income:

Items sold at the concession were partly donated by parents and inventory records were not maintained. As a result, there was no assurance that all collections were received and fully accounted.

b. T-shirts sale:

Collections from t-shirts sold, and turned over to the Financial Office, did not indicate the number of t-shirts sold. In some instances, t-shirts sales income was combined with the concession income. Inventory records were also not maintained.

c. Posters sale:

Sale of posters was also combined with the t-shirts sales and the number of posters sold was not indicated in the receipts.

d. Parking fee:

During the 2009-2010 and 2010-2011 "Hosea Hall basketball tournament," the school charged \$2 for parking but proceeds were also combined with the concession income. Internal controls such as ticket recapitulation was not established. As a result, fundraising was not adequately controlled and there was no assurance that all collections were received and fully accounted.

Physical inventory of goods is to be conducted before and after every sale to determine if fundraising activities will secure revenues in excess of expenditures. Without inventory records reflecting beginning inventory, additional purchases and reported sales, an accounting of income relative to sales cannot be performed.

As a result, the Boys Basketball Club is exposed to a high risk of loss of funds since there is no method to determine whether income represented all sales or if there are unrecorded sales.

Revenues are to be supported by completed and approved revenue potential forms that account for monies expected to be collected and monies actually collected for all fundraising activities. Physical inventory should be taken before and after each concession sale. Cash sales recorded in the books must be reconciled with the actual quantities of items sold and any discrepancy must be investigated and explained in writing by the staff in charge.

Recommendation

Administration has the responsibility to institute practices that assure compliance with district requirements and account for revenues, expenditures, inventories and accounting for a profit or loss.

13. Fundraisers conducted by the Boys' Basketball Club did not have the approval of the principal and the ASB council.

The Boys' Basketball Club conducted several fundraisings, such as t-shirt sales and charged parking fees during the basketball tournament. The club conducted the fundraisings without the approval of the principal and the ASB council.

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

The 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 to document compliance to district procedure and made available for audit.

Recommendation

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



MEMORANDUM

TO: Audit Department

FROM: Esther Omogbehin, Lead Principal *Omogbehin*
Dr. Emma Martinez, Principal *Martinez*

DATE: September 7, 2012

SUBJECT: Response to Boys Basketball Club Audit Report

1. **The School, using ASB Funds in violation of District Procedure 2225, purchased rings that were given to the former executive principal, the Boys' Basketball coach and five other coaches.**

The principals will make every effort to collect the total amount of \$4,855.37. In the amounts of \$1,467.36 from the former executive principal, \$1,467.36 from the Boys Basketball coach and \$384.13 each from the five individual coaches who received the rings (see attached letter). The principal will make certain that all coaches and the financial clerk follow District Procedure 2225 which states "Under no conditions shall student body money be expended for the benefit of faculty."

2. **The ASB General Fund, in violation of District Procedure 2225, was inappropriately used to pay part of costs of the Boys' Basketball Championship rings in the amount of \$4,250.06**

The principals met with the financial clerk, the athletic director and the boy's head basketball coach to establish practices that assure compliance with district requirements as it pertains to District Procedure 2225. Additionally, the financial clerk will attend training on following District Procedure as it relates to the use of ASB General Funds. The principal will make certain that all staff follow District Procedure 2225 which states "Student body general funds shall be expended only for purpose that benefit the entire student body."

3. **The ASB General Fund, in violation of district Administrative Procedures 2225 and 4587, was inappropriately used to transfer funds to the Boys' Basketball Club in the amount of \$200.00 to help pay for their Hawaii basketball tournament expense after having received board approval based on funding reportedly being provided by a corporate sponsor.**

The principals met with the financial clerk, the athletic director and the boy's head basketball coach to establish practices that assure compliance with district requirements as it pertains to District Procedure 2225 and 4587. The administration will not approve any fieldtrips until evidence of funding is available and comply with district requirements for all field trips. The principal will make certain that all staff follow District Procedure 2225

which states "Student body general funds shall be expended only for purpose that benefit the entire student body" and District Procedure 4587 which states, "No expense of students participating in a field trip shall be paid with school district funds..."

- 4. The Boys' Basketball coach submitted personal expenditures totaling \$2,358.86 and was reimbursed inappropriately using student body funds.**

The administration met with the financial clerk, the athletic director and the boy's head basketball coach to establish practices that assure compliance. The financial clerk will attend mandatory training. A request will be made to Boys' Basketball coach to reimburse the club account the amount of \$2,358.86. A letter of warning will be placed in the personnel files of the financial clerk and head basketball coach (see attached letters). The principal will make certain that all staff follow District Procedure 2225 which states "Student body general funds shall be expended only for purpose that benefit the entire student body."

