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October 14, 2009

MELISSA ANDERSON, CHIEF

District Financial Services
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SUBJECT: INDEPENDENT ACCOUNTANT'S REPORT ON EFFECTIVENESS OF DISTRICT FINANCIAL SERVICES' PAYMENT AUDITING PROCESS

We have performed the procedures enumerated below, which were agreed to by District Financial Services and the Auditor/Controller, to improve the effectiveness of District Financial Services' Electronic Random Audit Process (Process) and to assist District Financial Services in evaluating the internal controls over the purchasing, receiving, and accounts payable functions of the school districts for the audit period February 1, 2007 to June 30, 2008. The internal controls are the responsibility of the school districts' management. This agreed-upon procedures engagement was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing. The procedures performed and conclusions reached as a result of these procedures are identified below.

BACKGROUND

In prior years the Internal Audits Section of the Auditor/Controller-Recorder's Office conducted individual audits of a judgmentally selected 15 of 40 school districts in accordance with procedures agreed upon by District Financial Services and the Auditor/Controller-Recorder. At each of the selected districts, transactions were judgmentally selected and tested, and findings and recommendations were reported to the district's management. This methodology could not be used to either evaluate an individual school district's internal control effectiveness or determine if District Financial Services' payment auditing process was operating effectively.

In 2006 a new audit strategy was developed to increase district coverage, decrease audit hours, and provide an opinion on the operating effectiveness of District Financial Services' payment auditing process. The focus was changed from individual districts to the entire District Financial Services' payment auditing process. A statistical sample of all commercial warrant transactions processed by District Financial Services was chosen, allowing each district a chance of being selected for internal control evaluation with each sampled item. The success rate in preventing and detecting erroneous payments can be determined through statistical evaluation of the sample to provide the basis for an overall opinion as to whether the Process is meeting its objectives.

ENGAGEMENT OBJECTIVES

- Test and evaluate a statistically selected sample of transactions to determine operating effectiveness of the Process.
- Review specific district-level internal controls to determine the degree of reliance that can be placed on the district's controls and the extent to which further auditing procedures are necessary.
- Provide a written report to District Financial Services with comments and recommendations regarding the effectiveness of the Process as well as the risk rating based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) internal control framework assigned to each district.

SCOPE AND METHODOLOGY

Procedures performed were limited to the review of information and documentation relative to the engagement objectives mentioned above. The County Superintendent of Schools' Automated Business Support System, through the Electronic Random Audit Process, provides for examinations of commercial claims documents on a sample basis by District Financial Services. District Financial Services' auditing process is responsible for preventing and detecting unauthorized payments. Our audit procedures were conducted to determine the success rate through statistical evaluation of the sample and provide the basis for an overall opinion as to whether District Financial Services' Process is meeting its objectives. Our engagement objectives supplement the Electronic Random Audit Process by providing additional assurance that district internal controls are adequate and the audit process is operating effectively. To accomplish our audit objectives, we performed the following procedures:

Test of Internal Controls

- Received completed internal control surveys, resume summaries, organizational charts, and policies and procedures related to the purchasing, accounts payable, receiving, revolving cash fund functions of each district and assessed the controls based on the COSO internal control framework.
- Prepared a scorecard assessment for each district and submitted to District Financial Services with recommendations regarding the risk rating assigned to the district.

Test of Transactions

- Statistically selected 305 vendor payments to determine compliance with internal controls that are in place by the districts and the mitigating controls operating through District Financial Services' payment auditing process to determine the effectiveness of the Process in preventing and detecting unauthorized or noncompliant payments.

RESULTS

As a result of our procedures, we have identified 54 instances of internal and management control weaknesses, which are detailed in the Schedule of Findings and Recommendations on pages 4 through 22 of our report. One internal and management control weakness is the Authorization Signature Listing maintained by District Financial Services. Eight of these instances were found in payments that had been through District Financial Services' payment auditing process, and forty-five of these instances were found in payments that had not been through the Process. The forty-five instances are discussed in the Analysis of Observations on pages 23 and 25 of our report. We have also identified risk ratings for each district, which are detailed in the Schedule of District COSO Scorecards on pages 26 through 65. These are discussed in the Analysis of Observations on pages 66 through 67 of our report.

District Financial Services has not established a minimum threshold to which they desire to operate, so the results cannot be compared to the threshold using this methodology. However, based on our audit procedures, 82.4% of payments that did not go through the Process were within District Financial Services and regulatory agency guidelines; payments going through District Financial Services' payment auditing process were found to be acceptable at a rate of 83.7%. It is our opinion that the Process is effective in preventing and detecting erroneous payments, but this rate is moderately effective and could be improved.

This report is intended solely for the information and use of the San Bernardino County Superintendent of Schools and the District Financial Services Division, and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,
Larry Walker
Auditor/Controller-Recorder

By: _____
Howard Ochi
Chief Deputy Auditor

Copies to:
Dr. Gary Thomas, Ed. D., Superintendent

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SCHEDULE OF FINDINGS AND RECOMMENDATIONS (pages 4-22)

ANALYSIS OF OBSERVATIONS (pages 23-25)

SCHEDULE OF DISTRICT COSO SCORECARDS (pages 26-65)

ANALYSIS OF OBSERVATIONS (pages 66-67)

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

As a result of our procedures, we identified eight of the prior year's findings still occurred in the audit period. These are located under the heading "Status of Prior Year's Findings and Recommendations." The current year's findings are located under the heading "Current Findings and Recommendations.

STATUS OF PRIOR YEAR'S FINDINGS AND RECOMMENDATIONS

Finding 1 (December 19, 2007): Payments were adjusted by districts to bypass the audit process.

Recommendations

Ensure that districts are aware that the vendor and amount on the invoice must match the vendor and amount submitted for payment processing.

Current Status

No additional exceptions of this type were identified as a result of the current year audit test work.

Finding 2 (December 19, 2007): Support for transactions could not be found at District Financial Services and at school districts.

Recommendations

Keep originals, or certified originals, of all documentation received on file at District Financial Services and require that districts also retain support. Ensure that procedures require all documentation to be present, complete, and accurate before making payment and that these procedures are followed for all payments. Establish and enforce written policies and procedures regarding the filing and safeguarding of documentation.

Current Status

There were a total of three items identified as a result of the current year audit test work for which support could not be found. All three items were instances where districts could not locate any support for the payment made. It could not be determined whether supporting documents were misplaced or were not obtained. Without documentation to support payments, inaccurate, unauthorized, or untimely payments may be made.

Further Recommendations

Ensure that districts are aware that all documentation is required to be present, complete, and accurate before and after making payment and that these procedures are followed for all payments. Recommend to the districts to establish and enforce written policies and procedures regarding the filing and safeguarding of documentation.

Management's Response:

We concur. DFS will continue to make districts aware of the documentation requirements for processing payments and will continue to recommend that districts establish and enforce policies regarding the safeguarding of documentation.

Auditor's Response:

DFS' response addresses planned action to prevent reoccurrence of this finding.

Finding 3 (December 19, 2007): Internal controls over signature authorization forms could be improved.

Recommendations

Establish and enforce written policies and procedures regarding the filing, recording, and updating of all signature authorization forms and the corresponding Authorized Signature Listing (Listing). Include instructions in the policies indicating that if there are at least 2 persons authorized by Form 1, then no person should sign their own authorization forms. Also, specify the purpose of each form to be used in the policies. Audit purchase orders against the current, updated Listing to ensure that signatures are authorized. Return payments without this authorized signature to districts for an authorized agent to sign, or require that the proper forms be submitted.

Current Status

The following conditions were noted as a result of the current year audit test work of the Listing, which is maintained by District Financial Services.:

- There were two forms that had been deleted, but not removed from District Financial Services' Listing.
- There were two forms that were on the Listing, but not found.
- There were seven forms that were self-authorized.
- There were three forms on file that were not on the Listing.
- At the districts there were two instances where payments were made on a purchase order or contract signed by a district employee who was not authorized to sign.

- At the districts there was one instance where payments were made on a purchase order that was signed by a district employee over their authorization limit.

District Financial Services' does not have written procedures for filing forms and updating the Listing. District Financial Services' policies for districts completing forms do not require an internal control of having another person authorize each form, when permitted by the size of the district. Since the Listing has not been updated, it is not effective for payments auditing purposes. All payments audited and processed using the Listing are at risk of being unauthorized as persons signing purchase orders, signing contracts, and releasing payments may not have proper authorization on file as documented on the Listing.

Further Recommendations

Establish and enforce written policies and procedures as previously recommended. Inform districts of the requirement that authorized signers be registered with District Financial Services as such.

Management's Response:

We do not concur with all findings listed. In general, we agree that if another employee in the school district has authority to certify board action, then no person should self-certify; however, the County Superintendent of Schools is an exception to this rule. Three of the 'self-certifying findings' were attributable to the County Superintendent of Schools, and we do not concur. The County Superintendent of Schools differs from school districts in that the County Superintendent is an elected official, not a position appointed by the board of education, thus affording the County Superintendent a broader scope of authority over the activities of the County Superintendent of Schools office. The County Board of Education's authority is much more limited than the governing board of a school district. Signature authorization falls under the purview and authority of the County Superintendent.

We also do not concur with the finding: "There were two forms that were on the Listing, but not found." The two findings for Colton Unified School Districts were a result of the district not using our form, but submitting their own form. We accept district-created forms, as long as the form contains all the information required on our form.

We concur with the remaining findings. DFS has established written procedures and enforces them. We continually update the listing as changes are received and periodically validate the list with the actual county forms on file in DFS.

Please note that the audit of the Authorized Signature Listing is not based on a sampling, but is audited in its entirety. In 2007 there were 458 district staff with signature authority countywide, each with 14 possible signature authorities, for a

total of 6,412 possible findings. Put in perspective, we believe that 0.14% is a very reasonable margin of error.

Auditor's Response:

In the past we have agreed that if there is someone else in the district with a Form 1, then no person should self-certify, including the Superintendent of Schools. At the time of testing the forms were not acceptable since the forms did not contain all the information required by DFS' Forms; we are also suggesting that the actual County Forms be required. DFS' response addresses planned action to prevent reoccurrence of the remainder of the finding.

Finding 4 (December 19, 2007): Public Works projects did not have the required documentation and authorization.

Recommendations

Establish and enforce written policies and procedures for the review and set-up of public works files. Ensure that districts are aware of the requirements prior to beginning a public works project so that documentation can be submitted to District Financial Services timely and in its entirety. Do not process payments for projects that do not have a complete file including all contract and bid documentation, Division of the State Architect (DSA) approval (when applicable), Notice or Acceptance of Completion (when applicable). If the Page is not to be used as a verification of the complete file, remove the signature line stating "reviewed and checked by" and require that District Financial Services staff sign/initial and date the file someplace to verify that file has been reviewed and is complete.

