



TO: Shirley Wilson, Area 1 Superintendent
FROM: W. Stephen Carr, Director, Office of Internal Audit *WSC*
DATE: July 3, 2013
RE: Morse High School ASB Audit

Our office completed an audit of the Associated Student Body financial operation at Morse High School for the period July 1, 2011 through December 31, 2012 . 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 have 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

email: Members, Audit Committee
M. Hudson

MORSE HIGH SCHOOL

Associated Student Body Audit Report

July 3, 2013

Introduction

The Office of Internal Audit performed an audit of the Associated Student Body (ASB) at Morse High School for the period July 1, 2011 through December 31, 2012.

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 Financial Clerk, under the Principal's direction and supervision, is responsible for all handling of cash in connection with these activities.

The Morse High School ASB checking and other asset accounts as of December 31, 2012, had a balance of \$350,600.00. The ASB General Fund constitutes a balance of \$100,100.00 of this total. Approximately \$515,200.00 was deposited and \$500,400.00 was withdrawn between July 1, 2011 and December 31, 2012, through the Morse High School ASB accounts.

Audit Scope

We performed the audit of ASB financial records from July 1, 2011 through December 31, 2012 at Morse High School. We examined the procedures being followed, and transactions for cash receipts and disbursements of the ASB funds,

Audit Objectives

- 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. Thirty six (36) yearbooks were not accounted having a value totaling \$3,780.00.
2. The yearbook sales had accumulated losses totaling \$22,395.56.
3. The revenue potential analysis for fundraisers was not prepared.
4. The supporting documents for two hundred forty six (246) ASB checks were not found.
5. There are shortages in sales of PE clothes, and foods totaling \$366.35.
6. Cash collections totaling \$31,598.17 were not recorded and not deposited in the bank on a timely manner.
7. Football game expenses for school year 2011/2012 totaling \$15,494.49 paid by the district were deducted from gate receipts in the computation of income. As a result, Morse High School reported a loss instead of income of \$14,823.00.
8. The ticket recap for tickets sold during football games totaling \$18,877.72 were not on file.
9. There are 69 inactive trust/club accounts as of December 31, 2012 having balances totaling \$42,637.05 that require review by the Principal and the student council to determine their need for incorporation into the ASB General Fund, as required by district procedure.
10. Ten long outstanding checks totaling \$4,278.51 have not been cancelled.
11. Collections for lost/damaged books and library fines totaling \$13,115.34 were not remitted to the district.
12. Convair Scholarship trust account had a difference of \$8,559.09 against their corresponding Certificate of Deposit account as of 12/31/2012.
13. The "Request for Organization of a School Club" forms were not completed.
14. The money raised from "Pasta for Pennies" fundraiser for the benefit of a charitable organization was deposited in the ASB account.
15. Eleven Journal Vouchers were not signed by the principal to indicate approval.
16. Two ASB checks were issued with only one signature.
17. Purchase card was used to pay for ASB supplies, a prohibited use of the purchase card.

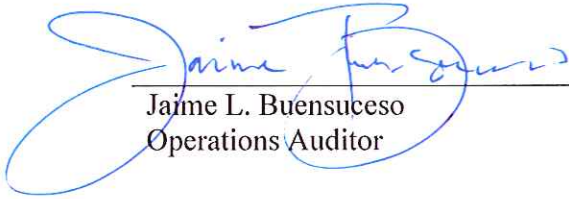
Conclusion

Based on the audit scope and results of tests performed, the ASB operations at Morse High School are generally performed in a satisfactory manner, except for the above audit findings that need to be addressed by the school administration in order to improve internal controls and comply with district procedures.


It is imperative that the financial clerk issue receipts on the date of collection, record the receipts, and deposit collections on a daily basis. The financial clerk should also make sure that all checks have proper supporting documentation to improve internal controls and to minimize the risk of misappropriation of funds.

The revenue potential analysis that shows projected sales, sales price per unit, cost per unit, and net income of the fundraisers must be prepared, and written explanation is required for significant variances between projected sales and actual sales.

We appreciate the courtesies and cooperation of school personnel during the examination.



