



San Diego Unified
SCHOOL DISTRICT

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AUG 15 2012

SAN DIEGO
COUNTY GRAND JURY

July 31, 2012

Honorable Robert J. Trentacosta
Presiding Judge of the Superior Court
220 W. Broadway
San Diego, CA 92101

RE: Grand Jury Report: “School Fundraising Foundations”

Dear Judge Trentacosta:

The San Diego Unified School District (“District”) has reviewed the Facts, Findings and Recommendations in the Grand Jury Report “Foul Ball!” filed on May 3, 2012. Pursuant to California Penal Code section 933(c), the following constitutes the response of the District and its Governing Board (“Board”) to the findings and recommendations pertaining to matters under the control of the District.

RESPONSE TO FINDINGS

Finding #01: Foundation officials did not follow up at the beginning of their term to make sure that all requirements necessary to establish nonprofit status had been met.

Response: The District disagrees wholly or partially with this finding. (Penal Code § 933.05(a)(2).)

Explanation: Since neither the school nor the foundation is identified in the report, the District has no information and cannot comment on what the foundation officials did or did not do.

Finding #02: School District officials have not uniformly verified compliance with procedures regarding fundraising.

Response: The District agrees with this finding. (Penal Code § 933.05(a)(1)) The District requires all principals to review all District procedures prior to the commencement of each school year. As a practical matter, however, some principals are more experienced than others and more familiar with the approximately 450 Administrative Procedures on various topics which the District maintains. Since foundations are not directly under the control of school authorities, some principals may have relied on foundations to be appropriately formed and operating without independent verification.

RESPONSE TO RECOMMENDATIONS

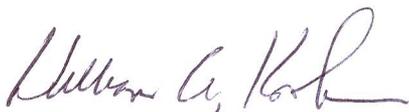
Recommendation 12-25: Review and audit the schools in its jurisdiction at least once per school year to ensure compliance with IRS regulations regarding nonprofit fundraising.

Response: The District does not agree that an annual audit of all schools is required and this recommendation will not be implemented. (Penal Code § 933.05(b)(4) Any audit of schools would need to be conducted by staff in the Office of Internal Audits. The number of employees in Internal Audit has been reduced in recent years due to budget cutbacks and they are unable to do more than regularly scheduled audits and specified, targeted audits requested by the Superintendent or other District staff. The District is facing a potential of up to fourteen additional days of furlough for the 2013-14 school year so the addition of this work would be impossible given the staffing and calendar issues. Although not all schools have a foundation, many schools have multiple partners who may conduct fundraising on their behalf significantly increasing the numbers of audits being requested. Instead of increased audits, the District will take other action to address the issue. Administrative Procedure No. 9325 has been revised to further clarify fundraising by non-district organizations and school staff interaction with foundations, etc. Once the revised procedure is posted online, school staff will be advised of the revision and reminded of the requirement to obtain a copy of a non-district organization's determination letter or certificate of non-profit status in advance of any fundraising. Finally, this issue will be discussed at one of the Superintendent's Principal Forum meetings for the 2013-14 school year to ensure staff are aware of their responsibilities in this area.

Conclusion

On behalf of the Superintendent and Board of Education of the San Diego Unified School District, we appreciate your concern for our District.

Sincerely,



William A. Kowba
Superintendent