Current Status

No additional exceptions of this type were identified as a result of the current year audit test work.

Finding 5 (December 19, 2007): Invoices could not be compared to purchase orders or contracts.

Recommendations

Ensure that purchase orders or contracts are present for all applicable expenditures and that there is documentation of proper authorization and purchases can easily be identified. Do not process payment on an invoice that cannot be compared to its respective purchase order or contract and verified as an allowable expense.

Current Status

The following conditions were noted as a result of the current year audit test work:

- There was one instance at a district where the amount paid on the invoice differed from the amount stipulated in the contract and purchase order.
- There were three invoices at a district and one at District Financial Services that were not itemized and, therefore, could not be compared to their respective purchase orders or contracts.

If invoices cannot be compared to the authorized purchase order or contract in place, items and amounts that were not authorized or ordered may be processed and paid and funds may be overspent. Also, failure to document terms and conditions of purchases agreed upon with vendors may release vendors from accountability.

Further Recommendations

Ensure that district and DFS staff are aware that they should not process payment on an invoice that cannot be compared to its respective purchase order or contract and verified as an allowable expense, including unitemized invoices.

Management's Response:

We do not concur with the finding of the payment audited by DFS. The contract for Ledesma & Meyer states the following for General Conditions, "Construction Manager shall invoice General Condition costs monthly during the duration of the construction work. All General Condition costs must be supported by an invoice, receipt, an employee time sheet, or other acceptable documentation." The General Condition costs were supported by an invoice.

Auditor's Response:

The invoice mentioned in management's response was not itemized, therefore we can not determine if the summed expenses on the invoice are allowable expenses. DFS' response did not address correcting the remainder of the finding that one amount paid on the invoice differed from the amount stipulated in the contract and the three other invoices at a district that were not itemized and, therefore, could not be compared to their respective purchase orders or contracts

Finding 6 (December 19, 2007): Invoice was not available to support payment.

Recommendations

Do not process payments for which an invoice cannot be produced. Increase invoice auditing and ensure that all districts are aware of the requirement of invoice submittal for any payment processing.

Current Status

No additional exceptions of this type were identified as a result of the current year audit test work.

Finding 7 (December 19, 2007): Payments were made without adequate receiving documentation.

Recommendations

Require all payments to include the proper receiving documentation with a signature of at least the first initial and full last name of the signer, initials okay for centralized receiving, as well as the date the goods were received. Verify this documentation prior to processing payment. Ensure that districts are aware of the requirements in documenting receipt of goods and services and invoice approval.

Current Status

There were fifteen instances identified as a result of the current year audit test work where payment was made without supporting documentation to provide clear evidence that the goods or services were received and invoices were approved. Of these fifteen instances, one had been through District Financial Services' audit process. Without proper receiving documentation with signatures, District Financial services is at risk of paying for goods and services that have not been received or accepted by the districts.

Further Recommendations

Reiterate to the districts the requirements in documenting receipt of goods and services and invoice approval.

Management's Response:

We concur that proper receiving documentation should be present when processing a vendor payment, but we do not concur with the finding related to the one payment that had been through DFS audit. In the instance of the payment audited by DFS, the packing slip was included as part of the documentation for the payment; however, district personnel signed off on the purchase order instead of the packing slip. Though the documentation as presented did not conform specifically to our guidelines for receiving documentation, we felt it was sufficient to be used as substantial notification that the goods had been received.

Auditor's Response:

The purchase order mentioned in management's response did contain a signature but it does not state that the goods were received. It is a good business practice to indicate if goods or services have been received (ex. received stamp including date

received and first initial and last name), without such indication it is difficult to determine the difference between a signature authorizing a purchase order and signature to indicate receipt. DFS' response did not address correcting the remainder of the finding that there were fourteen other instances identified where payment was made without supporting documentation to provide clear evidence that the goods or services were received and invoices were approved.

Finding 8 (December 19, 2007): Change order elements were not present.

Recommendations

Do not process any payment for which a properly authorized purchase or change order, when applicable, for payment is not documented. Ensure that changes to public works projects are in compliance with the applicable codes and governing bodies, and do not process payment until this compliance is documented.

Current Status

In our current year testing we noted the following conditions:

- There was one instance where a change order for an increase in excess of 10% of the original purchase order did not exist at a district.
- There was one instance where a change order for an increase in excess of 10% of the original purchase order was not signed at a district.
- There was one project for which two change orders did not have the required Division of the State Architect's approval or a letter from the architect stating that there were "no structural changes" found at District Financial Services.

Funds may be overspent if amounts greater than those authorized are paid. Unauthorized expenditures made on authorized purchase orders or contracts may not be detected if changes from original amounts are not reviewed and approved.

Further Recommendations

Ensure that the districts are aware of the change order requirements. Ensure that changes to public works projects are in compliance with the applicable codes and governing bodies for all projects.

Management's Response:

We concur that no payment should be processed without a properly authorized purchase or change order, and we agree that change orders for public works projects must be in compliance with all applicable codes and governing bodies; however, we do not concur with the particular finding of the payment audited by DFS. In the instance of the progress payment processed by DFS, the change order (at the time the payment was processed) had not been approved by DSA. However, the remaining balance on the contract for the vendor was such that the change order

amount referenced on the progress payment was not being paid. By the time DFS was presented with a progress payment that brought the contract balance down to the change order amount, DFS had copies of the change orders approved by DSA.

Auditor's Response:

The progress payment mentioned in management's response is not the only item examined during testing; when a public works project is selected for testing, the entire file is audited based on criteria agreed upon by DFS. At the time the progress payment was made (February 27, 2008) there was one change order dated by DFS staff on July 31, 2007 that was not accompanied by the required Division of the State Architect's approval or a letter from the architect stating that there were "no structural changes." From the date of payment to the date of audit there was another change order processed (May 12, 2008) and on file that was also missing the required Division of the State Architect's approval or a letter from the architect stating that there were "no structural changes." DFS' response did not address correcting the remainder of the finding that there was one instance where a change order for an increase in excess of 10% of the original purchase order did not exist at a district; and one instance where a change order for an increase in excess of 10% of the original purchase order was not signed at a district.

Finding 9 (December 19, 2007): Payments were made without an original or certified copy of an original invoice.

Recommendations

Increase invoice auditing to ensure that an original invoice is obtained prior to processing payment. If a copy is submitted, ensure that the copy is certified as an original invoice with a signature of district personnel. If a copy is not certified, request a certified copy prior to processing payment. Ensure that districts are aware of the requirements in certifying an invoice as original.

Current Status

As a result of the current year audit test work, there was a total of nine instances found at the districts and one instance found at District Financial Services where payments were made without an original or certified copy of an original invoice. In all instances the invoices were photocopies or faxes and did not have any certification of original. If original or certified copies of original invoices are not obtained prior to payment, unauthorized expenditures or duplicate copies of invoices could be submitted for payment.

Further Recommendations

Implement prior recommendations and ensure that districts are aware of the requirements in certifying an invoice as original when an original invoice cannot be obtained.

Management's Response:

We concur that an original invoice or an invoice certified as 'original' or 'only copy available' should be obtained prior to processing a payment; however, we do not concur with the one instance found in DFS. The invoice audited by DFS was certified by district personnel as being the 'only copy available' (in compliance with our Audit Documentation Manual), but the supporting receipts and documentation for the invoice were not originals. Our Audit Documentation Manual only requires the invoice to be an original or certified copy; it does not require that all supporting documentation be original or certified as original.

Auditor's Response:

The invoice mentioned in management's response was not certified as 'original' or 'only copy available' at the time of testing. DFS' response did not address correcting the remainder of the finding that there total of nine additional instances found at the districts where payments were made without an original or certified copy of an original invoice.

Finding 10 (December 19, 2007): Remaining balances were not indicated on open purchase orders.

Recommendations

Increase purchase order auditing on open purchase orders to require all previous payments and remaining balances to be indicated on all open purchase orders. Do not process payment until this information has been verified and documented by the District.

Current Status

As a result of the current year audit test work, one payment was found at the districts on an open purchase order that did not indicate previous payments or remaining balances. Without documentation of previous payments and remaining balances, it is not possible to verify that the district has verified the budget and availability of funds on that purchase order.

Further Recommendations

Ensure that districts are aware that they must document the remaining balance on all purchase orders or retain some documentation that budget and availability of funds was verified at the time of each purchase on that order.

Management's Response:

We concur that open purchase orders must indicate previous payments and show the remaining balance available, and we will reiterate that requirement to the school districts.

Auditor's Response:

DFS' response addresses planned action to prevent reoccurrence of this finding.

Finding 11 (December 19, 2007): Invoice did not compare to District Financial Services' prelist.

Recommendations

Require that all documents submitted for payment agree with the information that is received on the District Financial Services prelist. Reject any batches that do not agree and request that the district re-submit the payment with the correct information.

Current Status

No additional exceptions of this type were identified as a result of the current year audit test work.

Finding 12 (December 19, 2007): Inaccurate documents were processed.

Recommendations

Ensure that districts are aware that they must verify the existence, completeness and agreement of all payment documents, including those that are not a part of the required documentation.

Current Status

No additional exceptions of this type were identified as a result of the current year audit test work.

Finding 13 (June 27, 2008): School district's name was not indicated on invoice.

Recommendations

Do not process payment on an invoice that does not have the school district's name on it. Return all invoices without districts' name to the district and instruct them to request a revised invoice with the districts' name.

Current Status

There were three instances found in the current year audit work where invoices did not have the school or district name on them. At District Financial Services we found one instance where an invoice was billed in the director's name and one instance where a credit card statement was billed to an address only, but did not indicate the school or district's name. At the districts we found one instance where an invoice was billed to a department name, but no school or district's name was indicated on the invoice. If invoices do not indicate the school or district name being billed, expenditures cannot be verified as belonging to the district.

Further Recommendations

Do not process payment on an invoice that does not have the school district's name on it. Return all invoices without districts' name to the district and instruct them to request a revised invoice with the districts' name.

Management's Response:

We concur that a payment should not be processed if it does not indicate the school or district name being billed. We do not concur with the instances found in DFS. In the instance of the invoice billed in the Director's name, the invoice was also stamped with the school district's name, thereby substantiating that the expenditure belonged to the district. In the instance of the credit card statement that only included the district's address, the supporting receipts and documentation for the invoice were attached to a district-prepared invoice which contained the district's name and address, thereby substantiating that the expenditures belonged to the district.