- 5. The Varsity Basketball Assistant and Freshman Basketball Coach were hired as a consultant instead of as a district employee.**

The principals met with the financial clerk, the athletic director and the boy's head basketball coach to establish practices that assure compliance with district requirements as it pertains to ensuring that a person is not retained as a professional consultant, resource person, or student service provider. The principal will make certain District Procedure 1550 which states "A person should not be retained as a professional consultant resource person, or student service provider... and the district may be liable for withholding state and federal income tax and unemployment taxes" is followed.

- 6. Basketball and Football games varsity official fees totaling \$7,478.00, already deducted from the gate receipts were also submitted to the district for reimbursement: this action violated the Interscholastic Athletic Program City Conference Blue Book.**

The principals met with the financial clerk to reiterate the need to follow the City Conference Blue Book rules. The financial clerk received one-on-one training from the District Athletic Department and will attend mandatory training. This is a repeat to the 2010 Audit, and a letter of warning will be placed in the personnel file of the financial clerk.

- 7. The California Interscholastic Federation (CIF) basketball and football playoff official fees totaling \$1,277.00 already deducted from the gate receipts were also submitted to the district for reimbursement: this action is in violation of the Interscholastic Athletic Program City Conference Blue Book.**

The principals met with the financial clerk, the athletic director and the boy's head basketball coach to establish practices that assure compliance. The financial clerk received one-on-one training from the District Athletic Department and will attend mandatory training. This is a repeat to the 2010 Audit, and a letter of warning will be placed in the personnel file of the financial clerk.

8. **The school understated the remittance of the 80% net proceeds from basketball games to the district in fiscal years 2010-2011 and 2011-2012 by \$541.23**

The principals met with the financial clerk, the athletic director and the boy's head basketball coach to establish practices that assure compliance. The financial clerk received one-on-one training from the District Athletic Department and will attend mandatory training. This is a repeat to the 2010 Audit, and a letter of warning will be placed in the personnel file of the financial clerk.

9. **The school understated the remittance of the 70% net proceeds from basketball playoff games to the CIF in fiscal year 2010-2011 by \$366.80.**

The principals met with the financial clerk, the athletic director and the boy's head basketball coach to establish practices that assure compliance. The financial clerk received one-on-one training from the District Athletic Department and will attend mandatory training.

10. **The Boys' Basketball coach received 10 pair of Nike shoes from Nike representative without a "Request for Acceptance of Gift" approval form and he sold some of the shoes to the members of the Junior Varsity Boys' Basketball team.**

The principals met with the Boys' Basketball coach to assure that controls exist to account for the distribution of products that have value. The administration requested the remaining shoes be turned over to the Athletic Director. Further, the coach was advised not to sell or resell any items. The administration reiterated that coaches should absolutely under no circumstance collect money. All sales and money collection must go directly through the financial office as per school and district policy. Additionally, the principal requires that all procedures are followed as they pertain to District Procedure 9300 which states "District employees shall not receive any gift of any value ...", District Procedure 7046, "District employees shall not receive any gift from any vendor doing business with or attempting to do business with the school district.", and District procedure 9300 "A request for Acceptance of Gift form should be approved prior to acceptance of a gift by the school or the district. Further, the principal will insure that receipt of any gift is approved by the principal and a procedure is in place for the distribution of said gifts.

11. Records were not maintained regarding the distribution of Nike products.

The principals will assure that controls exist to account for adherence to the contract terms and distribution of products that have value. All coaches were advised not to sell or resell any items. The administration reiterated that coaches should absolutely under no circumstance collect money. All exchange of items of value, sales and money collection must go directly through the financial office as per school and district policy. The principal will assure that controls exist to account for adherence to the contract terms and distributions of all products of value.

12. Proceeds for various fundraising conducted by the Boys' Basketball Club were not properly controlled.

The principals will assure that controls exist to account for adherence to the contract terms and distribution of products that have value. All coaches were advised not to sell or resell any items. The administration reiterated that coaches should absolutely under no circumstance collect money. All exchange of items of value, sales and money collection must go directly through the financial office as per school and district policy.

13. Fundraisers conducted by the Boys' Basketball Club did not have the approval of the principal and the ASB council.

The principals will assure that all fund raising activities follow District Administrative Procedure 2265 "Student organizations wishing to raise funds for any purpose shall obtain advance approval from the Principal and the ASB Council."