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**Stockton Unified School District Response to
San Joaquin County Civil Grand Jury Report
Case #0902 Garfield Elementary School**

ASSESSOR RECORDER
SANTA CLARA COUNTY
03 JUL 30 AM 9:08
BY DEPUTY [Signature]

Pursuant to Section 933.05 of the Penal Code, Stockton Unified School District submits the following response to the findings and recommendations included in the final report of the San Joaquin County Civil Grand Jury (SJCCGJ) to Case #0902 Garfield Elementary School (GES), Stockton Unified School District (SUSD).

Finding 1

“With regard to the allegation that monies are disappearing from accounts, we found no evidence to support the allegation; however, the procedures for handling cash at the school are minimal, at best.”

District Response

The district agrees with this finding, with exception to the statement that “the procedures for handling cash at the school are minimal, at best.” The district feels that adequate control procedures are in place at all schools and that the procedures are far from minimal. This will be discussed more fully in the district’s responses to the recommendations made by the SJCCGJ.

Finding 2

“With regard to the allegation that monies are being used for other than their intended use, information available did not substantiate this allegation and the audit did not identify problems in this regard.”

District Response

The district agrees with this finding.

Finding 3

“With regard to the allegation that thirty-four thousand dollars have been misplaced, there is no indication that a discrepancy of \$34,000.00 could have existed.”

District Response

The district agrees with the finding.

Recommendation 1

“Better accountability of funds needs to be maintained at school in the SUSD system. Previous SJCCGJ reports on other SUSD schools have also reported that appropriate fund accounting was not practiced. In this case, two staff members do not actually count the cash receipts at GES. Procedures for counting receipts and placing the cash in the safe need to be established that maintain dual custody of all cash.”

District Response

The district believes there is full accountability of funds received at all school sites and that procedures were in place before the issuance of the SJCCGJ report. The only specific recommendation made has to do with procedures relating to the counting of money received and the securing of those funds until deposit. Stated district procedure is that two people should participate in the counting of money received at the school site. The reality is that at all district sites, and especially at small sites such as Garfield, there is not enough staff available to always have two people to count the money on hand. The district would always prefer to have two people count the funds that are ready for deposit, but lacking this, the district's second preference would be to have the money counted by one person and deposited in a timely manner, rather than having the funds wait at the school site until two people can count it together. The district feels that money in the bank is always more secure than money kept at the school site.

The district is distressed by the reference made to prior SJCCGJ reports. Without stating how the current year's findings relate to those made in prior reports, the implication is made that nothing has changed and that the district has made no attempt to improve its accounting and control system. This attempt by the SJCCGJ to justify its recommendations by making vague references to prior reports is unfair. Work is done continually to improve the accounting control system in all areas of the district. Some changes can be made quickly, while others take longer to implement. If findings from prior reports have been found to still currently exist, the district accepts responsibility for this and will act to correct the deficiency. Without specifics, however, it is not possible to know where to act. This is where the SJCCGJ report is lacking and unfair to the district.

Recommendation 2

“Control of the GES bank account needs a system of checks and balances. Two people should jointly prepare the deposit slip and count the cash. A separate individual from the person physically making the deposits and writing the checks should balance the checkbook at least monthly. Procedures need better controls for how all funds are handled at schools in the SUSD system and specifically GES. Financial procedures at all schools need an increased level of training and oversight to assure the goals of the SUSD policy are achieved.”

District Response

This recommendation is difficult to respond to because it is apparent that the SJCCGJ does not have a clear understanding of the district's accounting system and the procedures and controls currently in place to support it. This lack of understanding is shown by the following misstatements of fact:

1. **“Control of the GES bank account needs a system of checks and balances.”**
There is no separate bank account at Garfield Elementary School. All receipts and disbursements of student activity funds for the elementary and middle schools in the district are made from one combined bank account. Staff at the district administrative office work to maintain this bank account and determine that it reconciles to the individual balances for each school. Statements reflecting the financial activity are sent to each school for their review and agreement as to the account balance. These efforts by district employees independent of the schools form a major part of the checks and balances in the accounting control system of the district.
2. **“A separate individual from the person physically making the deposits and writing the checks should balance the checkbook at least monthly.”** No one at Garfield Elementary School physically makes bank deposits or writes checks. Money prepared for deposit at the school is sealed in a tamper-proof, prenumbered deposit bag that is picked up by a district employee independent of the school and taken directly to the bank. This control procedure is the same for all schools in the district. Whenever the school is in need of a check to be written for payment of a student activity invoice, it is necessary for the school to submit to the district administrative office a “Student Activities Account Check Request” form that lists the vendor to be paid, the amount of payment, the signature of the person preparing the request, and the signature of the site administrator reviewing and approving the request. Documentation is attached that supports the disbursement request. This form is then submitted to the district office where the request is reviewed for completeness and whether the disbursement is a proper use of student money. Once this control procedure is completed, the check is prepared and submitted to the district's Director of Accounting and Budget for review and approval. Following this control procedure, the check is either sent directly to the vendor or sent to the school that then forwards the check to the vendor. Every month, employees in the district office reconcile the student activities bank account and determine that it balances with the account totals of the individual schools. A report detailing the financial activity of each school is then prepared and sent to the schools for their review. An approval signature is required from the principal and this copy of the report is returned to the district office. As these control procedures show, while the schools in the district operate many financial endeavors, including fundraising and the collecting of student fees, they are not in complete control of these funds. Control procedures outside of the school environment are in place that help to provide accountability over the student funds of the district.

General Comment

The district is pleased that the SJCCGJ could find no substantiation to the allegations that formed the basis for their report. The district continues to work to present the best educational experience for the children within our boundaries. Part of that work is the constant effort to provide a secure and accurate accounting system that properly reflects the financial activity and account balances of all schools and programs in the district. The district is proud of the system currently in place, but recognizes that change and improvement can always be made. It is through the work done internally by district staff and recommendations made by independent bodies, such as the San Joaquin County Civil Grand Jury, that these improvements will be made. The district thanks the SJCCGJ for its work and assures cooperation for any future reviews of district activities.