Jaime L. Buensuceso
Operations Auditor



W. Stephen Carr
Director, Office of Internal Audit

Audit Findings and Recommendations

1. Thirty six (36) yearbooks were not accounted having a value totaling \$3,780.00.

Analysis of yearbook sales for school year 2011/2012 revealed thirty six (36) yearbooks were not accounted for totaling \$3,780.00 computed as follows:

Total number of yearbooks received by site		460
Less: Number of unsold yearbooks		
Unsold yearbooks at room # 603	84	
Unsold yearbooks at the Financial Office	20	
Yearbooks given away – Yearbook Camp	12	116
Number of yearbooks sold per audit		344
Less: Number of yearbooks sold per books		308
Unaccounted number of yearbooks		36
Multiply by cost		\$ 105
Total amount of unaccounted yearbooks		\$3,780.00

This represents a loss due to unaccounted potential revenues.

Recommendation

We require that the principal and the yearbook advisor implement sound internal controls for distributing yearbooks to prevent missing or unaccounted yearbooks.

We require that sales of yearbook are reconciled with the total quantity of yearbooks sold and any discrepancy investigated and explained in writing by the staff in charge.

2. The yearbook sales had accumulated losses totaling \$22,395.56.

We noted that the yearbook clearing account where yearbook income and expenses were recorded had an accumulated negative balance of \$22,395.56 as follows.

Period	Yearbook Sales	Expense	Income (Loss)
Aug. 2000 - July 2010	\$ 694,568.76	\$ 698,713.17	(\$ 4,144.41)
Aug. 2010 – July 2011	41,743.80	49,899.89	(8,156.09)
Aug. 2011 – July 2012	37,912.08	48,007.14	(10,095.06)
Total	\$774,224.64	\$796,620.20	(\$ 22,395.56)

We reviewed the yearbook sales for the period August 2011 to July 2012 to determine the causes of the deficit totaling \$10,095.06.

Our review of the yearbook sales revealed the following,

- a. Seventy six (36) yearbooks were missing.
- b. Some yearbooks were sold at \$14.00 less than the cost.
- c. Some yearbooks were sold at cost.

Recommendation

We require that the principal and the yearbook advisor implement sound internal controls for distributing yearbooks to prevent missing or unaccounted yearbooks.

The price of yearbooks must not be lower than the cost.

To minimize the quantity of unsold yearbooks, the number of yearbooks to be published must not be more than 10 compared to the last year's actual number of yearbooks sold.

The yearbooks selling price must be more than yearbook's cost for the following years. The accumulated profit for the following years will erase the deficit.

Since yearbook sales are supported by the entire student population, another option is to have the student body general fund cover the deficit with the approval of the student governing board and principal.

3. The revenue potential analysis for fundraisers was not prepared.

The revenue potential analysis for major fundraisers such as yearbook sales, and candy sales, was not prepared to document and control the fundraisers conducted by the student body organizations.

The revenue potential analysis shows significant shortages or overages of the fundraisers. Any variances between actual revenue and estimated revenue should be explained in writing by the person in charge of the fundraiser. A copy of the revenue potential analysis with explanation of the variances must be on file in the financial office for audit purposes.

Recommendation

We require that the organizer, prior to a fundraiser, complete and have approval of the revenue potential analysis. At the conclusion of the fundraiser, the revenue potential analysis must be completed to compare the actual gross income to the estimated gross income per district procedure.

4. The supporting documents for two hundred forty six (246) ASB checks were not found.

From July 1, 2011 to June 30, 2012, the Morse High School ASB issued 642 checks totaling \$387,762.04. We noted that 39% of 642 checks issued or 246 checks and supporting documents were not found totaling \$283,313.12.

The former financial clerk stated that all of the ASB checks and supporting documents for school year 2011/2012 were filed in clubs' folders stored in steel cabinet inside the financial office.

However, the present financial clerk, who transferred to Morse High School in August 2012 and organized the filing of documents in the financial office, only found parts of the ASB records for 2011/2012. She boxed the 2010/ 2011 ASB records in the financial office and moved the 1998 to 2003 ASB records to the storage room.

As a result, we were not able to determine the appropriateness of those expenses that do not have supporting documents on file.

Recommendation

We require that financial records for the current year and the last two school years be properly organized and filed in the finance office.

