



Report to Administration

2015-2016

CHILD DEVELOPMENT LAB AND CHEERLEADING TRANSACTION CONCERNS AT A HIGH SCHOOL

Conclusion:

Business practices of CDL
program teacher were not
in accordance with
policies and guidelines



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Abbreviations List

AR001	Executive Summary
AR002	Detailed Internal Audit Report
CAM	Campus Accounting Manual
CDL	Child Development Lab
FY	Fiscal Year
HS	High School
IA	Internal Audit

Executive Summary (AR001)

Background

This is a follow-up memo with additional recommendations to address concerns voiced by a High School (HS) principal about an employee's handling of the Child Development Lab (CDL) and cheerleading transactions. The employee in question (hereinafter referred to as "the employee") was the Career and Technical Education Child Development teacher and was the cheerleading sponsor at the High School.

This project was approved by the Board as part of the 2015-2016 Internal Audit Plan under the category for contingency hours.

Objective(s) and Scope

The objective and scope of our follow-up was to determine the validity of the concerns reported by the principal.

Limitations

The majority of the evidence gathered during our investigation was based on inquiry due to limited availability of documentation. Inquiry has inherent limitations and may fail to identify inappropriate behavior or deviations from current policies and procedures.

Summary of Findings not Specific to Concerns Reported

The CDL program staff at the HS followed collection practices that are not in accordance with District guidelines. The employee admitted to the following:

1. Issuing receipts that are not District approved.
2. Collections (cash and checks) were not remitted for deposit to the business office including collections for a field trip to the zoo totaling approximately \$162.
3. Vendors were paid with cash/checks collected from the parents by the CDL staff.

It appears the employee should have been aware of the requirements in the Campus Accounting Manual (CAM) as he/she served as the cheerleading sponsor and received club "sponsor's training" at the beginning of the school year. When Internal Audit asked the employee if he/she had received training on the CAM, the employee stated he/she had, however, he/she considered the CDL program a class, not a "sponsorship."

Summary of Findings Related to Concerns Reported

1. The employee confirmed money (cash/checks) was collected for field trips and he/she indicated collections were receipted, but District approved receipts were not used.
2. The employee confirmed he/she asked parents to provide snacks and drinks for the CDL program. According to the Career and Technology Education (CTE) Director, teachers should not be asking parents for snacks and/or collecting monies for field trips since teachers are given a budget to cover those costs.

3. The employee confirmed he/she asked and collected from parents \$35 per child for the CDL graduation. According to the employee, the CDL Lab Monitor collected the first two or three payments and did not use District approved receipts.
4. According to the principal, the employee purchased items for the CDL graduation, but did not obtain prior authorization (after-the-fact). According to the employee he/she has never obtained approval from the principal before buying items for the CDL program.
5. The employee confirmed he/she remitted the checks for deposit seven months after receiving them. According to the employee, he/she submitted the checks after the business agent informed him/her he/she could not collect money from parents.
6. The employee confirmed some parents would give a check with the payee section blank so he/she could fill out the vendor's name.
7. The employee admitted to cancelling the CDL program for three days during the week of May 4, 2015. According to the CTE Director, he/she had been told the prior year that he/she could not do that.
8. According to the principal, the employee collected money from parents to pay for a choreographer (fee of \$100 per student); however, choreography services were not provided. According to the employee, he/she never collected money for cheerleading; collections went through the business office. According to deposit descriptions in the transaction detail, the employee collected and deposited monies related to a fundraiser and donations. The employee stated the cheerleaders voted to use the money for competition fees because the choreographer was going to be more expensive than what they had collected.

Recommendations

We recommend the principal:

1. Ensure any HS employee who collects or plans to collect money (cash or checks) from students, parents, etc. receive proper training on the CAM to include, but not limited to, cash receipting guidelines on an annual basis.
2. As the employee's supervisor, remind the employee about his/her responsibility to adhere to District policies/guidelines and take appropriate administrative action, as deemed appropriate.
3. Interview the CDL Lab Monitor regarding the HS CDL practices to determine whether any action is needed to address the issues identified in this memo. Furthermore, to follow-up on statements made by the employee. The interview shall include, but not be limited to, questions regarding the collection and disbursement of monies, field trips, and snack requests.

Summary of Corrective Action Taken

According to the principal's written response, any employee who plans to collect monies or conduct fundraisers for their club or student group, is trained at the beginning of the year on the sections of the CAM that pertain to fundraiser activities, financial records, cash receipts,

disbursements, and donations. Employees who miss the training at the beginning of the year are trained during the year before they start any financial activities.

According to the principal, he/she interviewed the CDL Lab Monitor and it was apparent to him/her all the issues were related to the employee in question and not the CDL program.