Auditor's Response:

The invoices mentioned in management's response were tested based on criteria agreed upon by DFS. Per the San Bernardino County Superintendent of Schools Audit Manual Revised June 2004 page 5 "The school district's name must appear on the invoice." DFS' response did not address correcting the remainder of the finding that there was one instance where an invoice was billed to a department name, but no school or district's name was indicated on the invoice.

Finding 14 (June 27, 2008): Invoices did not foot or cross-foot.

Recommendations

Ensure that all districts are aware that invoices must be checked for mathematic accuracy to ensure that they agree to the amount being paid.

Current Status

No additional exceptions of this type were identified as a result of the current year audit test work

Finding 15 (June 27, 2008): Purchase orders did not identify materials or services.

Recommendations

Ensure that all districts are aware that purchases orders must be prepared completely, including a detailed description of the materials or services being purchased.

Current Status

No additional exceptions of this type were identified as a result of the current year audit test work

Finding 16 (June 27, 2008): Internal controls over travel claims could be improved.

Recommendations

While not specifically required by Education Codes, Governing Boards should adopt and adhere to policies regarding travel and conference expenditures. In the absence of a district's Board Policy, the district should adhere to the San Bernardino County Superintendent of Schools travel policy. Regardless of the travel policy used, District Financial Services' should ensure that all districts are aware of the requirements of travel, conference, and mileage expenditures established in District Financial Services' audit manual.

Current Status

No additional exceptions of this type were identified as a result of the current year audit test work

Finding 17 (June 27, 2008): Invoices did not agree to amounts paid.

Recommendations

Ensure that all districts are aware that payments should be made for the amount of the invoice, which should be approved by district personnel verifying receipt of the goods and/or services. Supervisors and/or managers should review all payments against the invoice before the batch is processed. Require all districts to document these steps and establish them as written procedures, which can provide new employees with accurate steps to conduct their job duties.

Current Status

No additional exceptions of this type were identified as a result of the current year audit test work

Finding 18 (June 27, 2008): Missouri state sales tax was paid.

Recommendations

Update the District Financial Services' audit manual to include proper instructions on auditing invoices for the correct amount of sales tax, including complying with the California use tax law. When districts receive an invoice with the incorrect amount or rate of sales tax, the district should contact the vendor to obtain a revised invoice. If the vendor is out of state, the district should first determine if sales tax applies. If sales tax applies and the vendor has charged sales tax verify that it is the appropriate percentage rate. If there is no sales tax on the invoice the district is responsible for paying use tax.

Current Status

No additional exceptions of this type were identified as a result of the current year audit test work

Finding 19 (June 27, 2008): District Financial Services' prelist attached to the batch documentation was not signed.

Recommendations

Ensure that all District Financial Services' staff is aware that they must sign both prelists.

Current Status

No additional exceptions of this type were identified as a result of the current year audit test work

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Finding 1: An incorrect object code was used.

District Financials Services' audit manual requires that the object code used be reasonable and as accurate as possible. There was one payment for cellular phone services, which was not audited by District Financial Services, that used the object code 5810-Operating Expenditures instead of the appropriate 5900 series code for Communications. If incorrect object codes are used, budgets may not be adhered to and expenses may exceed authorized limits.

Recommendation:

Distribute the California Standard Account Code Structure list of object codes to all districts to ensure that the most current codes are in use. Review all documents received against this list to ensure that the most appropriate codes are being used and notify the districts when a more appropriate object code is available.

Management's Response:

We concur that the object code used to process a payment should be reasonable and as accurate as possible. We do distribute lists of object codes, audit district usage of proper object codes, reject district payments when proper object codes are not used, and notify the districts of the correct object code that should have been used.

Auditor's Response:

DFS' response addresses planned action to prevent reoccurrence of this finding.

Finding 2: Internal controls over credit/Cal cards could be improved.

District Financial Services requires that credit card statements be signed by the authorized cardholder and an approving official to verify that charges are accurate and allowable. DFS also requires that receipts be present to support transactions listed on a credit card statement. We noted two instances, one charter school payment that had been pulled by District Financial Services, but not audited, and one that had not been pulled by District Financial Services, where the cardholder did not sign the credit card statement. We also noted one instance where there were no receipts present to support a purchase made on a Cal Card. Without the signature of the cardholder, purchases listed on a statement cannot be verified as accurate or authentic. Without receipts to support transactions listed on a statement, approving officials cannot verify that purchases were allowable expenses of the district.

Recommendation:

Ensure that districts are aware of District Financial Services' policies and procedures governing credit cards. Do not process credit card payments for which there is not a signature from both the cardholder and an approving official. Do not process payments until all transactions can be fully supported.

Management's Response:

We agree that credit card statements should be signed by the authorized cardholder and an approving official to verify that charges are accurate and allowable. We do not concur with the instance found at DFS, which was a charter school payment. DFS does not have the authority to audit charter school payments. Although Education Code 42636 gives us the authority to examine and approve orders on

school district funds, Education Code 47610 exempts charter schools from most laws governing school districts, including E.C. 42636.

Auditor's Response:

Per the Memorandum of Understanding between Hesperia Unified School District and Summit Leadership Academy – High Desert under the title of Fiscal Relationships, "Summit Leadership Academy is responsible for providing the necessary information to the District in a timely manner and in a format acceptable to the District. The Summit Leadership Academy agrees to follow processing schedules and District business office procedures." This agreement is giving the authority to audit this charter school payment. DFS' response did not address correcting the remainder of the finding on one that had not been pulled by District Financial Services, where the cardholder did not sign the credit card statement and one instance where there were no receipts present to support a purchase made on a Cal Card.

Finding 3: Internal controls over Child Development Services payments could be improved.

Verifying the validity and authorization of all Child Development Services (CDS) payments provides an internal control over disbursements made from district funds. CDS is a department within the Superintendent of Schools' office that assists parents with locating childcare and food services. There was one transaction for childcare services which had the same signature for the "Parent" and the "Provider." CDS clearly specifies that child care is only subsidized/provided for parents that are working, in a training program or school, or briefly seeking employment. Therefore, payment to a provider watching their own children would not be allowed. Without verifying that there are two separate signatures, the district may be making unallowable payments for childcare services.

Recommendation:

Implement a step in the auditing of the CDS payments to verify that separate signatures exist for the "Parent" and "Provider." Do not process payments for which there are not two separate signatures.

Management's Response:

We concur that verifying the validity and authorization of all Child Development Services (CDS) payments provides an internal control over disbursements made from district funds. DFS will share this finding and recommendation with Internal Business Services at SBCSS and recommend they include, as part of their internal audit, the step of verifying that separate signatures exist for the 'Parent' and 'Provider'. DFS, in its role as an external services department, will continue to process payments that meet the documentation requirements as stated in our audit manual.

Auditor's Response:

DFS' response addresses planned action to prevent reoccurrence of this finding.

Finding 4: Tax could not be verified as correctly charged.

District Financial Services' audit manual requires that the district is to ensure that the correct amount of sales tax is indicated on the invoice prior to paying it. The following conditions were noted in the current year audit test work:

- There was one instance found in a charter school payment pulled by District Financial Services, but not audited, where tax was charged on gift card purchases.
- There were two instances found among the transactions audited by District Financial Services where the tax calculations could not be determined from the invoice.

District Financial Services' audit manual doesn't provide districts with the proper instructions on complying with the California tax law. If the district does not comply with the California tax law, they can be subject to penalties and interest or be overpaying taxes.

Recommendation:

Update the District Financial Services' audit manual to include proper instructions on auditing invoices for the correct amount of sales tax. When districts receive an invoice with an incorrect or unclear amount or rate of sales tax, the district should contact the vendor to obtain a revised invoice.

Management's Response:

We concur that it is the district's responsibility to ensure the correct amount of sales tax is indicated on the invoice prior to paying it. We do not agree with the recommendation of attempting to include the complex state tax laws in our audit documentation manual. We direct districts with tax questions to the State Board of Equalization for clarification of their particular situation.

We do not concur with the instance found involving a charter school payment. As stated in our response to Current Year Finding #2, DFS does not have the authority to audit charter school payments.

We concur with the two instances found where the tax calculations could not be determined from the invoice. The invoice specified the tax rate and the amount of tax being charged; however the tax was charged on only a portion of the amount, since the monthly contract billing included taxable and non-taxable amounts (as stated on the invoice).

Auditor's Response:

Per the Memorandum of Understanding between Hesperia Unified School District and Summit Leadership Academy – High Desert under the title of Fiscal Relationships, "Summit Leadership Academy is responsible for providing the necessary information to the District in a timely manner and in a format acceptable to the District. The Summit Leadership Academy agrees to follow processing schedules and District business office procedures." This agreement is giving the authority to audit this charter school payment. DFS' response did not address correcting the remainder of the finding that there were two instances found among the transactions audited by District Financial Services where the tax calculations could not be determined from the invoice.

Finding 5: Document in lieu of purchase order did not have an explanation as required.

District Financial Services' audit manual requires that transactions have purchase orders or documents in lieu of a purchase order with a few documented exceptions. A document in lieu of a purchase order found in our testwork of transactions pulled by DFS, but not audited due to the fact that it was a charter school payment, required that with its use an explanation of why a purchase order was not used be documented. This section was left blank. District Financial Services noted that since this was a charter school payment, it was not actually examined. If DFS processes payments for charter schools, but does not examine documents pulled for audit, they may process incorrect or unauthorized payments.

Recommendation:

Ensure that documents for all districts and schools for which payments are processed by DFS have a representative sample of payments audited by DFS to ensure that all payments being processed are reasonable and allowable.

Management's Response:

We do not concur with this finding. As previously stated under CY Finding #2 and CY Finding #4, DFS does not have the authority to audit charter school payments. We agree that transactions should have purchase orders or documents in lieu of a purchase orders, with a few documented exceptions, and we will continue to audit school district payments for this documentation.

Auditor's Response:

Per the Memorandum of Understanding between Hesperia Unified School District and Summit Leadership Academy – High Desert under the title of Fiscal Relationships, "Summit Leadership Academy is responsible for providing the necessary information to the District in a timely manner and in a format acceptable to the District. The Summit Leadership

Academy agrees to follow processing schedules and District business office procedures.” This agreement is giving the authority to audit this charter school payment.

Finding 6: Finance and late charges were paid.

It is good business practice to pay all invoices in full by their due dates to increase efficiency and eliminate late and finance charges. There was one credit card invoice found at a district that incurred late charges of \$35.00 and finance charges of \$98.09 as the total balance on the prior month’s bill was not paid by the due date. The district was paying only the current month’s purchases and not the balance in full every month, causing a balance to accrue finance charges. Public funds needed for important purposes are being unnecessarily spent on avoidable charges.