5. There are shortages in sales of PE clothes, and foods totaling \$366.35.

The analysis of PE clothes, and food sold at the student store from July 1, 2011 to December 31, 2012, revealed a difference of \$ 366.35 computed as follows.

<u>Items for sale</u>	<u>Sales Per Audit</u>	<u>Sales Per Books</u>	<u>Shortage</u>
PE Clothes, etc.	623.00	368.00	255.00
Food Items	<u>510.00</u>	<u>398.65</u>	<u>111.35</u>
Total	<u>1,133.00</u>	<u>766.65</u>	<u>366.35</u>

The student store is run by the ASB under the supervision of the ASB advisor. The students sell the goods (PE clothes, food, etc.) and deposit the collections to the financial office. We noted that collections from food sales are not deposited to the financial office in a timely manner. The student store started their operation in September 2012. However, collections from food sales are not shown deposited to the financial office until December 2012. We also noted that collections are not reconciled with the actual number of goods sold. As a result, discrepancies in sales were not addressed in a timely manner.

According to the ASB advisor, foods damaged by ants during summer contributed to the discrepancies in food sales.

Recommendation:

To improve internal controls, we recommend the following:

- Inventory of merchandise should be taken every month by two individuals that are not involved in selling of merchandise.
- Sales of merchandise recorded in the ASB books should be reconciled with the quantity of merchandise sold every month.
- Overages/shortages in sales of merchandise between ASB books and quantity of merchandise sold should be explained in writing by the ASB advisor and/or staff that supervise the student store.

6. Cash collections totaling \$31,598.17 were not recorded and not deposited on a timely manner.

We reviewed the cash collections and bank deposits from October 1, 2012 to November 30, 2012 to determine whether cash collections are received, recorded, and deposited in the bank on a timely manner.

We noted that cash collections totaling \$31,598.17 were not recorded and deposited in the bank daily, but were deposited 5 to 18 days after collections as follows.

Date of receipt	Receipt Nos.	Date Deposited	No. days	Amount
10/2/12	109811-109862	10/09/2012	7	1,591.00
10/3/12	109863-109924	10/09/2012	6	5,834.12
10/4/12	109925-110047	10/09/2012	5	4,876.55
10/15/12	110084-110154	11/02/2012	17	695.50
10/17/12	110155-110160	11/02/2012	15	5,920.45
11/2/12	110184-110197	11/13/2012	11	3,612.25
11/5/12	110201-110217	11/13/2012	8	1,833.00
11/13/12	110370-110405	11/29/2012	16	2,380.00
11/14/12	110406-110439	11/29/2012	15	1,344.30
11/16/12	110440-110490	11/29/2012	13	3,511.00
	Total			31,598.17

For internal control purposes, cash collections must be recorded and deposited in the bank daily.

Recommendation

We require that cash collections must be recorded and deposited in the bank daily.

7. Football game expenses for school year 2011/2012 totaling \$15,494.49 paid by the district were deducted from gate receipts in the computation of football net income. As a result, Morse High School reported a loss instead of income of \$14,823.00.

At the end of the football season, the school sites are required to remit 80% of the net income from football games to the district. The "Income from 2011 Football Game Gate Receipts" submitted by Morse High School to Physical Education/Athletics Department included expenses paid by the district totaling \$15,494.49 as follows.

Football Expenses	Amount
Security	\$ 2,813.24
Officials	3,312.00
Ambulance	1,800.00
Ticket Sellers	3,405.95
Supervision	2,180.60
Field Marking/Custodial	1,243.86
Announcer/Timekeepers	738.84
Totals	\$15,494.49

The above expenses of \$15,494.49 should not be deducted from the computation of net income because they were paid by the district.

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

Due to inclusion of expenses paid by the district in the computation of football net income, Morse High School reported a loss instead of a gain of \$14,823.00 computed as follows.

Total gate receipts from football games	\$18,878.00
Less: Actual expenses (Facility Fund) paid by the ASB	<u>4,055.00</u>
Total profit from football games that should be reported to the district	\$14,823.00

As a result, the district did not receive the \$11,858.00 (80% of \$14,823.00 unreported profit) from Morse High School.

As of 5/20/13, the balance in Account 2250 – Football Clearing is \$23,696.42.

