



TO: Gilbert Gutierrez
Area Superintendent

FROM: W. Stephen Carr *WSC*
Director of Office of Internal Audit

DATE: May 15, 2012

RE: San Diego High School of International Studies Purchase Card Audit

An audit of the Purchase Card financial operations was conducted at San Diego High School of International Studies for the period July 1, 2010 through June 30, 2011. The audit report contains information regarding the audit findings and recommendations.

Enclosed is a copy of the audit report and site administrator's response. The site administrator was responsive to all of our recommendations and corrective actions had been taken or planned.

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

c. Members, Board of Education
W. Kowba
N. Meyer
L. Schoenke
B. Rhinerson

e-mail report: Members, Audit committee
J. Salkeld
S. Freedman
J. Macalos
M. Hudson



San Diego High School of International Studies

Purchase Card Audit Report

March 5, 2012

Introduction

An audit was performed on the purchase card financial operations at San Diego High School of International Studies for the period July 1, 2010 through June 30, 2011.

San Diego High School of International Studies has one purchase card. The total purchase card purchases from July 1, 2010 through June 30, 2011 were \$8,631.46. The Cardholder purchase card has a single purchase limit of \$500, a daily limit of \$1,000 and a monthly spending limit of \$2,500.

Background

A purchase card is a specialized credit card that allows authorized District employees to purchase authorized goods and services. It is issued for government use only and contains limitations such as single purchase and monthly spending limits, prohibited purchases and prohibited vendors.

The Approving Official is responsible for reviewing all charges for cardholders that report to him/her, ensuring that all purchases on the monthly cardholder statements are appropriate and for official use, ensuring no prohibited items have been purchased, assigning appropriate budget charge numbers to each invoice and ensuring that there are original, itemized documentation for all purchases on the monthly cardholder statements.

The Cardholder is responsible for ensuring that the purchase card is used in accordance with district policies and procedures and all purchases of commodities are in compliance with district procurement and contracting procedures and policies. Cardholder is also responsible for the security of the purchase card to prevent any unauthorized use of the card.

Audit Scope and Objectives

- To audit financial records from July 1, 2010 through June 30, 2011.
- To ensure adequate internal controls are in force.
- To determine if procurement card activities are in accordance with district procedures.
- To determine that expenditures are authorized and have adequate supporting documentation.

Audit Findings Summary

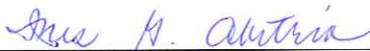
1. The Cardholder split a purchase totaling \$1,080.00 in violation of the Purchase Card Policy and Procedure.
2. The Cardholder paid membership dues using the purchase card in violation of the Purchase Card Policy and Procedures.

Conclusion

Based on the audit scope and tests performed, San Diego High School of International Studies Purchase Card financial records are in order except for the above findings. All of the transactions have proper supporting documents.

However, the audit findings for the purchase card financial operation at San Diego High School of International Studies for the period July 1, 2010 through June 30, 2011 require that administration must review policies governing card use for prohibited purchases prior to making a purchase.

We appreciate the courtesies and cooperation extended by the personnel during the examination.



Ines G. Abitria
Operations Auditor



W. Stephen Carr
Director, Office of Internal Audit

Audit Findings and Recommendations

1. **The cardholder split a purchase totaling \$1,080.00 in violation of the Purchase Card Policy and Procedure.**

The cardholder used the district's purchase card to buy admission tickets to Hearst Castle by splitting the payments and circumventing the single purchase limit as follows:

Transaction Date	Vendor/Description	Invoice Amount	Payment Amount
03/25/2011	Ca Parks/Hearst-Admission tickets for students	\$540.00	\$500.00
03/28/2011	Ca Parks/Hearst-Admission tickets for students	540.00	500.00
03/29/2011	Ca Parks/Hearst-Admission tickets for students		80.00
	Total	\$1,080.00	\$1,080.00

- **Per Purchase Card Policy and Procedures, "Any single transaction exceeding cardholder's single transaction limit as established and approved by the Program Administrator is prohibited. Splitting the purchase of a high cost item in order for it to be accepted by the VISA system will result in immediate and permanent revocation of cardholder privileges."**

Exceptions to the standard limits may be granted under certain circumstances upon approval from your Approver, your Area Superintendent or Division Head, the Chief financial Officer and the controller by completing the "Purchase Card Limit Request Procedure" form.

