



8 June 2015

Judith M. Fogel
Interim Principal
Roosevelt Middle School
3366 Park Blvd.
San Diego, CA 92103-5207

Subject: *Physical Controls and Security for Associated Student Body Fund Receipts at the Roosevelt Middle School [Reissued]*

During a recent review of the Associated Student Body (ASB) cash receipts and disbursements at the Roosevelt Middle School (RMS), the Office of Internal Audit (OIA) identified issues related to the physical security and processing of the ASB cash receipts. This flash report is provided to you independently from our report on the ASB cash receipts and disbursements. It is our opinion the conditions cited in this report require immediate attention. The conditions we found impact the safety and security of the staff processing ASB Fund deposits.

OIA staff observed that the RMS financial clerk was located in an office: (i) shared with other individuals who are not San Diego Unified School District (District or SDUSD) employees; and (ii) that did not provide a secure location for holding cash receipts overnight. Additionally, the cash receipts were transported to the RMS main office without a security escort. The remainder of our report outlines the conditions we found and provides corrective actions to address those conditions.

This report was reissued, at the request of SDUSD's senior management on 8 June 2015 to include additional information related to the planned corrective actions provided by the Acting Principal at RMS. The additional information provided by the RMS Acting Principals is provided as Appendix II.

Conditions Found

Shared Office and Securing ASB Receipts

Due to a construction/rehabilitation project at RMS, the financial clerk was relocated from the main office to another location on the RMS campus. The occupants of the office, to which the financial clerk was assigned, were from a local not-for-profit organization (NPO) that performed services for RMS.¹ This location did not provide the financial clerk with immediate access to a secure location for the cash receipts that she received during the day.

Teachers and other staff entered the financial clerk's office during the day and left cash receipts for deposit into the ASB Fund. The financial clerk accepted the deposit at face value and verified the amount at a later time. This practice allowed the teacher or other staff member to immediately return to their classroom, office, or other activities after leaving the funds with the financial clerk. In order to verify the amount, the financial clerk requested, from the ASB advisor, that a student assist her with the

¹ For clarity purposes, OIA will refer to this office as the financial clerk's office.

count and verification. If a student was not available she would hold the funds over to the next day by locking them in a desk drawer. The financial clerk's tour of duty is completed at 1:00 p.m. each day.

The financial clerk's current practices expose the ASB and other funds to an increase risk of potential manipulation and loss. By not verifying the amount of funds with the teacher/staff member depositing them the financial clerk has no assurance that the amount of funds agrees with the amount listed on the envelope. The teacher/staff member making the deposit and the financial clerk have no reliable method of determining whether any difference is simply an error in counting the currency and checks and recording the deposit, or a fraudulent activity has occurred.

The financial clerk also stores the unprocessed funds and the change fund in a locked desk drawer overnight. The desk is in a separate room in the financial clerk's office. The financial clerk and the NPO staff have unrestricted access to the office in this open room.

The financial clerk does not appear to maintain an inventory of the unprocessed ASB Fund receipts and the amounts that are said to be contained in the envelopes. Should questions arise about a deposit, the financial clerk does not have a reliable method for determining if she received the deposit, the amount, and whether it was held overnight. The locks on desk drawers are not secure enough to protect the materials stored in the drawer.

Transportation of Receipts

We observed, and confirmed through our interviews, that the financial clerk carries the ASB deposits, unescorted, from her current office to the RMS main office for pick-up by the courier. This creates a situation that is unsafe for the financial clerk and subjects the ASB deposits to unnecessary risks.

The financial clerk is not always able to have an escort due in part to the time of day the courier arrives, and deposits are not made every day to the ASB account. The financial clerk told us that, in order for the deposit to be made by the courier, she must have it in the main office at approximately the same time as the school opens to the students. An escort would result in one of the school security staff taken from other duties involving students and the school opening. Further, the need for an escort does not occur daily, therefore, it places an additional burden on the security staff and the financial clerk to ensure that an escort is requested and available at the time required to meet the courier pickup.

Also, we found that the deposits were not securely held in the main office awaiting the courier's pick-up. The deposit bags were kept in an unlocked desk drawer from which the courier would take them and sign the delivery log. The storage location for the ASB deposits was commonly known by the RMS main office staff and others. We found that the main office may be open, it was not always staffed in the area around the desk and the safe.

The deposit pick up process required that the courier sign a log that he/she was provided with a bank bag said to contain an amount of funds. Due to human error and intentional omission, the logs are not always signed by the courier, and RMS staff could not verify that the deposit was picked up. This pro-

cess did not provide the necessary reasonable assurance that the deposit bags were obtained only by the courier and that they were signed for by the courier before leaving RMS.

Corrective Actions

The following actions should be taken by the RMS Principal to remediate the conditions cited.