Recommendation

The principal is to effect processes that comply with district requirements for processing gate receipts.

Football Game expenses either directly paid by the district or reimbursed by the district to the ASB should not be deducted from gate receipts in the computation of "Income from Football Game Gate Receipts".

We require Morse High School issue an ASB check payable to SDUSD in the amount of \$11,858.00 due to the district out of Account no. 2520 Football Clearing.

8. The ticket recap for tickets sold during football games totaling \$18,877.72 were not on file.

For the 2011/2012 football season, Morse High School had six (6) football home games and sold football tickets totaling \$18,877.72. The ticket recapitulation that shows the quantity of tickets sold was missing. As a result, the accuracy of the \$18,877.72 gate receipts could not be determined, because we were not able to reconcile the total collections with the actual number of tickets sold.

District Procedure No. 2260, Section D.3.c. states "Retains ticket recap form and all unused, unsold and voided tickets for examination by operations auditors during next school audit."

Recommendation

We require that all ticket recap and unused or unsold tickets be retained at site for audit purposes.

9. There are 69 inactive trust/club accounts as of December 31, 2012 having balances totaling \$42,637.05 that require review by the Principal and the student council to determine their need for incorporation into the ASB General Fund, as required by district procedure.

The review of several trust/club accounts revealed a total of 69 accounts with a total balance of \$42,637.05. (See Schedule I)

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 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.

10. Ten long outstanding checks totaling \$4,278.51 have not been cancelled.

Ten stale checks issued from January 2011 through May 2012, totaling \$4,278.51 are still maintained in the books as follows.

Date	Check	Description	Amount
1/10/2011	3349	Tapes, etc.	16.73
1/10/2011	3350	Supplies	27.39
1/24/2011	3382	Drama costumes, misc supplies	329.34
1/26/2011	3417	Drama costumes, misc supplies	188.67
2/28/2011	3494	2/15 bb	51.00
6/16/2011	3735	Inv# 36468	3,263.15
10/27/2011	3833	Fundraising donation	105.00
11/16/2011	3871	Homecoming dance supplies	17.23
1/31/2012	4014	12/3 bb	30.00
5/24/2012	4302	Oct. 2012 VB Tournament	250.00
		Total	4,278.51

District Administrative Procedure No. 2247 requires that when ASB check is outstanding for a period of six months and has not been cashed by the bank, the financial clerk makes reversing entries via journal voucher.

Recommendation

We recommend that all outstanding checks over six months be cancelled by reversing entries via journal voucher.

11. Collections for lost/damaged books and library fines totaling \$13,115.34 were not remitted to the district.

For the last two years, the school did not remit the money collected for payment of lost/damaged books and fines to the district. As of December 31, 2012, the accumulated amount collected for payment of lost books, and library fines were \$10,669.51 and \$2,445.83, respectively.

District Procedure No. 2165, Section D.1.b.(3) states "Periodically may issue check from ASB lost and paid books trust account payable to either San Diego Unified District or the other school site, whichever is applicable.

(a) Sends check to either the district cashier with either a memo or the white and pink copies of "District Daily Remittance Advice" form, retaining green copy of form at school; adds notation requesting funds be appropriated to account indicated or to the other school site with a memo indicating reason for payment."

District Procedure No. 2170, Section C.4. states "Library fines are deposited in the General Fund as district income unless a site account is designated."

As of May 20, 2013, "Account No. 2230 – Books" had a balance of \$10,669.51, and "Account No. 2333 – Library" had a balance of \$1,171.88.

Recommendation

We require the financial clerk to periodically or at least once a year remit the collections from lost books and library fines to the district. An estimated amount for possible refunds is retained in the Lost Books account.

12. Convair Scholarship trust account had a difference of \$8,559.09 against their corresponding Certificate of Deposit account as of 12/31/2012.

We noted that the funds earmarked for Convair Scholarship and deposited in a time deposit account are not reconciled with the Convair Scholarship trust account.

This condition occurred because the scholarship funds awarded to the students and expenses from 2001 to 2003 were paid out of the ASB checking account without the corresponding transfer of funds from the Certificate of Deposit account to the ASB checking account. As a result, there was a difference of \$8,559.09 between the Certificate of Deposit account and Convair Scholarship trust account as follows.