Conclusion(s)

We validated concerns reported by the principal. The business practices of the CDL program teacher were not in accordance with District policies and guidelines. It is essential transactions are properly accounted for and documented in order to ensure transparency and minimize reputational risk. Furthermore, District policies and guidelines are intended to establish internal controls, which reduce opportunities for fraud and/or misappropriation of assets.

Detailed Internal Audit Report (AR002)

Methodology

Internal Audit reviewed documentation provided by the principal, which included emails and the CDL budget for the 2014-2015 school year. We also obtained a copy of the 2014-2015 Sponsor's Training Log from the business agent at the HS. We contacted Career and Technical Education (CTE) staff to obtain a better understanding of the CDL program and interviewed the employee in question (hereinafter referred to as "the employee").

Findings not Specific to Concerns Reported

The findings in this section do not specifically relate to any of the concerns initially brought to our attention, but were identified during our interview with the employee. Due to their significance, they are listed first, and the findings related to the concerns reported by the principal are in the section that follows.

The CDL program staff at the HS followed collection practices that are not in accordance with District guidelines. The employee admitted to the following:

1. Issuing receipts that are not District approved. A parent complained he/she did not receive a HS receipt. The employee did not ask for a miscellaneous receipt book from the business agent.

The Campus Accounting Manual (CAM) Section 5: Cash Receipts states,

- "All transactions that involve the collection of cash must be supported with adequate documentation. The financial clerk (and all others collecting cash on behalf of the district) **MUST** issue receipts for cash collected at the collection point. Only District approved forms should be used."
- "Designated employees (i.e., bookroom clerks, coaches, sponsors, etc.) may receipt money. However, they must issue Miscellaneous Receipts."

2. Collections (cash and checks) were not remitted for deposit to the business office including collections for a field trip to the zoo totaling approximately \$162. Collections were kept in a locked box that was stored inside a locked cabinet in the teacher's classroom. The monies were later used to pay vendors (e.g. entry fee for the zoo).

The CAM Section 6: Deposit of Funds states, "District employees (sponsors, coaches, librarians, etc.) are required to submit cash collected when the aggregate amount collected exceeds \$25.00 or a minimum of once a week. All District collections, regardless of amount, are subject to this requirement."

3. Vendors were paid with cash/checks collected from the parents by the CDL staff.

The CAM Section 14: Club Financial Records states, "Sponsors are not allowed to engage in any "CASH TRANSACTIONS!" All disbursements must be processed through the school's business office and paid with a campus or District check."

It appears the employee should be aware of the requirements in the CAM as he/she served as the cheerleading sponsor and received club "sponsor's training" at the beginning of the school year. When Internal Audit asked the employee if he/she had received training on

the CAM, the employee stated he/she had, however, he/she considered the CDL program a class, not a "sponsorship."

Reported Concerns/Findings

Child Development Lab (CDL):

1. **Concern:** The employee asked parents to pay for field trips. Moreover, the employee collected funds for a field trip to the zoo and the principal believes the employee did not provide receipts for the collections.

Finding: The employee confirmed money (cash/checks) was collected for field trips and he/she indicated collections were receipted, but District approved receipts were not used.

- a. Monies were collected from parents for at least five field trips (i.e. La Union Corn Maze, Jungle Jaks, museum, zoo, and for Easter).
- b. According to the employee, the CDL Lab Monitor sold t-shirts at the beginning of the year for \$10 each. The t-shirts were used for field trips. Internal Audit has not confirmed this information with the CDL monitor. According to the Sponsor's Training Log for school year 2014-2015 obtained from the business agent at the HS, it appears the CDL monitor did not attend/receive training for this year.

The CAM Section 5: Cash Receipts states, "The principal must ensure that training on this section of the manual is provided to the following employees: sponsors, bookroom clerk, librarian, registrar, alternate, and any other employee the principal designates to accept and record cash from students, parents, community, etc. These employees should receive a copy of this section."

2. **Concern:** At least one parent complained the employee was asking them (parents) to provide snacks for the CDL children.

Finding: The employee confirmed he/she asked parents to provide snacks and drinks for the CDL program.

- a. The employee mentioned he/she received an email saying the buses for field trips were going to be paid with the CDL groceries' money. Parents were asked to provide snacks so the CDL children could still go to field trips.
- b. The employee also mentioned this is the first year parents have been asked to bring snacks.

According to an email sent to the principal from the CTE Secretary, as of April 8, 2015, the employee had over \$1,000 available in the account that funds buses and field trips (e.g. zoo entry fees). The total included an open purchase order in the amount of \$500 for groceries for fiscal year 2014-2015.

