



TO: Judy Tenorio, Interim Area Superintendent
FROM: Stephen Carr, Director, Office of Internal Audit
DATE: March 19, 2014
RE: XCTF Boosters Audit

Our office conducted an audit of the XCTF Boosters for the period July 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 had been taken or are planned.

If you have any questions concerning the information in this report, please call me at 725-5696.

c: Members, Board of Education
C. Marten
S. Monreal
A. Donovan

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



Audit Report

XCTF Boosters

March 19, 2014

Introduction

We performed an audit of the XCTF Boosters financial activities for the period July 1, 2013 through October 31, 2013 at the request of the principal.

The XCTF Boosters, a nonprofit organization, was organized to support the Cross Country and Track & Field programs at Patrick Henry High School through fundraising activities, facilitation of volunteer efforts, and cooperation with other booster clubs.

From July 2013 to October 2013, the XCTF Boosters received various donations and conducted several fundraisers such as a silent auction, garage sales, car wash, and other events. The foundation maintains one bank account where they deposited and disbursed their funds.

XCTF Boosters revenues of \$15,598.98 were deposited and expenses of \$12,924.34 were withdrawn from July 1, 2013 through October 31, 2013, through XCTF Boosters checking account. As of October 31, 2013, XCTF Boosters checking account had a balance of \$4,420.41.

Audit Scope and Objectives

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

- If the internal control system is adequate and effective.
- If funds raised by the organization were 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 fundraisers conducted by XCTF Boosters for the benefit of the school did not have written approval of the principal.
2. The XCTF Boosters gave \$500 gift card to two volunteer coaches totaling \$1,000.00.
3. The Check #1322 totaling \$3,034.33 did not have adequate supporting documentation.
4. Silent Auction expenses totaling \$598.45 were not supported by original receipts.
5. A stale check #1130 totaling \$320.00 was not cancelled at the time a replacement check was issued.

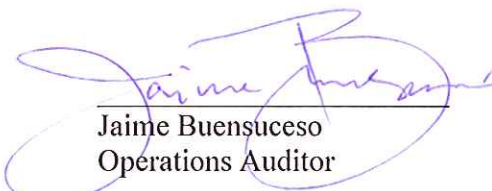
Conclusion

In our opinion, the XCTF Boosters revenues totaling \$15,598.98, and expenses totaling \$12,924.34 from July 1, 2013 to October 31, 2013 were in order, except for the above findings that need attention.

To improve internal controls, the XCTF Boosters we recommend the following.

- All fundraisers should have prior written approval of the principal.
- All expenses are properly supported by original invoice or receipt.
- XCTF Boosters should use computerized accounting.

We appreciate the cooperation of XCTF Boosters administration during the examination.



Jaime Buensuceso
Operations Auditor



W. Stephen Carr
Director, Office of Internal Audit

Audit Findings and Recommendations

1. The fundraisers conducted by XCTF Boosters for the benefit of the school did not have written approval of the principal.

From July 2103 through October 2013, the XCTF Boosters conducted several fundraisers such as a silent auction, garage sales, and others, for the benefit of the school without written approval of the principal.

Education Code section 51521 states:

No person shall solicit any other person to contribute to any fund or to purchase any item of personal property, upon the representation that the money received is to be used wholly or in part for the benefit of any public school or the student body of any public school, unless such person obtains the prior written approval of either the governing board of the school district in which such solicitation is to be made or the governing board of the school district having jurisdiction over the school or student body represented to be benefited by such solicitation, or the designee of either of such boards.

District Procedure 9325 section C.3.f. states:+

Request to conduct a fundraising activity. Nondistrict Organizations and individuals requesting permission to conduct a fundraising activity must complete and submit a "Request For Approval Of Fundraising Activity By A Nondistrict Organization" form (E.1.) to the principal.

District Procedure 9325 section C.3.c. states:

A nondistrict organization that solicits or raises funds on behalf of the district or school shall provide a copy of the fundraising activity's income and expense reports and shall grant to the Board of Education the right to audit their financial records at any time either by district audit personnel or by an outside auditor.

Recommendation

We require that non-district organizations obtain written approval of the principal for all fundraisers conducted for the benefit of the school or the students. The organization shall provide a copy of a fundraising activity's income and expense reports, to the principal. The principal is to annually review district requirements with the non-district organizations

2. The XCTF Boosters gave \$500 gift card to two volunteer coaches totaling \$1,000.00.

In August 2013, the XCTF Boosters purchased and gave \$500.00 gift card to two volunteer coaches totaling \$1,000.00

XCTF Boosters by-laws section XII.A.2. states:

The following items may not be funded directly: Salaries for coaches or staff. Funding for salaries must be transferred to the appropriate ASB club account and paid by the school district.