Recommendation:

Require districts to pay the full balance on all credit card statements. Require the districts to send in credit card transactions for processing with enough time to get the payment turned around and sent out before late charges are assessed.

Management’s Response:

While we agree it is good business practice to pay all invoices in full by their due date to increase efficiency and eliminate late and finance charges, we do not concur that the district’s payment of a finance charge and late fee should constitute a finding. If, for whatever reason, a district has legally incurred a late fee or finance charge, they are legally obligated to pay it; and DFS will allow the payment to be processed.

During the audit exit interview, a suggestion was made by the ACR’s office that, in order to eliminate late charges, DFS could allow a district to pay a credit card bill as presented and follow-up later with the required documentation; however, if a district is unable to provide the documentation to support the charge on the credit card statement, DFS cannot process the payment. Considering the propensity for misuse and abuse of credit cards, DFS would not be performing their due diligence if it allowed a school district to process charges without any documentation validating the charge as a legal expense. It is our position that the district has no choice but to validate the charges by acquiring supporting documentation, whether or not the acquisition of such documentation causes the district to incur finance charges or late fees.

Auditor’s Response:

Education Code 42636 gives DFS the authority to examine and approve orders on school district funds, thus giving them responsibility of insuring that all districts are fiscally responsible with Public funds. It is good business practice not to pay unnecessary and avoidable charges.

ANALYSIS OF OBSERVATIONS

Based upon the statistical evaluation of the sample of transactions tested, with a 95% confidence level, there is an effective failure rate (or the number of transactions that failed on one or more attributes tested) and an overall failure rate of 16.3% (total attributes failed) in payments going through District Financial Services' auditing process. With a 95% confidence level, there is an effective failure rate of 14.8% and an overall failure rate of 17.6% in payments that are not selected by District Financial Services' auditing process. Therefore, without going through District Financial Services' auditing process, 82.4% of payments are within District Financial Services and regulatory agency guidelines, and after going through the auditing process 83.7% of all payments are within District Financial Services and regulatory agency guidelines.

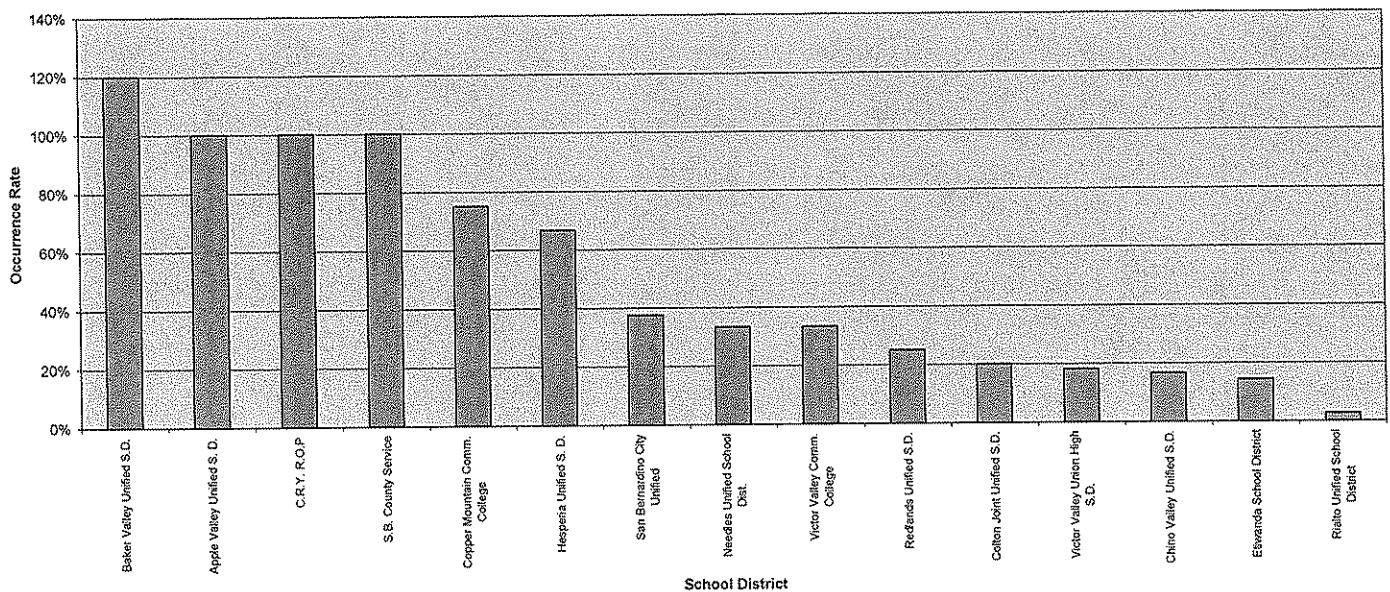
District exceptions were distributed across districts; exception occurrence rates were calculated per district, not including any exceptions that were caused by District Financial Services, as follows (those districts with exceptions are compared in the chart below):

SCHOOL DISTRICT	# Exceptions (due to district)	# Tested	% Exception Occurrence Rate
Apple Valley Unified S. D.	5	5	100%
Baker Valley Unified S.D.	6	6	100%
C.R.Y. R.O.P	2	2	100%
Copper Mountain Comm. College	3	4	75%
Hesperia Unified S. D.	5	12	42%
San Bernardino City Unified	5	16	31%
Needles Unified School Dist.	4	11	36%
Victor Valley Union High S.D.	2	6	33%
Victor Valley Comm. College	2	7	29%
Etiwanda School District	1	4	25%
S.B. County Service	8	37	22%
Redlands Unified S.D.	1	5	20%
Colton Joint Unified S.D.	1	8	13%
Chino Valley Unified S.D.	0	34	0%
Rialto Unified School District	0	6	0%
Adelanto School District	0	1	0%

SCHOOL DISTRICT	# Exceptions (due to district)	# Tested	% Exception Occurrence Rate
Alta Loma School District	0	2	0%
Baldy View R.O.P.	0	2	0%
Barstow Community College	0	2	0%
Barstow Unified S.D.	0	7	0%
Bear Valley Unified S. D.	0	3	0%
Central School District	0	1	0%
Chaffey Joint Union High	0	9	0%
Cucamonga School District	0	3	0%
Fontana Unified S.D.	0	27	0%
Helendale School District	0	1	0%

Lucerne Valley Unified S. D.	0	1	0%
Morongo Unified School Dist.	0	5	0%
Mountain View School District	0	1	0%
Mt. Baldy Joint S. D.	0	0	0%
Ontario-Montclair School Dist	0	48	0%
Oro Grande School District	0	3	0%
Rim of the World Unified S.D.	0	1	0%
San Bernardino Community Col	0	14	0%
Silver Valley Unified S.D.	0	0	0%
Snowline Joint Unified S. D.	0	2	0%
Trona Joint Unified S.D.	0	0	0%
Upland Unified S. D.	0	1	0%
Victor Elementary District	0	3	0%
Yucaipa-Calimesa Jt. Un. S.D.	0	5	0%
Total	47	305	

Exception Occurrence Rate



A majority of the exceptions appear to have occurred across all districts or were specific to District Financial Services. Seven exceptions appeared to be district-specific:

1. Support for transactions could not be located by Victor Valley Union High School District.
2. Invoices could not be compared to Purchase Orders or contracts at San Bernardino County Services.
3. A remaining balance was not indicated on an open purchase order at Redlands Unified School District.
4. An object code was not reasonable at Needles Unified School District.
5. Internal controls over Kids N Care could be improved at San Bernardino County Services.

6. A document in lieu of PO was missing an explanation at Hesperia Unified School District.
7. Finance/Late charges paid by Colton-Redlands-Yucaipa ROP.

These findings are discussed in detail in the Schedule of Current Findings and Recommendations.

There does not appear to be a specific payment type that a majority of exceptions were found in. The document most susceptible to failure of the audit process is the invoice. It is recommended that District Financial Services especially scrutinize invoices across all districts, making this document a priority as it is the primary support for most payments. Specific exceptions regarding invoices are discussed in the Schedule of Current Findings and Recommendations.

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE:

Adelanto School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment			X
2 Risk Assessment			X
3 Control Activities		X	
4 Information and Communication			X
5 Monitoring			X

Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
100%	60	60
82%	80	65
100%	80	80
100%	60	60

385

B. RESUME SUMMARY

200 Points Possible

0-99 100-169 170-200
 H M L

TOTAL EVALUATION

		X
--	--	---

Points: 185

C. ORGANIZATIONAL CHART

200 Points Possible

0-99 100-169 170-200
 H M L

TOTAL EVALUATION

		X
--	--	---

Points: 190

D. POLICIES

100 Points Possible

0-49 50-84 85-100
 H M L

TOTAL EVALUATION

		X
--	--	---

Points: 95

E. PROCEDURES

100 Points Possible

0-49 50-84 85-100
 H M L

TOTAL EVALUATION

X		
---	--	--

Points: 33

1000 POINTS POSSIBLE TOTAL

SCORE

888

F. TEST TRANSACTIONS

1 Transactions Tested
 Exceptions noted (0):

- 1 Transactions
None
- 2 Contracts
None

ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0
888

LOW

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE:
Alta Loma School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE
400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment		X	
2 Risk Assessment	X		
3 Control Activities	X		
4 Information and Communication		X	
5 Monitoring		X	

Scoring:

POINTS	WEIGHT	TOTAL
71%	120	85
27%	60	16
35%	80	28
64%	80	51
63%	60	38
		217

B. RESUME SUMMARY
200 Points Possible

	0-99 H	100-169 M	170-200 L	
TOTAL EVALUATION		X		Points: 140

C. ORGANIZATIONAL CHART
200 Points Possible

	0-99 H	100-169 M	170-200 L	
TOTAL EVALUATION		X		Points: 160

D. POLICIES
100 Points Possible

	0-49 H	50-84 M	85-100 L	
TOTAL EVALUATION		X		Points: 75

E. PROCEDURES
100 Points Possible

	0-49 H	50-84 M	85-100 L	
TOTAL EVALUATION		X		Points: 66

1000 POINTS POSSIBLE TOTAL

SCORE 658

F. TEST TRANSACTIONS
2 Transactions Tested
Exceptions noted (0):

- 1 Transactions
None
- 2 Contracts
None

ADJUSTMENTS FOR EXCEPTIONS:
0% occurrence rate 0
658

MEDIUM

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE:

Apple Valley School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE
400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment			X
2 Risk Assessment			X
3 Control Activities			X
4 Information and Communication			X
5 Monitoring			X

Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
100%	60	60
100%	80	80
100%	80	80
100%	60	60
		400

B. RESUME SUMMARY
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 190

C. ORGANIZATIONAL CHART
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION	X		

Points: 50

D. POLICIES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION			X

Points: 100

E. PROCEDURES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION			X

Points: 100

1000 POINTS POSSIBLE TOTAL

SCORE

840

F. TEST TRANSACTIONS
5 Transactions Tested
Exceptions noted (6):

- 1 Transactions (6)
 - Receiving documentation does not include date (3)
 - No receiving documentation (1)
 - Change order not authorized (missing signature) (1)
 - Sales tax charged for shipping (1)

- 2 Contracts
 - None

ADJUSTMENTS FOR EXCEPTIONS:

120% occurrence rate -240
600

MEDIUM

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE: Baker Valley School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
	X	
	X	
	X	
	X	
X		

Scoring:

POINTS	WEIGHT	TOTAL
64%	120	76
80%	60	48
62%	80	49
65%	80	52
42%	60	25

251

B. RESUME SUMMARY

200 Points Possible

0-99 100-169 170-200
 H M L

TOTAL EVALUATION

	X	
--	---	--

Points: 160

C. ORGANIZATIONAL CHART

200 Points Possible

0-99 100-169 170-200
 H M L

TOTAL EVALUATION

X		
---	--	--

Points: 0

D. POLICIES

100 Points Possible

0-49 50-84 85-100
 H M L

TOTAL EVALUATION

X		
---	--	--

Points: 30

E. PROCEDURES

100 Points Possible

0-49 50-84 85-100
 H M L

TOTAL EVALUATION

X		
---	--	--

Points: 0

1000 POINTS POSSIBLE TOTAL

SCORE

441

F. TEST TRANSACTIONS

6 Transactions Tested
 Exceptions noted (6):

- 1 Transactions (6)
 - Invoice does not match the purchase order (1)
 - Original or certified copy of invoice was not present (3)
 - No receiving documentation (1)
 - Supporting documentation not present (1)

- 2 Contracts
 - None

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

ADJUSTMENTS FOR EXCEPTIONS:

100% occurrence rate -200
241

HIGH

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE:

Baldy View ROP School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment			X
2 Risk Assessment	X		
3 Control Activities			X
4 Information and Communication		X	
5 Monitoring	X		

Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
0%	60	0
87%	80	70
83%	80	66
49%	60	29

285

B. RESUME SUMMARY
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 195

C. ORGANIZATIONAL CHART
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION	X		

Points: 80

D. POLICIES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION			X

Points: 100

E. PROCEDURES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION		X	

Points: 66

1000 POINTS POSSIBLE TOTAL

SCORE

726

F. TEST TRANSACTIONS
2 Transactions Tested
Exceptions noted (0):

- 1 Transactions
None
- 2 Contracts
None

ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0
726

MEDIUM

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE: _____

Barstow Community College School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE
400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment			X
2 Risk Assessment		X	
3 Control Activities			X
4 Information and Communication			X
5 Monitoring			X

Scoring:

POINTS	WEIGHT	TOTAL
89%	120	107
67%	60	40
89%	80	71
87%	80	70
87%	60	52
		340

B. RESUME SUMMARY
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 190

C. ORGANIZATIONAL CHART
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION	X		

Points: 80

D. POLICIES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION		X	

Points: 75

E. PROCEDURES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 30

1000 POINTS POSSIBLE TOTAL

SCORE

715

F. TEST TRANSACTIONS
2 Transactions Tested
Exceptions noted (0):

- 1 Transactions
None
- 2 Contracts
None

ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0
715

MEDIUM

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE:

Barstow Unified School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment			X
2 Risk Assessment			X
3 Control Activities		X	
4 Information and Communication			X
5 Monitoring			X

Scoring:

POINTS	WEIGHT	TOTAL
89%	120	107
100%	60	60
64%	80	51
100%	80	80
87%	60	52

350

B. RESUME SUMMARY

200 Points Possible

0-99 100-169 170-200

	H	M	L
TOTAL EVALUATION		X	

Points: 135

C. ORGANIZATIONAL CHART

200 Points Possible

0-99 100-169 170-200

	H	M	L
TOTAL EVALUATION			X

Points: 200

D. POLICIES

100 Points Possible

0-49 50-84 85-100

	H	M	L
TOTAL EVALUATION			X

Points: 100

E. PROCEDURES

100 Points Possible

0-49 50-84 85-100

	H	M	L
TOTAL EVALUATION			X

Points: 100

1000 POINTS POSSIBLE TOTAL

SCORE

885

F. TEST TRANSACTIONS

7 Transactions Tested
 Exceptions noted (0):

1 Transactions
 None

2 Contracts
 None

ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0
 885

LOW

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE:

Bear Valley Unified School District

Legend

X Applies
H High Risk
M Medium Risk
L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment			X
2 Risk Assessment	X		
3 Control Activities			X
4 Information and Communication			X
5 Monitoring		X	

Scoring:

POINTS	WEIGHT	TOTAL
89%	120	107
0%	60	0
100%	80	80
88%	80	70
72%	60	43

300

B. RESUME SUMMARY

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION		X	

Points: 150

C. ORGANIZATIONAL CHART

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION	X		

Points: 70

D. POLICIES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION			X

Points: 100

E. PROCEDURES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 0

1000 POINTS POSSIBLE TOTAL

SCORE

620

F. TEST TRANSACTIONS

3 Transactions Tested
Exceptions noted (0):

- 1 Transactions
None
- 2 Contracts
None

ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0
620

MEDIUM

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE:
Central School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE
400 Points Possible

	H	M	L
1 Control Environment			X
2 Risk Assessment			X
3 Control Activities			X
4 Information and Communication			X
5 Monitoring		X	

Scoring:

POINTS	WEIGHT	TOTAL
89%	120	107
100%	60	60
87%	80	70
90%	80	72
77%	60	46

355

B. RESUME SUMMARY
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 200

C. ORGANIZATIONAL CHART
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 190

D. POLICIES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 25

E. PROCEDURES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION			X

Points: 90

1000 POINTS POSSIBLE TOTAL

SCORE

860

F. TEST TRANSACTIONS
1 Transactions Tested
Exceptions noted (0):

1 Transactions
None

2 Contracts
None

ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0
860

LOW

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE:

Chaffey Joint Union High School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE
400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment			X
2 Risk Assessment	X		
3 Control Activities		X	
4 Information and Communication		X	
5 Monitoring			X

Scoring:		
POINTS	WEIGHT	TOTAL
89%	120	107
7%	60	4
64%	80	51
82%	80	66
87%	60	52
		280

B. RESUME SUMMARY
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 185

C. ORGANIZATIONAL CHART
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 200

D. POLICIES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION		X	

Points: 75

E. PROCEDURES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION		X	

Points: 60

1000 POINTS POSSIBLE TOTAL

SCORE

800

F. TEST TRANSACTIONS
9 Transactions Tested
Exceptions noted (0):

- 1 Transactions
None
- 2 Contracts
None

ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0
800

MEDIUM

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE:
Chino Valley School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE
400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment			X
2 Risk Assessment		X	
3 Control Activities			X
4 Information and Communication			X
5 Monitoring			X

Scoring:

POINTS	WEIGHT	TOTAL
89%	120	107
73%	60	44
100%	80	80
90%	80	72
100%	60	60

363

B. RESUME SUMMARY
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 170

C. ORGANIZATIONAL CHART
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 200

D. POLICIES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION			X

Points: 100

E. PROCEDURES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 10

1000 POINTS POSSIBLE TOTAL

SCORE

843

F. TEST TRANSACTIONS
34 Transactions Tested
Exceptions noted (2):

- 1 Transactions (2)
Unknown how tax is calculated (2)
- 2 Contracts
None

ADJUSTMENTS FOR EXCEPTIONS:

6% occurrence rate -12
831

MEDIUM

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE:

Colton Joint Unified School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONAIRRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment			X
2 Risk Assessment	X		
3 Control Activities		X	
4 Information and Communication			X
5 Monitoring		X	

Scoring:

POINTS	WEIGHT	TOTAL
89%	120	107
33%	60	20
64%	80	51
87%	80	70
83%	60	50

298

B. RESUME SUMMARY

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION		X	

Points: 140

C. ORGANIZATIONAL CHART

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 200

D. POLICIES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 0

E. PROCEDURES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 0

1000 POINTS POSSIBLE TOTAL

SCORE

638

F. TEST TRANSACTIONS

8 Transactions Tested

Exceptions noted (2):

- 1 Transactions (2)
Expenses paid that exceeded blanket po (1)
Invoice in the name of the director not the district (1)

- 2 Contracts
None

ADJUSTMENTS FOR EXCEPTIONS:

25% occurrence rate -50
588

MEDIUM

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE:

Colton-Redlands-Yucaipa ROP School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
		X
		X
		X
		X
		X

Scoring:

POINTS	WEIGHT	TOTAL
89%	120	107
100%	60	60
87%	80	70
100%	80	80
100%	60	60

377

B. RESUME SUMMARY

200 Points Possible

0-99 H	100-169 M	170-200 L
		X

Points: 175

C. ORGANIZATIONAL CHART

200 Points Possible

0-99 H	100-169 M	170-200 L
	X	

Points: 130

D. POLICIES

100 Points Possible

0-49 H	50-84 M	85-100 L
	X	

Points: 80

E. PROCEDURES

100 Points Possible

0-49 H	50-84 M	85-100 L
	X	

Points: 60

1000 POINTS POSSIBLE TOTAL

SCORE

822

F. TEST TRANSACTIONS

2 Transactions Tested
Exceptions noted (2):

- 1 Transactions (2)
No authorizing signature (1)
Finance and late charges paid, balance not paid in full (1)

- 2 Contracts
None

ADJUSTMENTS FOR EXCEPTIONS:

100% occurrence rate -200
622

MEDIUM

Not an exception on the part of the district,
not counted in calculating district occurrence
rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE:

Adelanto School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE
400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment			
2 Risk Assessment			
3 Control Activities			
4 Information and Communication			
5 Monitoring			

Scoring:

POINTS	WEIGHT	TOTAL
0%	120	0
0%	60	0
0%	80	0
0%	80	0
0%	60	0
		0

B. RESUME SUMMARY
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 195

C. ORGANIZATIONAL CHART
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION		X	

Points: 130

D. POLICIES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION		X	

Points: 75

E. PROCEDURES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 0

1000 POINTS POSSIBLE TOTAL

SCORE

400

F. TEST TRANSACTIONS
4 Transactions Tested
Exceptions noted (3):

- 1 Transactions (3)
PO signer not authorized (2)
School (district) name not on invoice (1)
- 2 Contracts
None