Account Title	Balance – 12/31/2012
1115 – Convair Scholarship – CD Wells Fargo	22,078.64
2301 – Convair Scholarship Fund	13,519.55
Difference	8,559.09

This is due to previous financial clerk oversight.

Recommendation

To reconcile the Convair Scholarship CD Wells Fargo account with Convair Scholarship trust account, we recommend that the amount of \$8,559.09 be withdrawn from the Convair Scholarship CD Wells Fargo account and deposited to the ASB checking account.

13. The "Request for Organization of a School Club" forms were not completed.

The "Request for Organization of a School Club" forms were not completed by 20 school clubs as follows.

Account No.	Account Name	Balance as of 12/31/2012
2281	Football, Tiger	1,886.90
2528	Orchestra	1,645.00
2340	T.I.G.H.T.	1,610.80
2236	Majorettes	1,372.63
2368	Stepping Club	1,072.05
2224	Baseball	1,024.74
2233	Carpe Diem	884.65
2303	Gourmet Club	840.20
2216	AVID	827.51
2263	Drill Teams	821.36
2372	Swim Team	810.00
2237	Cheer Squad	755.03
2321	Japanese Class	701.85
2389	Tiger Athletics	616.63
2240	Cross Country	527.61
2239	Choir	126.00
2277	JV Football	90.00
2115	Sophomore Class	82.25
2222	Badminton Club	25.79
2244	Special Education	25.00
	Total	15,746.00

District Administrative Procedure No. 6240 states "Every proposed student club desiring district authorization must apply to the student governing body of the school".

District Administrative Procedure No. 6240 states "Students seeking approval of school club through student representative, complete "Request for Organization of a School Club" form declaring the aims or statement of purpose of proposed club, proposed membership source, and requesting approval as a school club."

Recommendation

We require that the site administrator:

- a. Enforce the requirement to have club sponsors submit to the Student Body Financial Office the constitution and by-laws of the clubs or class that they are sponsoring.

Ensure that clubs or classes without the required constitution and by-laws are not allowed to use the trust account of the student body fund.

Require that a copy of the charter, constitution or statement of purpose and objectives is on file in the financial office.

- b. All clubs seeking approval are to submit a "Request for Organization of a School Club" form. The Principal approves or disapproves each request for organization of a school club, per District Administrative Procedure No. 6240, and obtains approval by the ASB for all clubs and requires that a copy of the approval is filed in the financial office.

14. The money raised from "Pasta for Pennies" fundraiser for the benefit of a charitable organization was deposited in the ASB account.

The ASB conducted "Pasta for Pennies" fundraiser for the benefit of a charitable organization in March 2012, and raised a total amount of \$503.68. Some of the coins were taken to the Coinstar coin counting machine at a grocery store. The total amount of \$326.68 counted by the machine was automatically remitted to the charitable organization. However, \$177.00 out of \$503.68 was deposited in the ASB account, and subsequently issued an ASB check in the amount of \$177.00 payable to the charitable organization.

Money deposited in the ASB accounts are funds that belong to the students' club or trust accounts and use for the benefit of the students, except for district clearing account, and faculty fund account that are allowed by district procedures.

Recommendation

Proceeds from fundraisers conducted for the benefit of outside charitable organizations must be delivered directly to the charitable organizations.

The ASB accounts should not be used as a pass-through accounts for funds not owned by the student's organization.

15. Eleven Journal Vouchers were not signed by the principal to indicate approval.

A Journal Voucher is a document used as an authorization to record financial transactions such as transfer of funds, adjustments and correcting entries. The journal voucher shows the date, amount, accounts, description of the transactions and signature of the approving official.

Eleven journal vouchers were recorded without the approval of the principal as follows.

Date	JV Number	Amount
06/29/2012	130800	336.00
06/29/2012	131051	30.00
06/29/2012	131052	41.06
06/29/2012	131053	895.00
06/29/2012	131054	35.00

06/29/2012	131055	400.00
06/29/2012	131056	328.00
06/29/2012	131057	650.00
06/29/2012	131058	2,463.13
06/29/2012	131059	20,508.63
06/29/2012	131060	1,499.42

Recommendation

We require the principal sign the journal voucher to indicate approval of the financial transactions recorded in the books.