California Interscholastic Federation (CIF) bylaws states:

Article 50 General Rules

507 COACHING COMPENSATION

A coach shall not be reimbursed for coaching services from any source other than the school funds without the approval of the school's governing board, nor be subject to any bonus arrangement dependent upon the success of the school's team.

508 PENALTY FOR IMPROPER COACHING COMPENSATION

Any team, coached by any person receiving any part of the salary for coaching from other than the school funds without the approval of the school's board, is ineligible.

Recommendation

We require that XCTF Boosters not give money or anything of value to the volunteers and district employees. This is payment for their work and raises issues or tax consequences for the district, XCTF Boosters and the volunteer.

3. The Check #1322 totaling \$3,034.33 did not have adequate supporting documentation.

During the course of the audit, we noted that the check #1322 dated 8/15/201, in the amount of \$3,034.33 reimbursed to the coach for Big Bear Camp lodging was not supported by adequate documentation. We had the XCTF Boosters president obtain proof of payment from the coach such as an invoice or a bill that showed the description of the items and amount paid. The coach provided the contract that showed the details of the rental agreement and amount paid for Big Bear Camp lodging to the XCTF Boosters president for their record keeping purposes.

Recommendation

We require that expenses are supported by original invoice/receipt/contract that shows the details of the items and amount paid.

4. Silent Auction expenses totaling \$598.45 were not supported by original receipts.

We noted that check #1323 dated 9/15/13 totaling \$598.45 for Silent Auction expenditures was not supported by the original receipts.

Recommendation

We require that expenses are supported by original invoice that shows the details of the items and amount paid.

5. A stale check #1130 totaling \$320.00 was not cancelled at the time a replacement check was issued.

A stale check #1130 dated 9/28/2012 in the amount of \$320.00 was replaced by check# 1149 on 12/31/2012. The stale check#1130 was not adjusted or recorded in the books until 9/28/2013.

Recommendation

We suggest that the stale check should be cancelled and recorded in the books six months after issue date or at the time a replacement check was issued.

MEMORANDUM

TO: W. S. Carr
FROM: J. Tenorio *JT*
DATE: March 18, 2014
SUBJECT: HENRY HIGH SCHOOL XCTF BOOSTERS AUDIT

This memorandum is in response to the audit of the Henry High School XCTF Boosters for activities for the period July 1, 2013 through October 31, 2013.

The audit findings and responses are as follows:

1. The fundraisers conducted by XCTF Boosters for the benefit of the school did not have written approval of the principal.

Henry High Principal Listy Gillingham held a meeting on January 17, 2014 with the president of the XCTF Boosters and explained that non-district organizations are required to obtain written approval of the principal for all fundraisers conducted for the benefit of the school or students. During the meeting the principal reviewed the proper forms that are required to be signed before fundraisers are conducted. She also told the XCTF Boosters president that a binder is maintained in the office and an annual meeting is held to instruct booster clubs how to work with schools.

On October 21, 2013 the vice principal in charge of athletics met with the XCTF Booster Board and reiterated that all fundraising activity must be approved in advance. In addition, the forms and appropriate process were reviewed and discussed.

2. The XCTF Boosters gave a \$500 gift card to two volunteer coaches totaling \$1,000.00.

Henry High Principal Listy Gillingham held a meeting on January 17, 2014 with the president of the XCTF Boosters and explained the CIF policy. The XCTF Booster president agreed to not give gift cards to coaches.

3. Check #1322 totaling \$3,034.53 did not have adequate supporting documentation.

Henry High Principal Listy Gillingham held a meeting on January 17, 2014 with the president of the XCTF Boosters and explained the proper procedure. The president agreed to use official request for reimbursement forms with original receipts attached to the report.

4. Silent Auction expenses totaling \$598.45 were not supported by original receipts.

Henry High Principal Listy Gillingham held a meeting on January 17, 2014 with the president of the XCTF Boosters and explained the proper procedure. The president agreed to use official request for reimbursement forms and attach original receipts to the report.

5. Stale Check #1130 totaling \$320.00 was not canceled at the time a replacement check was issued.

Henry High Principal Listy Gillingham held a meeting on January 17, 2014 with the president of the XCTF Boosters, and the president agreed to not keep outstanding "stale" checks for more than six months.

Principal Gillingham and I have discussed the audit findings, recommendations, and corrective measures. I am confident the aforementioned audit findings will not be repeated.

JT:ms