Recommendation

We recommend that the cardholder and the approving official are to review the Purchase Card Policy and Procedures for prohibited purchase before making any purchase.

Fiscal Control is to make a note of this violation and effect the necessary action relative to the cardholder.

2. **The cardholder paid membership dues using the purchase card in violation of the Purchase Card Policy and Procedures.**

Our review of the purchase card for the period July 1, 2010 through June 30, 2011 revealed that the cardholder used the district's purchase card to pay for membership dues of the principal to ASCD in the amount of \$89.00.

- **Per Purchase Card Policy and Procedures - Membership of any kind – Individual memberships are prohibited. Institutional and organizational memberships may be purchased via ePro requisition only.**

Recommendation

We recommend that the cardholder and the approving official are to review the Purchase Card Policy and Procedures for prohibited purchase before making any purchase.

Fiscal Control is to make a note of this violation and effect the necessary action relative to the approver.

To: Gilbert Gutierrez
From: Kirk Ankeney
Date: 25 April 2012
RE: Response to Audit Reports

Audit Findings Summaries and Responses

I. P-Card (International Studies)

1. The cardholder split a purchase totaling \$1,080.00 in violation of the Purchase Card Policy and Procedure.
2. The cardholder paid membership dues using the purchase card in violation of the Purchase Card Policy and Procedure.

Response (International Studies)

- The above occurred due to human error.
- The cardholder and the approving official have reviewed the Purchase Card Policy and Procedure and will strictly adhere to district policy and procedures.

II. Payroll Time and Labor (International Studies)

1. Eleven employees submitted additional hourly timecards totaling 35.00 hours that are within the normal teaching days and accordingly since part of regular service contract, result in overpayments of \$1,094.55.

Response

- The timekeeper and the school administrator were unaware of the conflict with 21st Century grant hours and normal teaching hours.
 - The principal required the timekeeper to make the corrections by submitting Time Error Correction Notices to Payroll.
 - The principal instituted practices for timecard review to assure processing only allowable time.
2. Five employees submitted timecards with overlapping hours resulting in a total overpayment of \$571.58.

Response

- The above was a result of human error.
 - The principal met with the timekeeper to review district requirements and directed her to make required corrections by submitting Time Error Correction Notices to payroll.
3. The principal authorized the misuse of district assets by paying a Pupil Advocate 20 hours amounting to \$668.59 for time that she did not actually work—to reimburse for expenditures incurred in attending two conferences.

Response

- The principal was new to the position and unfamiliar with this policy until informed after the fact by a colleague. He began PeopleSoft for Administrators/ Time & Audit training (on 15 March 2012, interrupted by district-wide server crash), and is registered to complete the course on 10 May 2012. The principal will strictly adhere to payroll policy and procedure and processing of travel according to district requirements.
4. Eleven employees absences totaling 86.00 hours were not recorded in the Time and Labor

system.

Response

- The principal required the timekeeper to make the corrections by submitting Time Error Correction Notices to Payroll.
- The timekeeper will review the accuracy and completeness of payroll records and data, prior to processing and reporting of payroll.

5. Classified staff, lacking management authority, signed as the approver for a timecard for 1.5 units and \$1,360.58 in payment. The signing staff member also input the data into the time and labor system.

Response

- Neither the principal nor the timekeeper at the school were aware of this activity. No documents were submitted for approval, no authorization of any sort was sought or given, and it was not detected on the monthly Audit Paid to Reported Time report signed by the principal.
- The timekeeper will review the accuracy and completeness of payroll records and data, prior to processing and reporting of payroll. Timekeeper and administrator will closely analyze monthly Audit Paid to Reported Time reports.
- Administrator attended PeopleSoft for Administrators/Time & Audit training on 15 March 2012 (interrupted by district-wide server crash), and is registered to complete the course on 10 May 2012.

6. Timekeepers, without the timecards having an authorized signature, posted 53 hours of additional pay and 5 Extended Day Units (Walk on Coach) that totaled \$6,486.77 to Time and Labor.