16. Two ASB checks were issued with only one signature.

We reviewed the ASB checks paid by the bank in the month of October 2012. We noted that two ASB checks were issued with only one signature – missing the signature as follows.

Date	Check No.	Amount
10/03/2012	4434	3,043.94
10/15/2012	4470	70.00

District Procedure No. 2247, Section D.2.b. states “Signatures of both principal and secretary/financial clerk are required on each check prepared.”

Recommendation

For internal control purposes, we require the signatures of the principal and the financial clerk on each check.

17. Purchase card was used to pay for ASB supplies, a prohibited use of the purchase card.

On 10/29/12, the school used their purchase card to buy 80 pieces of presentation binds totaling \$481.86 for the Class of 2013.

On 11/6/12, an ASB check no. 4500 in the amount of \$481.86 was issued payable to SDUSD to reimburse the district the cost of 80 pieces of presentation binds purchased through the purchase card.

The Purchase Card Policy and Procedures Manual includes ASB purchases as one of the prohibited uses of the purchase card.

Recommendation

We require that the purchase card is not used for ASB purchases.



Shirley Wilson
Area One Superintendent
P - 619 725.7233
F - 619 725.7110
swilson1@sandi.net

July 2, 2013

To: Jaime Buensucesco, Operations Auditor

From: Shirley Wilson, Area 1 Superintendent

RE: MORSE HIGH SCHOOL – ASSOCIATED STUDENT BODY & TIME AND LABOR AUDITS

I have reviewed the report of Morse High School's Associated Student Body and Time and Labor Audits Report. Per the report, it was shared that the Operations Auditor responsible for the Morse High School's audit, met with the principal to review the findings.

The Associated Student Body Report

The Associated Student Body Audit Report included seventeen (17) findings and recommendations to rectify errors, omissions, and confusions. The auditor's conclusion indicated the ASB operations were generally performed in a satisfactory manner, except for the findings. Morse High School's principal, Harry Shelton, in order to rectify the findings has instituted internal controls and processes to comply with district procedures. He has provided a detailed response to you of the corrective actions to the audit and the recommendations.

Time and Labor Report

The Time and Labor Audit Report included eight (8) findings and recommendations to rectify errors, omissions, and confusions. The auditor's conclusion indicated that several areas needed to be improved to avoid mistakes. It was reviewed with Morse High School's principal, Harry Shelton, of his responsibility to certify each payroll and to supervise the time and labor operations of the school. He has provided a detailed response to you of the corrective actions to the audit and the recommendations.

I am confident that the operations of the Associated Student Body and the Time and Labor will improve and be in full compliance of the San Diego Unified District's policies and procedures.



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: June 23, 2013
To: Jaime Buensuceso, Operations Auditor
From: Harry Shelton, Morse High Principal

SUBJECT: Associated Student Body Audit Response

Dear Jaime,

I am writing the letter to first acknowledge that we both have met to discuss this 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 (17) audit findings:

1. **Thirty six (36) yearbooks were not accounted for having a value totaling \$3,780.00.**
 - a. I will work with the new yearbook advisor to implement sound internal controls for distributing yearbooks to prevent missing or unaccounted yearbooks. I will require that the sales of yearbooks are reconciled with the total quantity of yearbook sold and any discrepancy investigated and explained in writing by the staff in charge.
2. **The yearbook sales had accumulated losses totaling \$22,395.56 from August 2000 to July 2012.**
 - a. I will work with the new yearbook advisor to implement sound internal controls for distributing yearbooks to prevent missing or unaccounted yearbooks. The price of yearbooks must not be lower than cost. The number of yearbooks to be published must not be more than 10 compared to the last year's actual number of yearbooks sold. The yearbooks selling price must be more than yearbook's cost for the following years to make up the deficit or have the entire student body population (ASB general fund) cover the deficit with the approval of the student body governing board and principal.
3. **The revenue potential analysis for fundraisers was not prepared.**
 - a. I will require that the organizer, prior to the fundraiser, complete and have approval of the revenue potential analysis. At the conclusion of the fundraiser, the revenue potential analysis with explanation of the variances must be filed in the financial office for audit purposes.
4. **The supporting documents for two hundred forty six (246) ASB checks were not found.**

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).

