



Office of Internal Audit

Report to the Principal, Roosevelt
Middle School

June 2017

ROOSEVELT MIDDLE SCHOOL

Follow-up of the Review
Physical Controls and
Security for Associated
Student Body Fund Receipts

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.

14 June 2017

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As part of its audit of the Associated Student Body (ASB) Funds at selected schools for fiscal year 2015, the Office of Internal Audit (OIA) identified issues related to the physical security and processing of ASB Fund cash receipts. These issues impacted the security of the Roosevelt Middle School (Roosevelt) staff and ASB Fund receipts. At that time, OIA issued a flash report to inform the former Principal of the conditions we identified, and request that actions be taken to mitigate the conditions.

Our original report included two observations and seven recommendations. The former Principals in their responses generally concurred with the observations and recommendations. In several instances they stated that corrective action had been taken.

The intent of this review was to determine whether Roosevelt: took action to address the recommendations in the original report; the actions taken were effective in addressing the cause of the conditions cited in the observations; and the recommendations were fully implemented by the Roosevelt principal. This project was included in our fiscal year 2017 *Annual Work Plan*.

Background

Roosevelt is a middle school for students from the 6th to the 8th Grades. The school offers the International Baccalaureate (IB) program to the students. Roosevelt operates on the District's traditional calendar.

At the middle school level the school operates an organized ASB Fund. The school's student council¹ has control and oversight of the ASB Fund. The Roosevelt principal retains responsibility for the operation and direction of the financial activities of the fund. The District's administrative procedure (AP) for the operation of the Fund directs that the principal is responsible for the oversight of the Fund's financial operations and is expected to use best practices in those financial operations.² AP 2235 directs that the school's

¹ For the purposes of this report, OIA will use the term student council to refer to the student group responsible for the operations of the ASB Fund. This group may be titled the ASB Council, Student Council or a combination of both.

² AP 2225; *Administration of Student Body Funds*; 16 December 2002; §§ C.4.b and C.6.b.

financial clerk is responsible for the receiving and processing of all cash receipts for the ASB Fund.³

Prior Results

Our June 2015 report included two observations that were noted during our fieldwork for our report on OIA's review of the fiscal year 2015 ASB Fund cash receipts and disbursements.⁴ The report's observations are summarized below. The recommendations are included in the Results in Brief section of this report.

Our observations included:

- Due to a construction/rehabilitation project at Roosevelt, the financial clerk was relocated from the main office to another location on the Roosevelt campus. The occupants of the office, to which the financial clerk was assigned, were from a not-for-profit organization (NPO) that performed services for Roosevelt. This location did not provide the financial clerk with immediate access to a secure location to hold cash receipts at the end of the day.
 - Teachers and staff entered this area to leave cash receipts for deposit to the ASB Fund;
 - The financial clerk accepted the deposit at face value without verifying the amount received with the individual depositing the funds;
 - The practices at the time of our observations increased the risk of potential manipulation and loss;
 - Funds were not stored in a safe but in a locked desk drawer overnight, both the financial clerk and NPO staff had unrestricted access to the area where the desk was located; and
 - Unprocessed ASB Fund receipts were not controlled and documented. If questions arose, the financial clerk was not able to determine whether the receipts had been received in her office.
- The security for the ASB Fund deposits was not adequate to minimize the possibility that the funds could be stolen and subjected the financial clerk to unnecessary risks.
 - The financial clerk was not escorted, across campus, when bringing the deposit to the main office;

³ AP 2235; *Standard Student Body Receipts*; 6 December 2013; § C.2.b.

⁴ San Diego Unified School District, Office of Internal Audit; *ASSOCIATED STUDENT BODY FUND: Review of Cash Receipts and Disbursements at Selected Schools*; Report Number: 15-07; 30 June 2015; found at https://www.sandiegounified.org/sites/default/files_link/district/files/internal-audit/audit-reports/0715-ASB-SelectedSchools.pdf

- Deposits were not securely held in the main office prior to pick-up by the courier. The deposit bags were kept in an unlocked drawer, access to “behind the counter” at the main office was not effectively restricted; and
- Couriers picking up the deposit were not required to sign the logs to document who picked up the deposits for delivery.

Results in Brief

In response to a request for information on the status of each of the original report’s recommendations, the Principal stated that seven recommendations had been fully implemented. Based on our review of the information provided, we concurred with the Principal’s conclusion for each recommendation. The following table provides a summary of the original recommendation, the current status, and the actions taken by Roosevelt to implement the recommendation.

Rec.	Report’s Recommendation	Current Status Reported	Actions Taken by Roosevelt
1	Relocate the Financial Clerk to office space within the main office or in an adjacent office , within 30 days.	The financial clerk’s office was relocated to the main office and placed in a single person locking office.	As of school year 2016 the financial clerk was relocated to an office within the school’s main office.
2	Provide the financial clerk a safe, if the office cannot be relocated within 30 days to hold the cash receipts until delivered to the main office or directly provided to the courier.	The financial clerk uses the main office’s safe to hold the ASB Fund receipts until secured by the courier.	The financial clerk, as part of the relocation, of the office is required to place all receipts in the school safe until picked up by the courier.
3	Prohibit teachers/staff from dropping off the ASB Fund deposits without the financial clerk counting the funds and the teacher or staff verifying the amount counted.	All teachers and staff have been informed (20 May 15 via e-mail)not to drop off ASB Fund deposits unless the financial clerk is present. At that time the financial clerk will verify the amount to be deposited. For end of day transactions when the verification cannot be completed the funds will be placed in the safe for processing the following school day.	The staff is aware of the process and that a second person will be present to verify the financial clerk’s count.
4	Require both the teacher and financial clerk to sign the deposit tally sheet verifying the amount of the deposit.	The teacher/staff making the deposit and the financial clerk now sign the deposit tally sheets	The staff and the financial clerk are aware that the deposits are to have dual signatures.
5	Prohibit the financial clerk from holding any cash receipts in a desk overnight. Cash receipts that are not fully processed should be held in the school’s mail office safe or safe to be provided in recommendation 2.	With the relocation of the financial clerk to the main office, all funds are held in the school’s safe overnight. This includes any receipts that have not been fully processed at day’s end.	The financial clerk holds all cash receipts in the school’s safe until the processing of the receipt is complete and the courier picks up the deposit for transport to the bank.
6	Require that the financial clerk be escorted to the main office when transporting cash receipts. This may require that the financial clerk transport the receipts prior to the close of her tour of duty on the prior day.	This recommendation has been overtaken by events. By moving the financial clerk to the main office, the recommendation becomes moot.	The financial clerk is located in the main office and has direct access to the school’s safe. The need for a cross campus escort has been eliminated.

Rec.	Report's Recommendation	Current Status Reported	Actions Taken by Roosevelt
7	Require that the Roosevelt staff keep the bank deposit bags awaiting pickup in the main office safe until the courier arrives for the pickup, and the courier signs for all bank bags before leaving the main office.	The deposit is held in the safe until the courier arrives and signs for the bank bag(s). If the timing is such that the receipts are not ready for pickup, they are left in the safe till the following day.	Roosevelt holds its receipts in the school's safe until the courier arrives and signs for the bag(s).

Objectives and Scope

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

- Obtained a written response from the Roosevelt Principal that outlined the actions taken to implement the recommendations; and
- Review the prior responses and available documentation to determine the extent of the corrective actions taken.

OIA provided copies of the final report to the Board of Education, Audit and Finance Committee, Superintendent of Public Education, General Counsel, and the Chief of Staff. A copy of this report has been included on the District's webpage at <https://www.sandiegounified.org/audit-reports>.

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



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