1. Relocate the financial clerk to office space within the main office or in an adjacent office, within 30 days.
2. Provide the financial clerk a safe, if the office cannot be relocated with 30 days, to hold receipts until delivered to the safe in the main office safe or directly provided to the courier.
3. Prohibit the teachers/staff from dropping off ASB deposits without the financial clerk counting the funds and the teacher/staff verifying the amount counted.
4. Require both the teacher/staff and the financial clerk sign the deposit tally sheet verifying the amount for deposit.
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 RMS main office safe or the safe provided in Corrective Action 2.
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.
7. Require that the RMS staff keep the bank deposit bags awaiting pick-up in the main office safe until the courier arrives for the pick-up, and that the courier sign for all bank bags before leaving the main office.

Principals' Responses

On 26 February, the former RMS Principal provided us with his comments on the relocation of the financial clerk stating the relocation is complete, and stated the balance of the response is forthcoming. We included a verbatim copy of the response as Attachment I to this letter. We did not receive the former RMS principal's comments on the balance of our recommended corrective actions. Subsequently, the Principal was reassigned to another position.

In response to a request from SDUSD's senior management OIA considered additional information provided by the RMS Interim Principal on 20 May 2015 (Appendix II). We have evaluated this additional and believe that when fully implemented the planned actions included in the attachment will address the corrective actions included in the report.

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This flash report is issued to notify you and the management of the District of the serious nature of the issues we identified at RMS; so that immediate action can be taken. Our District-wide report on OIA's review of the ASB cash receipts and disbursements will be issued at a later date.

Should you have any questions, please contact me at 619.725.5696 or through e-mail at icashmon@sandi.net or Ines Abitria at 619.725.5695 or through e-mail at iabitria@sandi.net.



John M. Cashmon
Director, Internal Audit

cc: Cindy Marten, Superintendent of Public Education
Andra Donovan, General Counsel
Staci Monreal, Chief of Staff
Jenny Salkeld, Chief Financial Officer
Mitzi Merino, Area Superintendent, Area 5
Carmina Duran, Executive Director, Quality Assurance

Cashmon John

From: Cabello Arturo
Sent: Thursday, February 26, 2015 5:08 PM
To: John Cashmon
Cc: Marten Cynthia; Donovan Andra; Monreal Staci; Salkeld Jenny; Merino Mitzi
Subject: RE: Flash Report - Roosevelt Middle School Associated Student Body Receipts and Disbursements

Hello John,

Based on the interview I had with the person who conducted the audit, I've already started making changes. The most important change is moving our finance office into our administration building. Our finance clerk is now among the rest of our clerical staff.

I'll submit the report you've requested by the date below.

Thank you,
 Arturo

From: John Cashmon
Sent: Thursday, February 26, 2015 5:04 PM
To: Cabello Arturo
Cc: Marten Cynthia; Donovan Andra; Monreal Staci; Salkeld Jenny; Merino Mitzi
Subject: Flash Report - Roosevelt Middle School Associated Student Body Receipts and Disbursements

The Office of Internal Audit (OIA) recently completed its fieldwork at the Roosevelt Middle School (RMS) as part of a review of Associated Student Body (ASB) Fund cash receipts and disbursements. Based on our observations, interviews, and testing, we are issuing this flash report to the RMS Principal. This report highlights conditions found with a shared office, securing ASB receipts overnight, and the transportation of receipts to the main office. In our opinion, these conditions require immediate attention.

OIA requests that you provide a written response to our report and a summary of the corrective actions taken or planned, including the expected completion dates, by 13 March 2015. At that time, we will include your response with our report and distribute it to the members of the Board of Education, the Audit and Finance Committee, and post it to our public web page.

Should you have any questions, please contact me at 619.725.5696 or through e-mail at jcashmon@sandi.net. Also you may contact Ines Abitria at 619.725.5695 or through e-mail at iabitria@sandi.net.

Thank you in advance for your cooperation and response to this report.

John M. Cashmon
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May 20, 2015

Dear Mr. Cashmon:

I have reviewed the list of Corrective Actions required at Roosevelt and offer the following response:

- 1) The financial clerk has been relocated to a space within the main office. We will attempt to find a more self-contained space within the main office for the 2015-16 school year.
- 2) The financial clerk uses the safe in the main office to store receipts until such time as they are ready to provide to the courier.
- 3) All staff/teachers have been informed that they are not to drop off ASB deposits unless the financial clerk is present at which time the financial clerk counts the deposit and the teacher/staff member verifies it. Should there be insufficient time for this transaction, the financial clerk places the deposit in the safe until the teacher/staff member can return to verify the deposit count. This information was shared via email on May 20, 2015.
- 4) Both the teacher/staff and the financial clerk sign the deposit tally sheet for each deposit.
- 5) At no time will/does the financial clerk hold cash receipts in her desk overnight. Instead, she places them in the safe, regardless of whether there has been time to fully process them.
- 6) There is no longer a need for the financial clerk to transport cash receipts as she now has a space within the main office.
- 7) The deposit which are ready to be picked up by the courier are held in the safe until his arrival time and the courier signs for all bank bags before leaving the main office. If the timing is such that receipts are not ready for pick-up, they are left in the safe to be picked up the following day.

I hope the above information is a sufficient response to the concerns raised by the Office of Internal Audit. Please let me know if you need further clarification.

Sincerely,

A handwritten signature in blue ink that reads 'Judith M. Fogel'.

Judith M. Fogel, Interim Principal