Response

- The timekeeper at the school cited human error in neglecting to obtain principal's signature authorizing hours in three of the instances noted in the finding.
- The additional activity in this finding was conducted by a timekeeper from another site, who neither sought nor received authorization for the timecards.
- The timekeeper will review the accuracy and completeness of payroll records and data, prior to processing and reporting of payroll. Timekeeper and administrator will closely analyze monthly Audit Paid to Reported Time reports.

7. Timecards need to support 27.50 hours paid totaling \$872.46 were missing and prevent a determination that the payments were allowable, valid and properly authorized.

Response

- The timekeeper cited human error in regard to this finding. The principal will require responsible staff to complete a timecard and timekeeper to ensure that proper supporting documentation is on file when processing time and labor.
- The timekeeper will review the accuracy and completeness of payroll records and data, prior to processing and reporting of payroll. Timekeeper and administrator will closely analyze monthly Audit Paid to Reported Time reports.

8. Supporting documentation for 401 benefit absence request forms totaling 2,893.61 hours were missing, hence authorized request and subsequent authorization cannot be determined.

Response

- Human error was cited pertaining to the above.

- The principal will continue to require responsible staff to complete an absence request form, and ensure that the timekeeper maintain all absence requests supporting documentation on file.
- The timekeeper will review the accuracy and completeness of payroll records and data prior to processing and reporting of payroll.

9. Errors in proper completion of timecards were noted on 141 instances. Errors including missing time in, time out, date, timekeeper's signature and attendance sheet.

Response

- Human error was cited pertaining to the above.
- Site practices to assure the completeness of payroll records and data, prior to processing and reporting payroll, have been reviewed by the timekeeper and administrator.
- Administrator attended PeopleSoft for Administrators/Time & Audit training on 15 March 2012 (interrupted by district-wide server crash), and is registered to complete the course on 10 May 2012. The principal will strictly adhere to district Payroll and Time and Labor policies and procedures.

III. Payroll Time and Labor (San Diego High Educational Complex)

1. All extended-day payments entered by the timekeeper for school year 2010/2011 totaling \$125,626.44 for several employees lacked written approval or certification from the principal for services rendered by the employees.

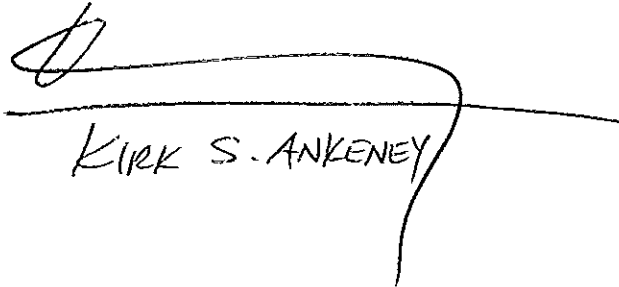
Response

- In the absence of a job description, in my role as principal overseeing athletics for the SDHEC I provided logistical support to the athletics program by arranging supervision schedules, attending athletic events, monitoring student eligibility, attending district Athletic Council meetings, participating in CIF hearings, meeting with parents, and facilitating student releases from class to participate in athletic events.
- Budget for athletics was not assigned to my school's cost center. Therefore, payroll, processing, and time and labor associated with athletics was beyond my scope of authority. I did not have access to other cost centers, and activity in this realm did not appear in my Audit Paid to Reported Time reports for the period July 1, 2010 through June 30, 2011.
- I did not approve—either verbally or in writing—the timecards or extended-day payments during the 2010/2011 school year that are referenced in this finding. These timecards were not submitted to me for authorization, and in any event I had no authority to do so.
- Neither the timekeeper, financial clerk, nor athletic director involved in this finding were assigned to my cost center. I was neither the supervisor nor evaluator of any of these individuals.
- One timecard, for a single extended-day unit for the athletic director, was submitted and approved through my cost center in May 2011, per the request of Bruce Ward.

9. The Audit Paid to Reported Time reports for the period July 1, 2010 through June 30, 2011 reports were not printed and signed by the principal documenting review and approval of the payroll that processed.

Response

- The activity referenced in the findings above does not appear in Audit Paid to Reported Time reports for my school because they were beyond my scope of authority.
- Audit Paid to Reported Time reports for the period July 1, 2010 through June 30, 2011 for my school were printed and signed documenting review and approval of the payroll that processed in my cost center. These documents are on file.


KIRK S. ANKENEY

14 May 2012