



TO: Lamont Jackson, Area 2 Superintendent
FROM: Stephen Carr, Director, Office of Internal Audit *SC*
DATE: February 26, 2014
RE: Morse Cheer Club Audit

Our office conducted an audit of the Morse Cheer Club for the period February 1, 2013 through October 31, 2013. The audit report contains information regarding the audit findings and recommendations. Enclosed is a copy of the audit report and the response.

The site administrator was responsive to all of our recommendations and corrective actions 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

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

MEMORANDUM

TO: W. Stephen Carr, Director, Office of Internal Audit
FROM: Lamont A. Jackson, Area Superintendent
DATE: February 12, 2014
RE: Morse Cheer Club Audit

On February 3, 2014, I received a memo regarding an Audit Review of the Morse Cheer Club for the period of February 1, 2013 through October 31, 2013. Based on the audit there were eight findings:

1. The Morse Cheer Club charged each member for the cost of uniforms.
2. Cash collections totaling \$5540.00 were not deposited intact in the financial office.
3. Cash collections totaling \$4,052.02 were used to pay for various items instead of an ASB check.
4. The \$4,052.02 expenditures (Finding #3) did not have written approval of the principal, club advisor, and student body representative.
5. Collections for uniforms totaling \$1,312.02 were not receipted.
6. The fundraiser conducted by Morse Cheer Club did not have approval of the ASB council and the principal.
7. An ASB requisition was approved by a parent volunteer instead of the club advisor.
8. The "Club Advisor Checklist" for Morse Cheer Club was not signed.

The Morse principal will ensure that all policies and procedures are followed. Additionally, the principal will ensure the cheer advisor implements a policy to institute a consistent system. Thank you for providing me with the information and I look forward to a positive audit in the future.

LJ:lb

Attachments



Samuel F. B. Morse High School

6905 Skyline Drive San Diego, CA 92114
www.sandi.net/morse

PHONE (619)262-0763
FAX (619) 262-6835

"Home of the Tigers"

Date: February 10, 2014
To: Jaime Buensuceso, Operations Auditor
From: Harry Shelton, Morse High Principal

SUBJECT: Morse Cheer Club Audit (February 1, 2013 through October 31, 2013) Response

Dear Jaime,

I am writing this letter to first acknowledge that we both met to discuss the Cheer Audit and to also provide my responses to the audit and recommendations. This letter serves as my willingness and support to implement and adhere to the following (8) audit findings:

1. **The Morse Cheer Club charged each member for the cost of uniforms.**
 - a. I will require the cheer advisor to implement a policy to ensure that students are not charged for cheer uniforms. However, I would like to add that the majority of our students chose the option to purchase their uniforms due to personal preferences to own them, individual personalize fit of the uniforms and personal hygiene issues.
2. **Cash contributions totaling \$5,540.00 were not deposited intact in the financial office.**
 - a. I will require the cheer advisor and financial clerk to implement a consistent system of depositing all funds intact to the financial office.
3. **Cash collections totaling \$4,052.02 were used to pay for various items instead of an ASB check.**
 - a. I will require that the cheer advisor to only pay for items using an ASB check.
4. **The \$4,052.02 expenditures (Finding #3) did not have written approval of the principal, club advisor, and student body representative.**
 - a. I will require that the cheer advisor obtain prior written approval of the principal, club advisor, and student body representative before any fundraising activities and other activities and/or events are held using cheer funds.

VISION

Morse High School is an educational community united to provide opportunities for all individuals to reach their full potential as lifelong learners.

MISSION

Together, Morse students, parents, faculty, staff and community members will promote a positive learning environment in which students master the California State Content Standards and fulfill the Expected School-wide Learning Results (ESLRs).

5. Collections for uniforms totaling \$1,312.02 were not receipted.

- a. I will require that the cheer advisor receipt all collections of money pertaining to the cheer club. A copy of the receipt book will verify the collections.

6. The fundraiser conducted by Morse Cheer Club did not have approval of the ASB council and the principal.

- a. I will require that the cheer advisor obtain prior written approval from the principal, club advisor, and student body representative before any fundraising activities and other activities and/or events are held using cheer funds.

7. An ASB requisition was approved by a parent volunteer instead of the club advisor.

- a. I will require the cheer advisor to ensure that only the official cheer advisor sign any ASB requisitions.

8. Club Advisor Checklist is signed by the club advisor and a signed copy should be maintained in the financial office.

- a. I will require the ASB advisor to ensure that all clubs have a signed Club Advisor Checklist signed by all club advisors and maintained in the financial office.
- b. Upon the principal's and ASB advisor's investigation, the ASB advisor did have a current, 2013-2014 signed Club Advisor Checklist sheet for the Morse Cheer Club.

