



Office of Internal Audit

Report to the Principal, Zamorano  
Elementary School

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December, 2016

# **ZAMORANO ELEMENTRAY SCHOOL**

Follow-up of the Review of  
Associated Student Body  
Fund Financial Operations

## **NOTICE**

Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report, represent the opinion of the Office of Internal Audit. Determinations of corrective action to be taken will be made by the appropriate San Diego Unified School District officials.

9 December 2016

Derek Murchison  
Principal  
Zamorano Elementary School  
2655 Casey Street  
San Diego, CA 92139-2989

The Office of Internal Audit (OIA) conducted a review of the financial operations of the Associated Student Body (ASB) Fund at the Zamorano Elementary School (Zamorano). The original review was requested by the Area Superintendent, Area 2, and the Zamorano Principal. We reported the results of the review in August 2015 in a report titled *ZAMORANO ELEMENTARY SCHOOL: Review of Associated Student Body Fund Financial Operations*.

The original report contained three findings and eight recommendations. The Principal in his response to our report generally concurred with the recommendations and provided a series of corrective actions addressing our recommendations.

The intent of this review is to determine whether: Zamorano took action to address the recommendations in the original report; the actions taken were effective in addressing the cause(s) of the conditions cited in the report; and the recommendations were fully implemented by the Zamorano Principal. We included this follow-up project as part of our fiscal year 2017 work plan.

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## **Background**

Zamorano is an arts magnet elementary school for students from Kindergarten through the 5<sup>th</sup> Grade. Currently, Zamorano operates on the District's traditional calendar.

At the elementary school level, a student council does not have control and oversight of the ASB Fund. Instead the operational control and oversight is assigned to the school's Principal.<sup>1</sup> The principal may delegate some of responsibilities for the ASB Fund's daily operation to the school's elementary school assistant (ESA). This delegation may include responsibility for the receipt and processing of funds for the ASB Fund accounts, recording of the financial transactions (receipts and disbursements) for the ASB Fund; preparation of checks and acting as a signatory for the checks, and preparing the ASB Funds monthly financial statements.

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<sup>1</sup> Administrative Procedure 2225, *Administration of the Student Body Fund*, sections C.4.b and d.

## Prior Results

Our August 2015 report included three findings identified during the audit period 1 July 2014 through 31 May 2015. The report's findings are summarized below. The recommendations are included in the Results in Brief section.

Our findings included the:

- ASB Fund failed to comply with the APs related to safeguarding and processing of collections. Exposing these collections to significantly increased risks of manipulation and misappropriation;
- Failure to properly classify and account for receipts and disbursements significantly distorted the financial position of the ASB Fund and the balances of the general fund and individual trust and activity accounts; and
- Absence of compliance with the prescribed APs for accounting for student funds resulted in Zamorano students being denied the use of the ASB Fund general fund, trust, and activity accounts assets.

## Results in Brief

Based on a request for information on the status of the recommendations included in our original report, the Principal stated that seven recommendations had been fully implemented and Recommendation 1 was in progress. Based on our review we determined that all recommendations were fully implemented. Table 1 provides a summary of the recommendations and the actions reported by the Principal for each recommendation.

**Table 1:** Prior Recommendation Status

Rec.	Report's Recommendation	Current Status Reported by Zamorano	Actions Taken by Zamorano
The Zamorano Principal should take the following corrective actions:			
1	Require that cash receipt slips be prepared and copies retained, as required by AP 2235 § C.2.e for all collections received by the ASB Fund.	Implemented	We have implemented a process that makes sure that the cash receipts are prepared and copies are always retained. We usually deposit funds within one business day.
2	Mandate that documentation supporting the receipt of funds be retained with the copies of the cash receipt slips as required by AP 2235 § D.1	Implemented	All documentation supporting the receipt of funds are being retained with copies of the cash receipt slips.
The Principal should take the following corrective action measures:			
3	Require the ESA to comply with the AP related to the processing of receipts and disbursements in the ASB Fund.	Implemented	The current ESA complies with all ASB Fund related controls and disbursement procedures for the operation of Zamorano's ASB Fund.
4	Establish separate accounts within the ASB Fund for funds received for Lost Books and received from Pencil Sales.	Implemented	We have established separate accounts within the ASB Fund for the receipts for "Lost Library Books."

Rec.	Report's Recommendation	Current Status Reported by Zamorano	Actions Taken by Zamorano
5	Mandate the ESA within 30 days of this final report make the necessary adjusting entries to restate the financial position of the trust, organization, and club accounts within the ASB Fund.	Implemented	The ESA has made the correcting entries to restate the financial position of the accounts within the ASB Fund.
6	Evaluate those accounts that are inactive for more than one year, that remain open in the ASB books of account, determine the accounts that should be closed and transfer any remaining balance to the ASB General Fund.	Implemented	We have a system in place that assures the Principal evaluates the accounts that have been inactive for more than one year to determine if the account should be closed and the remaining balance transferred.
OIA recommends that the Zamorano Principal take the following actions:			
7	Require that all disbursements be supported with original documentation and that the documentation be presented prior to the check being signed.	Implemented	Our system now requires that all disbursements are supported with original documentation. The documentation is presented together with the check for approval by the Principal.
8	Require that the ESA obtain written approval for all journal vouchers before posting to the ASB Fund accounting system.	Implemented	The current ESA obtains the Principal's approval for all entries prior to posting them in the ASB Fund accounting system.

Source: Zamorano's response.

## Objectives and Scope

The objective of this review was to determine whether the Zamorano Principal took effective action to implement the recommendations in OIA's original report. To meet this objective we:

- Obtained a written response from Zamorano that outlined the actions taken by the Principal and other staff to implement the recommendations; and
- Interviewed the current ESA regarding changes in the Zamorano procedures and accounts.

The tests and procedures that we applied to the data provided to us are not sufficient to constitute a review in accordance with generally accepted government auditing standards. The objective of such a review would be the expression of an opinion on the Zamorano ASB Fund. We have not and will not express such an opinion. Had we performed a review in accordance with generally accepted government auditing standards other matters may have come to our attention that we would have reported to you.

## Management Response

We provided a discussion draft of this report to the Zamorano Principal on 30 November 2016. No written response for this report was required, and none was received. Therefore, we are issuing this report in its final form.

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We are providing copies of the final report to the Board of Education, Audit and Finance Committee, Superintendent of Public Education, General Counsel, Chief of Staff, and the Area Superintendent, Area 2.

Should you have any questions on this report or our work, please contact me at [cashmon@sandi.net](mailto:cashmon@sandi.net) or 619.725.5696.



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Director, Internal Audit