ADJUSTMENTS FOR EXCEPTIONS:

75% occurrence rate -150
250

HIGH

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE: San Bernardino County Superintendent of Schools

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE
400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment		X	
2 Risk Assessment			X
3 Control Activities			X
4 Information and Communication			X
5 Monitoring			X

Scoring:

POINTS	WEIGHT	TOTAL
73%	120	87
100%	60	60
87%	80	70
96%	80	77
100%	60	60

354

B. RESUME SUMMARY
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 180

C. ORGANIZATIONAL CHART
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 200

D. POLICIES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION			X

Points: 100

E. PROCEDURES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION			X

Points: 95

1000 POINTS POSSIBLE TOTAL

SCORE

929

F. TEST TRANSACTIONS
37 Transactions Tested
Exceptions noted (8):

- 1 Transactions (8)
 - Not original invoice (1)
 - No receiving signature (1)
 - No receiving documentation (1)
 - Blank timesheet submitted (3)
 - Signatures by same person (1)
 - Unable to provide documents (1)

- 2 Contracts
 - None

ADJUSTMENTS FOR EXCEPTIONS:

22% occurrence rate -44
885

LOW

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE:

Cucamonga School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE
400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
		X
		X
	X	
		X
		X

Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
100%	60	60
64%	80	51
100%	80	80
100%	60	60

371

B. RESUME SUMMARY
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION		X	

Points: 135

C. ORGANIZATIONAL CHART
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION	X		

Points: 50

D. POLICIES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 0

E. PROCEDURES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 0

1000 POINTS POSSIBLE TOTAL

SCORE

556

F. TEST TRANSACTIONS
3 Transactions Tested
Exceptions noted (0):

- 1 Transactions
None
- 2 Contracts
None

ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0
556

MEDIUM

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE:
Etiwanda School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment			X
2 Risk Assessment			X
3 Control Activities			X
4 Information and Communication			X
5 Monitoring			X

Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
100%	60	60
93%	80	74
100%	80	80
100%	60	60

394

B. RESUME SUMMARY

200 Points Possible

0-99 100-169 170-200
 H M L

TOTAL EVALUATION

		X
--	--	---

Points: 200

C. ORGANIZATIONAL CHART

200 Points Possible

0-99 100-169 170-200
 H M L

TOTAL EVALUATION

X		
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Points: 50

D. POLICIES

100 Points Possible

0-49 50-84 85-100
 H M L

TOTAL EVALUATION

	X	
--	---	--

Points: 75

E. PROCEDURES

100 Points Possible

0-49 50-84 85-100
 H M L

TOTAL EVALUATION

X		
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Points: 25

1000 POINTS POSSIBLE TOTAL

SCORE

744

F. TEST TRANSACTIONS

4 Transactions Tested
 Exceptions noted (1):

- 1 Transactions (1)
Invoice not original (1)

- 2 Contracts
None

ADJUSTMENTS FOR EXCEPTIONS:

25% occurrence rate -50
 694

MEDIUM

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE:

Fontana Unified School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE
400 Points Possible

	H	M	L
1 Control Environment			X
2 Risk Assessment		X	
3 Control Activities		X	
4 Information and Communication		X	
5 Monitoring		X	

Scoring:

POINTS	WEIGHT	TOTAL
89%	120	107
60%	60	36
84%	80	67
80%	80	64
73%	60	44
		318

B. RESUME SUMMARY
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 170

C. ORGANIZATIONAL CHART
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 190

D. POLICIES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 25

E. PROCEDURES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 15

1000 POINTS POSSIBLE TOTAL

SCORE

718

F. TEST TRANSACTIONS
27 Transactions Tested
Exceptions noted (0):

1 Transactions
None

2 Contracts
None

ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0
718

MEDIUM

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE:

Helendale School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment		X	
2 Risk Assessment	X		
3 Control Activities		X	
4 Information and Communication		X	
5 Monitoring		X	

Scoring:

POINTS	WEIGHT	TOTAL
82%	120	98
0%	60	0
67%	80	54
56%	80	45
59%	60	35

232

B. RESUME SUMMARY

200 Points Possible

0-99 100-169 170-200
 H M L

TOTAL EVALUATION

		X
--	--	---

Points: 180

C. ORGANIZATIONAL CHART

200 Points Possible

0-99 100-169 170-200
 H M L

TOTAL EVALUATION

	X	
--	---	--

Points: 120

D. POLICIES

100 Points Possible

0-49 50-84 85-100
 H M L

TOTAL EVALUATION

	X	
--	---	--

Points: 75

E. PROCEDURES

100 Points Possible

0-49 50-84 85-100
 H M L

TOTAL EVALUATION

		X
--	--	---

Points: 100

1000 POINTS POSSIBLE TOTAL

SCORE

707

F. TEST TRANSACTIONS

1 Transactions Tested
 Exceptions noted (0):

1 Transactions
 None

2 Contracts
 None

ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0
 707

MEDIUM

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE:

Hesperia Unified School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE
400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment		X	
2 Risk Assessment	X		
3 Control Activities		X	
4 Information and Communication	X		
5 Monitoring			X

Scoring:

POINTS	WEIGHT	TOTAL
82%	120	98
0%	60	0
65%	80	52
50%	80	40
87%	60	52

243

B. RESUME SUMMARY
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 180

C. ORGANIZATIONAL CHART
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 200

D. POLICIES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION			X

Points: 100

E. PROCEDURES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 30

1000 POINTS POSSIBLE TOTAL

SCORE

753

F. TEST TRANSACTIONS
12 Transactions Tested
Exceptions noted (5):

- 1 Transactions (5)
 - No receiving documentation (2)
 - Cardholder did not sign, same person as authorizing signed for him (1)
 - Charged tax on gift cards (1)
 - Document in lieu of PO did not include explanation (1)
- 2 Contracts
 - None

ADJUSTMENTS FOR EXCEPTIONS:

42% occurrence rate -84
669

MEDIUM

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE:

Lucerne Valley School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE
400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment			X
2 Risk Assessment	X		
3 Control Activities			X
4 Information and Communication			X
5 Monitoring			X

Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
0%	60	0
93%	80	74
100%	80	80
87%	60	52

326

B. RESUME SUMMARY
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 180

C. ORGANIZATIONAL CHART
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION	X		

Points: 40

D. POLICIES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION			X

Points: 100

E. PROCEDURES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 20

1000 POINTS POSSIBLE TOTAL

SCORE

666

F. TEST TRANSACTIONS
1 Transactions Tested
Exceptions noted (0):

- 1 Transactions
None
- 2 Contracts
None

ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0
666

MEDIUM

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE: Morongo Unified School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment			X
2 Risk Assessment			X
3 Control Activities		X	
4 Information and Communication			X
5 Monitoring			X

Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
100%	60	60
73%	80	58
95%	80	76
100%	60	60

374

B. RESUME SUMMARY

200 Points Possible

0-99 100-169 170-200
 H M L

TOTAL EVALUATION

		X
--	--	---

Points: 180

C. ORGANIZATIONAL CHART

200 Points Possible

0-99 100-169 170-200
 H M L

TOTAL EVALUATION

		X
--	--	---

Points: 200

D. POLICIES

100 Points Possible

0-49 50-84 85-100
 H M L

TOTAL EVALUATION

X		
---	--	--

Points: 25

E. PROCEDURES

100 Points Possible

0-49 50-84 85-100
 H M L

TOTAL EVALUATION

X		
---	--	--

Points: 0

1000 POINTS POSSIBLE TOTAL

SCORE

779

F. TEST TRANSACTIONS

5 Transactions Tested
 Exceptions noted (0):

- 1 Transactions
None
- 2 Contracts
None

ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0
779

MEDIUM

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE: _____

Mountain View School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment			X
2 Risk Assessment			X
3 Control Activities			X
4 Information and Communication			X
5 Monitoring			X

Scoring:

POINTS	WEIGHT	TOTAL
89%	120	107
100%	60	60
93%	80	74
100%	80	80
100%	60	60

381

B. RESUME SUMMARY

200 Points Possible

0-99 100-169 170-200
 H M L

TOTAL EVALUATION

		X
--	--	---

Points: 170

C. ORGANIZATIONAL CHART

200 Points Possible

0-99 100-169 170-200
 H M L

TOTAL EVALUATION

X		
---	--	--

Points: 70

D. POLICIES

100 Points Possible

0-49 50-84 85-100
 H M L

TOTAL EVALUATION

X		
---	--	--

Points: 0

E. PROCEDURES

100 Points Possible

0-49 50-84 85-100
 H M L

TOTAL EVALUATION

X		
---	--	--

Points: 0

1000 POINTS POSSIBLE TOTAL

SCORE

621

F. TEST TRANSACTIONS

1 Transactions Tested
 Exceptions noted (0):

1 Transactions
 None

2 Contracts
 None

ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0
621

MEDIUM

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE:

Mt. Baldy Joint School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE
400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment			X
2 Risk Assessment		X	
3 Control Activities			X
4 Information and Communication		X	
5 Monitoring			X

Scoring:

POINTS	WEIGHT	TOTAL
89%	120	107
80%	60	48
100%	80	80
73%	80	59
87%	60	52

346

B. RESUME SUMMARY
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION		X	

Points: 130

C. ORGANIZATIONAL CHART
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION	X		

Points: 20

D. POLICIES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION		X	

Points: 65

E. PROCEDURES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 40

1000 POINTS POSSIBLE TOTAL

SCORE

601

F. TEST TRANSACTIONS
0 Transactions Tested
Exceptions noted (0):

- 1 Transactions
None
- 2 Contracts
None

ADJUSTMENTS FOR EXCEPTIONS:
0% occurrence rate

0
601

MEDIUM

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE:

Needles School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE
400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment			
2 Risk Assessment			
3 Control Activities			
4 Information and Communication			
5 Monitoring			

Scoring:

POINTS	WEIGHT	TOTAL
0%	120	0
0%	60	0
0%	80	0
0%	80	0
0%	60	0
		0

B. RESUME SUMMARY
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION	X		

Points: 0

C. ORGANIZATIONAL CHART
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION		X	

Points: 120

D. POLICIES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION			X

Points: 100

E. PROCEDURES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 20

1000 POINTS POSSIBLE TOTAL

SCORE

240

F. TEST TRANSACTIONS
11 Transactions Tested
Exceptions noted (5):

- 1 Transactions (5)
 - No receiving documentation (3)
 - Incorrect object code (1)
 - No name on statement (1)