Sincerely,



Harry Shelton
Morse Senior High School

Audit Report

Morse Cheer Club

February 24, 2014

Introduction

We performed an audit of the Morse Cheer Club financial activities at Morse High School for the period February 1, 2013 through October 31, 2013.

Morse Cheer Club funds consist of monies collected, contributed, and earned by students through fundraising activities, including monies donated to the club 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 for the overall management and administration of the school including the conduct of student financial activities. The club advisor, under the principal's direction is responsible for all student activities, fund-raisers and specific additional duties outlined in district procedures. The financial clerk under the principal's direction shall be responsible for all student activity funds, shall maintain control records, and shall follow prescribed accounting procedures.

From July 2013 to October 2013, the Morse Cheer Club collected \$5,540.00 contributions from the members and received a \$260.00 donation. They conducted a fundraiser and raised a total amount of \$1,126.00.

Audit Scope and Objectives

The scope of this audit included a review of all available documents related to the financial activities of the Morse Cheer Club such as verification of deposits, receipts and expense reimbursements, from February 2013 through October 2013 to determine:

- If the internal control system is adequate and effective.
- If funds raised by the organization were properly accounted and spent according to its intended purpose.
- If expenditures are authorized and have adequate supporting documentation.
- If record keeping is sufficient to reasonably assure efficient and accurate accounting.

Audit Findings Summary

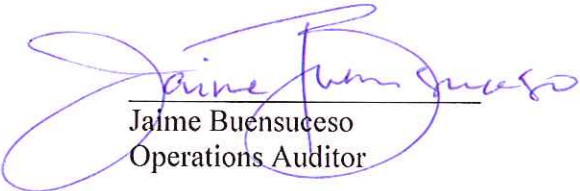
1. The Morse Cheer Club charged each member for the cost of uniforms.
2. Cash collections totaling \$5,540.00 were not deposited intact in the financial office.
3. Cash collections totaling \$4,052.02 were used to pay for various items instead of an ASB check.
4. The \$4,052.02 expenditures (Finding #3) did not have written approval of the principal, club advisor, and student body representative.
5. Collections for uniforms totaling \$1,312.02 were not receipted.
6. The fundraiser conducted by Morse Cheer Club did not have approval of the ASB council and the principal.
7. An ASB requisition was approved by a parent volunteer instead of the club advisor.
8. The "Club Advisor Checklist" for Morse Cheer Club was not signed.

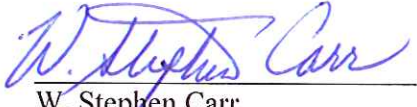
Conclusion

In our opinion, the Morse Cheer Club financial transactions from February 1, 2013 to October 31, 2013 were not performed in a satisfactory manner and conducted in a manner that violated district policy and procedures. Based on the results of tests performed, the club advisor failed to comply with district policies and procedures that exposed the club to a risk of loss and misappropriation of funds.

To improve internal controls, the principal is to take action to ensure that the Morse Cheer club advisor reviews and adheres to district procedures as follows.

- All collections are deposited intact in the financial office.
- All ASB receipts are returned to the financial office at the end of collection.
- Cash collections are not used for payments of any kind.
- Payment of all bills is by pre-numbered ASB check.
- ASB expenses are approved by student representative, club advisor, and principal.
- All expenses are supported by original invoice or receipt.
- All fundraisers have prior written approval of the principal and the ASB council.
- Club minutes showing record of approval of fundraiser and expenses are maintained.
- Club Advisor Checklist is signed by the club advisor and a signed copy should be maintained in the financial office.


Jaime Buensuceso
Operations Auditor


W. Stephen Carr
Director, Office of Internal Audit

Audit Findings and Recommendations

1. The Morse Cheer Club charged each member for the cost of uniforms.

Title 5, California Code of Regulations, Section 350, states:

"A pupil enrolled in a school shall not be required to pay any fee, deposit, or other charge not specifically authorized by law."

The Morse Cheer Constitution, Article VIII: Dues, Fees, and Fines, Demerits states:

"Free Public School Act Information: The Constitution of the State of California requires that we provide a public education to you free of charge. Your right to a free education is for all school/educational activities, whether curricular or extracurricular, and whether you get a grade for the activity or class. Subject to certain exceptions, your right to a free public education means that we cannot require you or your family to purchase materials, supplies, equipment or uniforms for any school activity, nor can we require you or your family to pay security deposits for access, participation, materials, or equipment. You may be required to attend a fundraising event; however, if you are unable to raise funds for the event, you will not be prevented from participating in an educational activity."*

However, from July 11, 2013 to August 14, 2103, a parent volunteer and a club co-advisor collected a total of \$5,540.00 per sub receipts #1098107 through #1098139 from the members to pay for uniforms.

