

23 May 2016

Members, Audit and Finance Committee

Cindy Marten
Superintendent of Public Education
San Diego Unified School District
4100 Normal Street
San Diego, CA 92103-2682

The Office of Internal Audit (OIA) presents to you its report of activities and accomplishments for the period 1 January 2016 through 31 March 2016. We are required to provide this report to you by Administrative Procedure 2370, *Office of Internal Audit*, dated 13 December 2011. The audits, reviews, and investigations conducted by OIA assist the San Diego Unified School District (District) in improving its transparency, accountability and meeting its goals outlined in the *Vision 2020 Statement*.

During the reporting period we issued one report, on the use and control of District Vehicles that included six recommendations to the District's managers. The Chief Operating Officer's response generally agreed with our recommendations and provided a corrective action plan that was responsive to the intent of our recommendations. The report's recommendations, when fully implemented, should assist the District in improving its accountability, internal controls, and management of its vehicular assets.

OIA's activity for the quarter has been summarized in Tables 1 through 5. Table 1 provides a list of reports that have been released as of 31 March. Table 2 provides the projects that are underway as of 31 March 2016. Additionally, Table 2 includes data on the reports that have been completed and were issued after 31 March 2016.

Internal Audit Activities

During this reporting period, OIA issued a review of the use and controls of the District's vehicles, Report Number 16-07. This report contained one recommendation jointly addressed to the Chief Operating Officer (COO) and the Manager, Risk and Insurance Services. Additionally, we addressed five recommendations to the Director of Transportation. The COO responded to our recommendations on behalf of all of the report's addressees, and concurred with our recommendations. The planned corrective actions met the intent of the recommendations.

During the quarter, OIA undertook a review of the ASB Fund's cash receipts and disbursements at a sample of 20 schools. Our review covered the receipts and disbursements processed during the period 1 July 2015 through 31 December 2015. This is a labor intensive review and impacted OIA staffing for the entire quarter. We have issued a draft version of this report for management's review and comments. Table 2 provides a list of the on-going projects as of 31 March 2016 and includes the reports that have been issued up to 10 May 2016.

Hotline Complaints

OIA operates the District's Hotline program. As part of this report, we included summary tables on the complaints received during the quarter, the classification of the complaints, and the number of complaints closed during the period and the resolution. We included comparative data on the complaints received for the same period in 2015.

Should you have any questions on this report or the underlying data, please contact me at jcashmon@sandi.net or 619.725.5696.



John M. Cashmon
Director, Internal Audit

cc: Members of the Board of Education
Andra Donovan, Esq., General Counsel
Staci Monreal, Chief of Staff

*Office of Internal Audit
Activities During the Period
1 January through 31 March 2016*

Product Title	Release Date	Findings	Recommendations	Questioned Costs
District Vehicles: Review of the Use and Control of District Vehicles	22 March 2016	6	6	0

Source: OIA analysis of issued reports

*Ongoing OIA Projects
as of 31 March 2016*

Project Working Title	Project Status
Associated Student Body Fund: Review of Reimbursements to District Employees	Reporting
Associated Student Body Fund: Review of the Use of the Principal's Discretionary Fund at Selected Schools	Released 8 April 2016 Report No.: 16-08
Clark Middle School: Review of the Associated Student Body Fund's Financial Operations	Released 15 April 2016 Report No.: 16-05
Finance Division: Follow-up Review of the Audit of Medical and Dental Insurance Costs	Reporting
Associated Student Body Funds: Review of Cash Receipts and Disbursements at Selected Schools for the Period 1 July through 31 December 2015	Awaiting Management Comments
Teacher Preparation and Support Department: Limited Review of Teacher Compensation Costs for Fiscal Year 2015	Released 3 May 2016 Report No. 16-09-R
District-wide Audit of Purchase Card Program	Planning

Source: OIA

Hotline Activities

The District established a Hotline program to provide District employees and the general public with a central location to raise complaints regarding District activities that they believe are fraudulent, wasteful or abusive. The District contracted with a provider of Hotline programs and services to manage the daily operations of the hotline, receive complaints through the telephone and a webpage reporting, maintain a database that allows the District to manage the processing of complaints. The Hotline contractor provides a 24 hour toll free number and an internet web form to submit complaints. Individuals filing complaints using either process may remain anonymous, if they choose.

OIA receives a report with the detail of the complaint filed with the contractor. Many of the complaints include multiple allegations that are addressed as the complaint is investigated. Each complaint is tracked as a single unit. We do not attempt to track each of the individual allegations.

As part of the review process we employ, we review the complaint to determine whether it falls within our purview to investigate, and we determine whether the complaint has sufficient data for us to con-

duct a review. The complaints that address management issues or fall outside our purview to investigate are referred to the appropriate District official for resolution.

For complaints that fall within our investigative purview, an OIA staff member conducts a preliminary assessment of the available data to determine whether further investigation is warranted. For the complaints that warrant additional work: an investigative approach is developed, we conduct interviews and fieldwork, review documentation provided to us and District records, prepare a summary of the investigation, and when appropriate forward the report to the appropriate District official for action as needed. In some instances, the work performed by the OIA staff member will become the basis for an audit or review of a District activity, program, or function.

As part of this report, we included tables to summarize the status of the Hotline program as of 31 March 2016. Our tables include the inventory of open complaints as of 31 March 2016, the number of complaints received and closed during the period, and the types of complaints received. Additionally for the types of complaints received, we provided comparative data with the same period in 2015. The Hotline contractor provides us with the classification each complaint. The contractor classifies the complaints based on the data provided, their guidelines, and staff experience. OIA does not determine how individual or groups of complaints are categorized.

Table 3
Inventory of Hotline Complaints

	Complaints
Open as of 1 January 2016	166
Add: Complaints Received from 1 January through 31 March 2016	12
Subtract: Complaints Closed from 1 January through 31 March 2016	16
<i>Open Complaints as of 31 March 2016</i> ^a	162

Source: Hotline Contractor’s database

Note: ^aThe total reflects only those complaints included in the contractor’s database.

Table 4
Disposition of Closed Hotline Complaints

Type of Disposition	Complaints
Unsubstantiated	14
Outside of OIA’s Purview to Review – Referred to Others	2
Corrective Action Taken	
<i>Total Hotline Complaints Closed 1 January through 31 March</i>	16

Source: Hotline Contractor’s database

Table 5

***Hotline Complaints by Issue Type for 1 January through 31 March 2016
with Comparative Data for 1 January through 31 March 2015***

Issue Type	Received 1 January – 31 March		Difference
	2016	2015	
Theft of Time	3	3	0
Fraud	3	3	0
Employee Relations	1	2	(1)
Academic Fraud	0	1	(1)
Policy Issues	1	5	(4)
Theft of Goods and Services	1	0	1
Other Issues	2	0	2
Theft of Cash	0	1	(1)
Wage/Hour Issues	0	1	(1)
Falsification of Company Records	1	0	1
Total Hotline Complaints Received by the Contractor	12	16	(4)

Source: Analysis of Contractor Reporting Data

Table 6

***2016 Hotline Complaints Received by Month, through 31 March
with Comparative Data for 2015***

Month	Calendar Year to 31 March		Difference
	2016	2015	
January	3	8	(5)
February	5	5	0
March	4	3	1
Total for Calendar Years 2016 and 2015	12	16	(4)

Source: Analysis of Contractor Reporting Data