ADJUSTMENTS FOR EXCEPTIONS:

45% occurrence rate -90
150

HIGH

- 2 Contracts
None

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE: _____

Ontario-Montclair School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment			X
2 Risk Assessment			X
3 Control Activities		X	
4 Information and Communication			X
5 Monitoring			X

Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
100%	60	60
71%	80	57
98%	80	78
100%	60	60

375

B. RESUME SUMMARY

200 Points Possible

0-99 100-169 170-200
 H M L

TOTAL EVALUATION

	X	
--	---	--

Points: 100

C. ORGANIZATIONAL CHART

200 Points Possible

0-99 100-169 170-200
 H M L

TOTAL EVALUATION

		X
--	--	---

Points: 200

D. POLICIES

100 Points Possible

0-49 50-84 85-100
 H M L

TOTAL EVALUATION

		X
--	--	---

Points: 100

E. PROCEDURES

100 Points Possible

0-49 50-84 85-100
 H M L

TOTAL EVALUATION

X		
---	--	--

Points: 30

1000 POINTS POSSIBLE TOTAL

SCORE

805

F. TEST TRANSACTIONS

48 Transactions Tested
 Exceptions noted (2):

- 1 Transactions (2)
 Construction management contract did not have supporting documentation (no timesheets) (1)
 Receiving documentation is not present (1)
- 2 Contracts
 None

ADJUSTMENTS FOR EXCEPTIONS:

4% occurrence rate -8
 797

MEDIUM

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE: Oro Grande School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment			X
2 Risk Assessment	X		
3 Control Activities		X	
4 Information and Communication		X	
5 Monitoring			X

Scoring:

POINTS	WEIGHT	TOTAL
89%	120	107
0%	60	0
73%	80	58
74%	80	59
100%	60	60

285

B. RESUME SUMMARY

200 Points Possible

0-99 100-169 170-200
 H M L

TOTAL EVALUATION

	X	
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Points: 150

C. ORGANIZATIONAL CHART

200 Points Possible

0-99 100-169 170-200
 H M L

TOTAL EVALUATION

X		
---	--	--

Points: 40

D. POLICIES

100 Points Possible

0-49 50-84 85-100
 H M L

TOTAL EVALUATION

		X
--	--	---

Points: 85

E. PROCEDURES

100 Points Possible

0-49 50-84 85-100
 H M L

TOTAL EVALUATION

X		
---	--	--

Points: 10

1000 POINTS POSSIBLE TOTAL

SCORE

570

F. TEST TRANSACTIONS

3 Transactions Tested
 Exceptions noted (0):

1 Transactions
 None

2 Contracts
 None

ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0
570

MEDIUM

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE:

Redlands Unified School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment			X
2 Risk Assessment			X
3 Control Activities			X
4 Information and Communication			X
5 Monitoring			X

Scoring:

POINTS	WEIGHT	TOTAL
89%	120	107
100%	60	60
91%	80	73
92%	80	74
100%	60	60

373

B. RESUME SUMMARY

200 Points Possible

0-99 100-169 170-200
 H M L

TOTAL EVALUATION

		X
--	--	---

Points: 190

C. ORGANIZATIONAL CHART

200 Points Possible

0-99 100-169 170-200
 H M L

TOTAL EVALUATION

	X	
--	---	--

Points: 165

D. POLICIES

100 Points Possible

0-49 50-84 85-100
 H M L

TOTAL EVALUATION

		X
--	--	---

Points: 100

E. PROCEDURES

100 Points Possible

0-49 50-84 85-100
 H M L

TOTAL EVALUATION

X		
---	--	--

Points: 15

1000 POINTS POSSIBLE TOTAL

SCORE

843

F. TEST TRANSACTIONS

5 Transactions Tested
 Exceptions noted (1):

- 1 Transactions (1)
Open purchase order does not indicate remaining balance (1)
- 2 Contracts
None

ADJUSTMENTS FOR EXCEPTIONS:

20% occurrence rate -40
803

MEDIUM

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE:

Rialto Unified School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE
400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment			X
2 Risk Assessment			X
3 Control Activities		X	
4 Information and Communication			X
5 Monitoring			X

Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
100%	60	60
80%	80	64
100%	80	80
100%	60	60

384

B. RESUME SUMMARY
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION	X		

Points: 0

C. ORGANIZATIONAL CHART
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 200

D. POLICIES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION			X

Points: 85

E. PROCEDURES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION			X

Points: 90

1000 POINTS POSSIBLE TOTAL

SCORE

759

F. TEST TRANSACTIONS
6 Transactions Tested
Exceptions noted (1):

- 1 Transactions
None
- 2 Contracts (1)
Missing DSA for 2 change orders (1)

ADJUSTMENTS FOR EXCEPTIONS:

17% occurrence rate -34
725

MEDIUM

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE: Rim of the World School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment			X
2 Risk Assessment			X
3 Control Activities			X
4 Information and Communication			X
5 Monitoring			X

Scoring:

POINTS	WEIGHT	TOTAL
89%	120	107
100%	60	60
100%	80	80
92%	80	74
87%	60	52

373

B. RESUME SUMMARY

200 Points Possible

0-99 100-169 170-200
 H M L

TOTAL EVALUATION

		X
--	--	---

Points: 180

C. ORGANIZATIONAL CHART

200 Points Possible

0-99 100-169 170-200
 H M L

TOTAL EVALUATION

	X	
--	---	--

Points: 150

D. POLICIES

100 Points Possible

0-49 50-84 85-100
 H M L

TOTAL EVALUATION

	X	
--	---	--

Points: 75

E. PROCEDURES

100 Points Possible

0-49 50-84 85-100
 H M L

TOTAL EVALUATION

X		
---	--	--

Points: 45

1000 POINTS POSSIBLE TOTAL

SCORE

823

F. TEST TRANSACTIONS

1 Transactions Tested
 Exceptions noted (0):

1 Transactions
 None

2 Contracts
 None

ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0
823

MEDIUM

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE:

San Bernardino City Unified School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment	X		
2 Risk Assessment	X		
3 Control Activities	X		
4 Information and Communication	X		
5 Monitoring	X		

Scoring:

POINTS	WEIGHT	TOTAL
24%	120	28
0%	60	0
0%	80	0
18%	80	14
0%	60	0

43

B. RESUME SUMMARY

200 Points Possible

0-99 100-169 170-200
 H M L

TOTAL EVALUATION

X		
---	--	--

Points: 0

C. ORGANIZATIONAL CHART

200 Points Possible

0-99 100-169 170-200
 H M L

TOTAL EVALUATION

		X
--	--	---

Points: 200

D. POLICIES

100 Points Possible

0-49 50-84 85-100
 H M L

TOTAL EVALUATION

		X
--	--	---

Points: 100

E. PROCEDURES

100 Points Possible

0-49 50-84 85-100
 H M L

TOTAL EVALUATION

	X	
--	---	--

Points: 60

1000 POINTS POSSIBLE TOTAL

SCORE

403

F. TEST TRANSACTIONS

16 Transactions Tested
 Exceptions noted (6):

- 1 Transactions (6)
 No original invoice (4)
 Tax charged on shipping (1)
 Over the signing limit (1)

- 2 Contracts
 None

ADJUSTMENTS FOR EXCEPTIONS:

38% occurrence rate -76
 327

HIGH

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE:

San Bernardino Community College District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment			X
2 Risk Assessment	X		
3 Control Activities		X	
4 Information and Communication			X
5 Monitoring			X

Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
47%	60	28
64%	80	51
92%	80	74
100%	60	60

332

B. RESUME SUMMARY

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 200

C. ORGANIZATIONAL CHART

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 200

D. POLICIES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION		X	

Points: 80

E. PROCEDURES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 20

1000 POINTS POSSIBLE TOTAL

SCORE

832

F. TEST TRANSACTIONS

14 Transactions Tested
 Exceptions noted (0):

- 1 Transactions
None
- 2 Contracts
None

ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0
832

MEDIUM

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE:

Silver Valley Unified School District

Legend

- X Applies
- H High Risk
- M Medium Risk
- L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment			X
2 Risk Assessment	X		
3 Control Activities			X
4 Information and Communication			X
5 Monitoring			X

Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
0%	60	0
100%	80	80
100%	80	80
100%	60	60

340

B. RESUME SUMMARY

200 Points Possible

0-99 100-169 170-200
H M L

TOTAL EVALUATION

		X
--	--	---

Points: 185

C. ORGANIZATIONAL CHART

200 Points Possible

0-99 100-169 170-200
H M L

TOTAL EVALUATION

	X	
--	---	--

Points: 150

D. POLICIES

100 Points Possible

0-49 50-84 85-100
H M L

TOTAL EVALUATION

		X
--	--	---

Points: 100

E. PROCEDURES

100 Points Possible

0-49 50-84 85-100
H M L

TOTAL EVALUATION

X		
---	--	--

Points: 30

1000 POINTS POSSIBLE TOTAL

SCORE

805

F. TEST TRANSACTIONS

0 Transactions Tested
Exceptions noted (0):

- 1 Transactions
None
- 2 Contracts
None

ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0
805

MEDIUM

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE:

Snowline Joint Unified School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE
400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
		X
X		
		X
		X
		X

Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
27%	60	16
87%	80	70
86%	80	69
87%	60	52

327

B. RESUME SUMMARY
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION		X	

Points: 150

C. ORGANIZATIONAL CHART
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 200

D. POLICIES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION		X	

Points: 75

E. PROCEDURES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 10

1000 POINTS POSSIBLE TOTAL

SCORE

762

F. TEST TRANSACTIONS
2 Transactions Tested
Exceptions noted (0):

- 1 Transactions
None
- 2 Contracts
None

ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0
762

MEDIUM

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE:

Trona Joint Unified School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE
400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment		X	
2 Risk Assessment	X		
3 Control Activities		X	
4 Information and Communication	X		
5 Monitoring	X		

Scoring:		
POINTS	WEIGHT	TOTAL
82%	120	98
0%	60	0
78%	80	63
37%	80	30
38%	60	23
		214

B. RESUME SUMMARY
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 185

C. ORGANIZATIONAL CHART
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION	X		

Points: 20

D. POLICIES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 0

E. PROCEDURES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION		X	

Points: 75

1000 POINTS POSSIBLE TOTAL

SCORE

494

F. TEST TRANSACTIONS
0 Transactions Tested
Exceptions noted (0):

- 1 Transactions
None
- 2 Contracts
None

ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0
494

HIGH

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE: Upland Unified School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment			X
2 Risk Assessment		X	
3 Control Activities			X
4 Information and Communication			X
5 Monitoring			X