The receipts issued by the parent volunteer and co-advisor showed notation such as "for the uniform payment", "paid in full", "owes \$25 for uniform", and "still owes another \$150.00 for everything". These notes on the receipts indicate that they are charging the students for the cost of uniforms in violation of California Code of Regulations and Morse Cheer Constitution.

Recommendation

We require that the principal institute methods assuring that students shall not be required to pay any fee, deposit, or other charges not specifically authorized by law.

2. Cash collections totaling \$5,540.00 were not deposited intact in the financial office.

From July 11, 2013 to August 14, 2103, a parent volunteer and a club co-advisor collected a total of \$5,540.00 per sub receipts #1098107 through #1098139 from the members to pay for uniforms. The total cash collections of \$5,540.00 were not deposited intact in the financial office. A part of the cash collection not deposited in the financial office was used to purchase various items totaling \$4,052.02. (Finding #3).

District Procedure 2235, section C.2.b. states, "All financial transactions made in any school, except as noted below, must pass through the school office. The principal shall control all collections, deposits, and expenditures of monies made by the school, whether in the form of cash or checks.

Exceptions:

(1) School-initiated responses to requests by nondistrict organizations for collections and drives (Administrative Procedure 9325).

(2) Transactions handled directly for JROTC Brigade Headquarters by JROTC instructors.

(3) PTA collections."

District Procedure 2236, section D.2. states, "Student or staff member:

a. Collects money and issues a signed receipt showing payer's name, purpose for which collection was made, and amount of money collected.

b. Leaves duplicate copy of issued receipts in the receipt book; leaves both copies of voided receipts in book.

c. Gives money collected and receipt book to financial clerk at end of collection."

District Procedure No. 2245, section C.5 states "Cash collected by the student body shall not be used for payments of any sort; payment shall be by ASB check only."

Recommendation

We require that the principal institute methods assuring all collections must be deposited intact in the financial office and all payments paid by an ASB check.

3. Cash collections totaling \$4,052.02 were used to pay for various items instead of an ASB check.

From July 11, 2013 to August 14, 2103, a parent volunteer and a club co-advisor collected a total of \$5,540.00 per sub receipts #1098107 through #1098139 from the members to pay for uniforms.

From August 10, 2013 to October 10, 2013, a volunteer who acted as treasurer of the club used \$4,052.02 of the \$5,540.00 cash collections to purchase various items, not adhering to the policies, procedures and approval process necessary to have ASB check(s) issued as follows:

Date	Items Purchased	Amount
August 2013	Asics Cheer LP	259.20
08/10/2013	Asics Cheer LP	108.00
8/10/2013	Asics Cheer LP	259.20
8/16/2013	Briefs and socks	922.75
8/21/2013	Asics Cheer LP	21.60
9/17/2013	Back Pack	616.57
9/18/2013	T shirts	158.05

9/18/2013	Knit shorts	289.22
9/18/2013	Jacket	64.57
10/8/2013	Competitor Tee	466.56
10/9/2013	Hanes T shirts	697.68
10/10/2013	Socks	188.62
	Total expenses	4,052.02

District Procedure 2235, section C.2.b. states, "All financial transactions made in any school, except as noted below, must pass through the school office. The principal shall control all collections, deposits, and expenditures of monies made by the school, whether in the form of cash or checks."

Exceptions:

(1) School-initiated responses to requests by nondistrict organizations for collections and drives (Administrative Procedure 9325).

(2) Transactions handled directly for JROTC Brigade Headquarters by JROTC instructors.

(3) PTA collections."

District Procedure No. 2247, section C.3 states "Payment of all bills shall be by prenumbered check; cash collected by the student body shall not be used for payments of any kind. All checks shall be drawn to a named payee (never to "Cash")."

Recommendation

We require that the principal institute methods assuring all collections are deposited intact in the financial office.

We require that cash collected must not be used for payments of any kind and all payments are paid by an ASB check.

4. The \$4,052.02 expenditures (Finding #3) did not have written approval of the principal, club advisor, and student body representative.

The purchase of various items totaling \$4,052.02 did not have written approval of the principal, club advisor, and student body representative.

Education Code Section 48933 (b)states, "The funds shall be expended subject to such procedure as may be established by the student body organization subject to the approval of each of the following three persons, which shall be obtained each time before any of the funds may be expended: an employee or official of the school district designated by the governing board, the certificated employee who is the designated adviser of the particular student body organization, and a representative of the particular student body organization."