Furthermore, according to the CTE Director, teachers should not be asking parents for snacks and/or collecting monies for field trips since teachers are given a budget to cover those costs.

3. **Concern:** A parent complained that the employee asked parents for \$35 per child for the CDL graduation.

Finding: The employee confirmed he/she asked and collected from parents \$35 per child for the CDL graduation.

According to the employee:

- a. The CDL monitor collected the first two or three payments and issued store bought receipts (e.g. the ones you can get from Office Depot). After the business agent shared with the employee the policy regarding collections, the employee wrote a memo to the parents telling them to pay the \$35 fee to the business agent. The employee admitted to collecting the fee from one parent, after the memo was issued, because the business agent "had not been available."
- b. The employee did not use District money to purchase the graduation items because he/she would have had to go through a District vendor and they do not make custom items; the employee paid for everything up front with his/her own money. In addition, the employee paid out of pocket for some of the items for graduation because the \$35 fee was not sufficient and he/she did not seek reimbursement for the costs.

In an email sent from the CTE Secretary to the HS business agent, "according to the Campus Accounting Office, if the teacher (sic) were to purchase pre-kinder graduation items from his/her (sic) designated CTE 6499 account, the students could keep them and no tax would be involved as it would have a description as an incentive or award. This would be far less complicated than collecting fees from all parents who may not have these funds readily available. It would take a little more planning but in the end it would be more beneficial to the students, parents, and the school."

4. **Concern:** According to the principal, the employee purchased items for the CDL graduation, but did not obtain prior authorization (after-the-fact).

Finding: According to the employee, he/she has never obtained approval from the principal before buying items for the CDL program.

Internal Audit reviewed the Transaction Ledger Detail for the CDL (i.e. POD C) student activity fund (2882) and corresponding disbursement vouchers to determine whether approval was timely. We noted the employee was reimbursed the amounts listed below and one of the reimbursements was after-the-fact.

Vendor	Amount	Receipt Date	DV Approval Date (Principal)	After-the-fact
FMWR	\$105.00	4/14/2015	4/14/2015	No
WordUp Brand	\$150.00	5/6/2015	4/14/2015	No
GraduationForKids.com	\$122.03	2/24/2015	4/14/2015	Yes

The CAM Section 9: Disbursements states, "All unauthorized/after the fact purchases will be reported to the Division Associate Superintendent for review."

5. **Concern:** The employee submitted four checks, collected from parents, dated September 2014 to the HS business agent for deposit in April 2015.

Finding: The employee confirmed he/she remitted the checks for deposit seven months after receiving them. According to the employee, he/she submitted the checks after the business agent informed him/her he/she could not collect money from parents. The employee indicated, in the past, he/she would wait until the end of the year to cash the checks parents would remit to him/her.

6. **Concern:** According to the principal, the employee may have received blank checks (i.e. payee section) from parents.

Finding: The employee confirmed some parents would give a check with the payee section blank so he/she could fill out the vendor's name. For example, if the employee would go to Walmart to make purchases for the CDL program, he/she could write the check directly to Walmart.

The CAM Section 5: Cash Receipts states, "Checks accepted should be for a specific purpose and should be for a specified amount" and "The campus account number, where funds will be recorded, must be documented on checks accepted."

7. **Concern:** The CTE Director reported that the employee cancelled the CDL program for the week of May 4, 2015. According to the CTE Director, the employee also cancelled the program for a week in 2014 and he/she told the employee then that he/she could not do that.

Finding: The employee admitted to cancelling the CDL program for three days during the week of May 4, 2015.

The employee stated the following:

- a. The CDL program was from 8:00 am to 11:15 am and high school students did not come to school until 12:35 pm on those days.
- b. He/she was concerned about the student to teacher ratio.
- c. The schedule administration had set up did not allow him/her to take care of other duties. The employee indicated he/she could use the time to catch up with other things including planning for next year's CDL program.
- d. He/she has never asked for approval to cancel the CDL program.
- e. A year before last, he/she cancelled the CDL program because he/she was scheduled to be a testing proctor.

Cheerleading Concerns

8. **Concern:** According to the principal, the employee collected money from parents to pay for a choreographer (fee of \$100 per student); however, choreography services were not provided. According to the principal, it appears the employee used the money collected to enter a cheer competition.

Finding: According to the employee:

- a. The cheerleaders voted to use the money for competition fees because the choreographer was going to be more expensive than what they had collected.
- b. He/she never collected money for cheerleading; collections went through the business office.

Internal Audit reviewed the Transaction Ledger Detail for the Cheerleading student activity fund (2681) and office receipts issued by the business agent at the HS for fiscal year 2014-2015. According to deposit descriptions in the transaction detail, the employee collected and deposited monies related to a fundraiser and donations.