Scoring:

POINTS	WEIGHT	TOTAL
89%	120	107
80%	60	48
100%	80	80
100%	80	80
100%	60	60

375

B. RESUME SUMMARY
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 190

C. ORGANIZATIONAL CHART
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 200

D. POLICIES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION			X

Points: 100

E. PROCEDURES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION		X	

Points: 80

1000 POINTS POSSIBLE TOTAL

SCORE

945

F. TEST TRANSACTIONS
1 Transactions Tested
Exceptions noted (0):

- 1 Transactions
None
- 2 Contracts
None

ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0
945

LOW

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE:

Victor Elementary School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment			X
2 Risk Assessment			X
3 Control Activities		X	
4 Information and Communication		X	
5 Monitoring			X

Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
100%	60	60
64%	80	51
82%	80	66
87%	60	52

349

B. RESUME SUMMARY
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 180

C. ORGANIZATIONAL CHART
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 200

D. POLICIES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 30

E. PROCEDURES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 0

1000 POINTS POSSIBLE TOTAL

SCORE

759

F. TEST TRANSACTIONS
3 Transactions Tested
Exceptions noted (1):

- 1 Transactions (1)
No original invoice (1)

- 2 Contracts
None

ADJUSTMENTS FOR EXCEPTIONS:

33% occurrence rate -66
693

MEDIUM

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE: _____

Victor Valley Community College District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment		X	
2 Risk Assessment			X
3 Control Activities			X
4 Information and Communication		X	
5 Monitoring		X	

Scoring:

POINTS	WEIGHT	TOTAL
82%	120	98
100%	60	60
93%	80	74
68%	80	54
67%	60	40

327

B. RESUME SUMMARY
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION		X	

Points: 115

C. ORGANIZATIONAL CHART
200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION		X	

Points: 120

D. POLICIES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION			X

Points: 100

E. PROCEDURES
100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 0

1000 POINTS POSSIBLE TOTAL

SCORE

662

F. TEST TRANSACTIONS
7 Transactions Tested
Exceptions noted (2):

- 1 Transactions (2)
Receiving documentation does not include date (1)
Receiving documentation is stamp only (1)
- 2 Contracts
None

ADJUSTMENTS FOR EXCEPTIONS:

29% occurrence rate -58
604

MEDIUM

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
Internal Auditor II

TO: Melissa Anderson
Chief, District Financial Services

DATE: _____

Victor Valley Union High School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment			X
2 Risk Assessment			X
3 Control Activities		X	
4 Information and Communication			X
5 Monitoring			X

Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
100%	60	60
75%	80	60
87%	80	70
87%	60	52

362

B. RESUME SUMMARY

200 Points Possible

0-99 100-169 170-200
 H M L

TOTAL EVALUATION

X		
---	--	--

Points: 0

C. ORGANIZATIONAL CHART

200 Points Possible

0-99 100-169 170-200
 H M L

TOTAL EVALUATION

		X
--	--	---

Points: 200

D. POLICIES

100 Points Possible

0-49 50-84 85-100
 H M L

TOTAL EVALUATION

		X
--	--	---

Points: 100

E. PROCEDURES

100 Points Possible

0-49 50-84 85-100
 H M L

TOTAL EVALUATION

X		
---	--	--

Points: 10

1000 POINTS POSSIBLE TOTAL

SCORE

672

F. TEST TRANSACTIONS

6 Transactions Tested
 Exceptions noted (2):

- 1 Transactions (2)
Unable to provide at district (2)
- 2 Contracts
None

ADJUSTMENTS FOR EXCEPTIONS:

33% occurrence rate -66
606

MEDIUM

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

FROM: Rachel Ayala
 Internal Auditor II

TO: Melissa Anderson
 Chief, District Financial Services

DATE: Yucaipa-Calimesa Joint Unified School District

Legend
 X Applies
 H High Risk
 M Medium Risk
 L Low Risk

A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment			X
2 Risk Assessment			X
3 Control Activities			X
4 Information and Communication			X
5 Monitoring		X	

Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
100%	60	60
87%	80	70
97%	80	78
71%	60	42

370

B. RESUME SUMMARY

200 Points Possible

0-99 100-169 170-200
 H M L

TOTAL EVALUATION

		X
--	--	---

Points: 170

C. ORGANIZATIONAL CHART

200 Points Possible

0-99 100-169 170-200
 H M L

TOTAL EVALUATION

		X
--	--	---

Points: 200

D. POLICIES

100 Points Possible

0-49 50-84 85-100
 H M L

TOTAL EVALUATION

		X
--	--	---

Points: 100

E. PROCEDURES

100 Points Possible

0-49 50-84 85-100
 H M L

TOTAL EVALUATION

	X	
--	---	--

Points: 76

1000 POINTS POSSIBLE TOTAL

SCORE

916

F. TEST TRANSACTIONS

5 Transactions Tested
 Exceptions noted (0):

- 1 Transactions (0)
None
- 2 Contracts
None

ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0
916

LOW

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

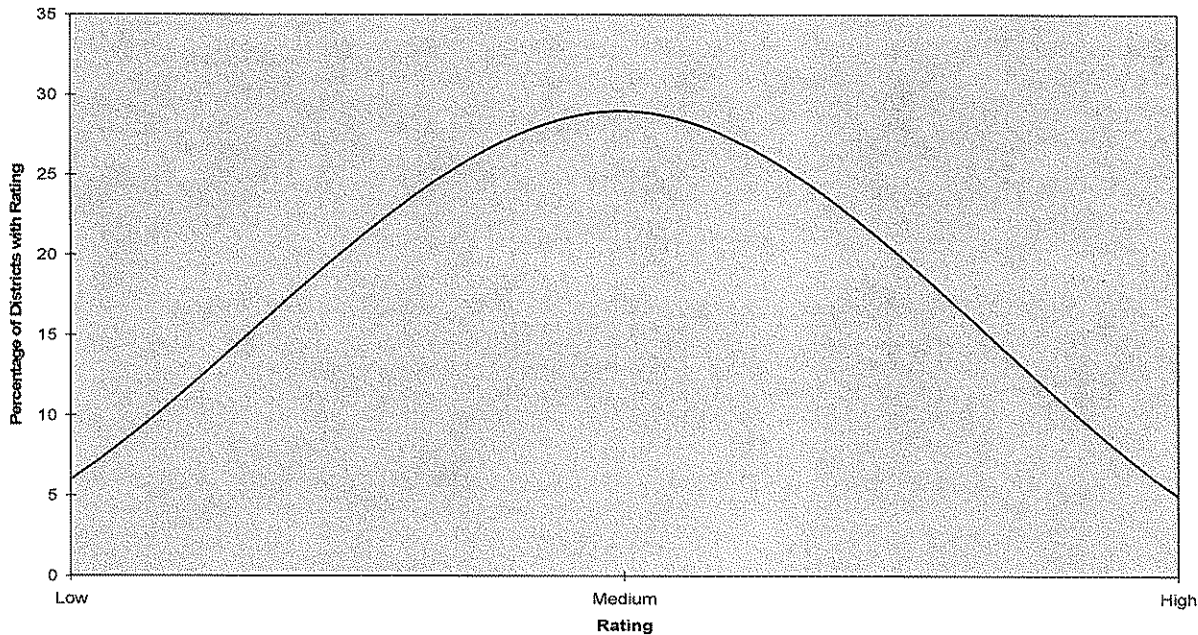
ANALYSIS OF OBSERVATIONS

Based upon the assessment of the internal controls at each district, the risk rating for each district has been calculated as follows:

SCHOOL DISTRICT	SCORE: POINTS	RATING
Upland Unified School District	945	LOW
Yucaipa-Calimesa Joint Unified School District	916	LOW
Adelanto School District	888	LOW
San Bernardino County Services	885	LOW
Barstow Unified School District	885	LOW
Central School District	860	LOW
San Bernardino Community College District	832	MEDIUM
Chino Valley Unified School District	831	MEDIUM
Rim of the World Unified School District	823	MEDIUM
Silver Valley Unified School District	805	MEDIUM
Redlands Unified School District	803	MEDIUM
Chaffey Joint Union High School District	800	MEDIUM
Ontario-Montclair School District	797	MEDIUM
Morongo Unified School District	779	MEDIUM
Snowline Joint Unified School District	762	MEDIUM
Baldy View ROP	726	MEDIUM
Rialto Unified School District	725	MEDIUM
Fontana Unified School District	718	MEDIUM
Barstow Community College District	715	MEDIUM
Helendale School District	707	MEDIUM
Etiwanda School District	694	MEDIUM
Victor Elementary School District	693	MEDIUM
Hesperia Unified School District	669	MEDIUM
Lucerne Valley Unified School District	666	MEDIUM
Alta Loma School District	658	MEDIUM
Colton-Redlands-Yucaipa ROP	622	MEDIUM
Mountain View School District	621	MEDIUM
Bear Valley Unified School District	620	MEDIUM
Victor Valley Union High School District	606	MEDIUM
Victor Valley Community College District	604	MEDIUM
Mt. Baldy Joint School District	601	MEDIUM
Apple Valley Unified School District	600	MEDIUM
Colton Joint Unified School District	588	MEDIUM
Oro Grande School District	570	MEDIUM
Cucamonga School District	556	MEDIUM
Trona Joint Unified School District	494	HIGH
San Bernardino City Unified School District	327	HIGH
Copper Mountain Community College District	250	HIGH
Baker Valley Unified School District	241	HIGH
Needles Unified School District	150	HIGH

There appears to be a normal distribution of the ratings among the 40 districts assessed:

Distribution of Scores by Percentage



It appears that there is an overall medium level of risk among the districts, so there should be a medium degree of reliance placed upon the controls in place at the individual districts. This also indicates that moderate testing of controls, or payment auditing, should be in place.

The adjustments to the audit profiles, or audit selection confidence factors, for the districts should begin with those districts with the lowest scores (highest risk). Since the following districts are operating at a high level of risk, it is most important that the auditing of their payments must be increased in order to most effectively reduce overall risk:

Trona Joint Unified School District
San Bernardino City Unified School District
Copper Mountain Community College District
Baker Valley Unified School District
Needles Unified School District

Information noted in the COSO framework-based scorecards on pages 26-65 can be used in determining which areas to increase testing in. In order to improve the effectiveness of District Financial Services' auditing process, it is recommended that the confidence factors in the audit selection process be adjusted to reflect the High and Low risk ratings noted in the COSO scores. The district level internal controls cannot be heavily relied on; therefore, a higher degree of reliance must be placed on the mitigating controls provided by District Financial Services' payment auditing process.