District Procedure 2227, section C.7.b. states, "ASB expenditure requests shall be submitted on student body requisition signed by originator of the request, financial clerk, ASB representative, ASB advisor, and principal."

Recommendation

We require that the principal institute methods assuring all expenses must have student body requisition approved by student body representative, club advisor and the principal.

A copy of the club minutes approving the expenditures are attached to the ASB requisition.

5. Collections for uniforms totaling \$1,312.02 were not receipted.

From July 11, 2013 to August 14, 2103, a parent volunteer and a club co-advisor collected a total of \$5,540.00 per sub receipts #1098107 through #1098139 from the members to pay for uniform.

From August 10, 2013 to October 10, 2013, a volunteer who acted as treasurer of the club used \$4,052.02 out of the \$5,540.00 cash collections to purchase various items reducing the balance of collections to \$1,487.98 not yet turned over to the financial office.

However, on October 10, 2013, the volunteer deposited \$2,800.00 in the financial office. The amount of \$2,800.00 was \$1,312.02 more than the receipted collections of \$1,487.98 computed as follows.

Total amount deposited on 10/10/13	\$2,800.00
Less: Fund balance previously receipted	<u>1,487.98</u>
Unreceipted/unidentified collections	<u>\$1,312.02</u>

As a result, there was limited assurance that collections were complete or all accounted for. There was also a risk of possible monetary loss since collections that were neither receipted nor reported may not be detected.

District Procedure 2236, section D.2. states, " Student or staff member:

- a. Collects money and issues a signed receipt showing payer's name, purpose for which collection was made, and amount of money collected.*
- b. Leaves duplicate copy of issued receipts in the receipt book; leaves both copies of voided receipts in book.*
- c. Gives money collected and receipt book to financial clerk at end of collection."*

Recommendation

We require that the principal institute methods assuring a student body receipt is issued 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.

All ASB receipts (used, unused, and voided) must be returned to the financial office at the end of collection and collections must be reconciled with the issued receipts.

The principal is to provide support for the source(s) of the unaccounted deposit.

6. The fundraiser conducted by Morse Cheer Club did not have approval of the ASB council and the principal.

The Morse Cheer Club conducted a "Chargers" fundraiser last summer without written approval of the ASB council and the principal. The club deposited \$700.00 and \$426.00 in the financial office in August 2013 and September 2013, respectively.

District Procedure 2265, section C.2.b. states, "Student organizations wishing to collect funds for any purpose shall obtain advance approval of the principal or designee and the ASB council.

District Procedure 2265, section C.2.c. states, "Secondary school fundraising functions normally should be conducted at the school and after school hours. Fundraising activities in the community should be limited and subject to approval of the ASB adviser and the principal."

Recommendation

We require that the principal institute methods assuring student body organizations obtain written approval of the principal and the ASB council for all fundraisers.

7. An ASB requisition was approved by a parent volunteer instead of the club advisor.

On 2/1/2013, an ASB check #4639 in the amount of \$1,097.99 for "Hoodies" was issued based on an ASB requisition approved by a parent volunteer instead of the club advisor.

District Procedure 2437, section C.2.a. states, "Student body requisition: A serially-numbered, original internal control form which must be completed as authorization for drawing a student body check. Approvals of a representative of the student body organization, the ASB adviser or sponsor, and the principal are required.

District Procedure 2227, section C.7.b. states, "ASB expenditure requests shall be submitted on student body requisition signed by originator of the request, financial clerk, ASB representative, ASB advisor, and principal.

Recommendation

We require that the principal institute methods assuring all expenses have a student body requisition approved by the student body representative, club advisor and principal.

8. The “Club Advisor Checklist” for Morse Cheer Club was not signed.

The Club Advisor Checklist for Morse Cheer was not signed by the club advisor. The Club Advisor Checklist is a guideline that shows procedures to adhere to for proper handling of fundraisers, collections, and disbursements of student body funds. The signature of the club advisor provides acknowledgement and support for understanding the proper supervision of club activities as required by law and district regulations.

District Procedure 6240, section D.1.e.(4) states, “Advisor acknowledges receipt of “Club Advisor Checklist” (E.2.,Attachment). A signed copy of the “Club Advisor Checklist” must be on file in the school’s financial office.”

Recommendation

We require that the principal institute methods assuring all advisors of school clubs/class sign the Club Advisor Checklist and a signed copy must be on file in the financial office.

School clubs that do not have a signed copy of the Club Advisor Checklist in the financial office are not allowed to function as a club.