- a. I will require that financial records for the current year and the last two years be properly organized and filed in the financial office.
- 5. There are shortages in sales of P.E. clothes, and foods totaling \$366.35.**
- a. To improve internal controls, I will adhere to the following:
 - b. Inventory of merchandise will be taken every month by two individuals that are not involved in selling of merchandise.
 - c. Sales of merchandise will be recorded in the ASB books should be reconciled with the quantity of merchandise sold every month.
 - d. Overages/shortages in sales of merchandise between ASB books and quantity of merchandise sold will be explained in writing by the ASB advisor and/or staff that supervise the student store.
- 6. Cash collections totaling \$31,598.17 were not recorded and not deposited on a timely manner.**
- a. I will require that cash collections must be recorded and deposited in the bank daily.
- 7. Football game expenses for school year 2011/2012 totaling \$15,494.49 paid by the district were deducted from gate receipts in the computation of football net income. As a result, Morse High School reported a loss instead of income of \$14,823.00.**
- a. I will implement processes that comply with district requirements for processing gate receipts.
 - b. I will ensure that Morse High School issue ASB check payable to SDUSD in the amount of \$11,858.00 due to the district out of Account no. 2520 Football Clearing.
- 8. The ticket recap for tickets sold during football games totaling \$18,877.72 were not on file.**
- a. I will require that all ticket recap and unused or unsold tickets be retained at site for audit purposes.
- 9. There are 69 inactive trust/club accounts as of December 31, 2012 having balances totaling \$42,637.05 that require review by the Principal and the student council to determine their need for incorporation into the ASB General Fund, as required by district procedure.**
- a. I or my designee will and the ASB council is to review the 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.
- 10. Ten long outstanding checks totaling \$4,278.51 have not been cancelled.**
- a. I will ensure that all outstanding checks over six months be cancelled by reversing entries via journal voucher.

11. Collections for lost/damaged books and library fines totaling \$ 13,115.34 were not remitted to the district.

- a. I will require the financial clerk to periodically or at least once a year remit the collections from lost books and library fines to the district. An estimated amount for possible refunds is retained in the Lost Books account.

12. Convair Scholarship trust account had a difference of \$ 8,559.09 against their corresponding Certificate of Deposit account as of 12/31/2012.

- a. a. To reconcile the Convair Scholarship CD Wells Fargo account with Convair Scholarship trust account, I will recommend that the financial clerk ensure the amount of \$8,559.09 be withdrawn from the Convair Scholarship CD Wells Fargo account and deposited to the ASB checking account.

13. The "Request for Organization of a School Club" forms were not completed.

I will ensure the following:

- a. Enforce the requirement to have club sponsors submit to the Student Body Financial
 - i. Office the constitution and by-laws of the clubs or class that they are sponsoring.
 - ii. Ensure that clubs or classes without the required constitution and by-laws are not allowed to use the trust account of the student body fund.
 - iii. Require that a copy of the charter, constitution or statement of purpose and objectives is on file in the financial office.
- b. All clubs seeking approval are to submit a "Request for Organization of a School Club" form. The Principal approves or disapproves each request for organization of a school club, per District Administrative Procedure No. 6240, and obtains approval by the ASB for all clubs and requires that a copy of the approval is filed in the financial office.

14. The money raised from "Pasta for Pennies" fundraiser for the benefit of a charitable organization was deposited in the ASB account.

- a. Proceeds from fundraisers conducted for the benefit of outside charitable organizations must be delivered directly to the charitable organizations.
- b. Ensure that the ASB accounts not be used as pass-through accounts for funds not owned by the student's organization.

15. Eleven Journal Vouchers were not signed by the principal to indicate approval.

- a. I will ensure that the principal sign the journal voucher to indicate approval of the financial transactions recorded in the books.

16. Two ASB checks were issued with only one signature.

- a. For internal control purposes, I will ensure the signatures of the principal and the financial clerk on each check.

17. Purchase card was used to pay for ASB supplies, a prohibited use of the purchase card.

- a. I will ensure that the purchase card is not used for ASB purchases.