

Detroit Public Schools Office of the Auditor General



FINANCIAL RELATED AUDIT FOLLOW UP OF HUTCHINSON ELEMENTARY School Year 2010-11

REPORT NO: 11-026

REPORT DATE: October, 2011

**HUTHINSON ELEMENTARY
FINANCIAL AUDIT FOLLOW-UP REPORT
REPORT NO: (11 - 026)**

Audit Objectives

The objective of the follow-up audit was to determine if corrective actions have been taken to address significant findings in the June 30, 2009 audit report.

Scope & Methodology

The audit scope covered the 2010-2011 School Year-ending June 30, 2011. Inquires were made with the Principal and Bookkeeper to obtain an understanding of the actions taken to remediate the risk associated with the prior audit findings. Additionally, audit tests were performed to assess the effectiveness of the corrective actions and internal controls.

Background

School Profile

Hutchinson Elementary (Hutchinson) has one bank account: a checking account maintained at First Independence Bank. General School Funds at Hutchinson include student activities, and fundraising.

Prior Audit

In 2009 financial audits were conducted at all Detroit Public Schools (DPS) to determine the level of compliance with DPS's policies and procedures. The audit covered cash receipts, cash disbursements, bank reconciliations and reporting.

**HUTHINSON ELEMENTARY
FINANCIAL AUDIT FOLLOW-UP REPORT
REPORT NO: (11 - 026)**

Previous Audit Finding(s)

| Previous Audit Finding(s) | Corrective Action Taken | Corrective Action Partially Implemented | Corrective Action Not Taken / Repeat Finding |
|---|-------------------------|---|--|
| The checking account at Chase Bank, requires one signature for withdraws and two for writing checks | √ | | |
| Receipts were not recorded in a pre-numbered duplicate receipt book | √ | | |
| Cash receipts were not accurately posted in the ledger | √ | | |
| Cash receipts were not properly safeguarded | √ | | |
| Disbursements were not approved by the Principal or Assistant Principal | √ | | |
| Bank reconciliations were not prepared | √ | | |

Audit Conclusion

Hutchinson Elementary School implemented corrective actions to address the prior audit findings.

Observations

Due to the limited number of cash receipts, at times the cost of having an armored car pick-up exceeds the amount of funds being deposited. The Principal should contact Cash Management to develop a cost effective and efficient method of depositing funds into the school account safely and on a timely basis.

**HUTHINSON ELEMENTARY
FINANCIAL AUDIT FOLLOW-UP REPORT
REPORT NO: (11 - 026)**

Management Response

A response from management is not required:

**HUTHINSON ELEMENTARY
FINANCIAL AUDIT FOLLOW-UP REPORT
REPORT NO: (11 - 026)**

Our audit was performed in accordance with U.S. General Accounting Office Government Auditing Standards and Standards of the Institute of Internal Auditors.

This report is intended solely for management and should not be used for any other purpose. This restriction is not intended to limit the distribution of the report which is a matter of public record

A handwritten signature in blue ink, appearing to read 'Odell W. Bailey', is positioned above the printed name.

Odell W. Bailey, CIA
Auditor General