

**Detroit Public Schools
Office of the Auditor General**



**FINANCIAL RELATED AUDIT
FOLLOW UP
OF
PHOENIX ELEMENTARY-MIDDLE
SCHOOL
School Year 2010-11**

REPORT NO: 11-027

REPORT DATE: November 8, 2011

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**DAVIS AEROSPACE HIGH SCHOOL
FINANCIAL AUDIT FOLLOW-UP REPORT
REPORT NO: (11 - 018)**

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

Phoenix Elementary-Middle School (Phoenix) has one bank account: a checking account maintained at First Independence Bank. General School Funds at Phoenix include, student activities, fundraising, local grants and, vending machines. Sources of District Fund Revenues include Food Service (i.e., lunchroom).

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.

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Previous Audit Finding(s)

Previous Audit Finding(s)	Corrective Action Taken	Corrective Action Partially Implemented	Corrective Action Not Taken / Repeat Finding
Pre-numbered duplicate receipt forms were not prepared and distributed	√		
Bank checks were authorized by one signer	√		
Disbursements were not approved by the Principal	√		
Supporting documentation for expenditures was not maintained	√		
Bank reconciliations were not signed and dated by the preparer or reviewer	√		
Unauthorized bank account maintained	√		

Management implemented DPS's policies and procedures to improve the internal controls over the cash management activities noted above, and include the following: the utilization of pre-numbered duplicate receipts; ensuring the Principal approves all disbursements; requiring two signatures for all check disbursements; and maintaining supporting documentation for expenditures.

Phoenix worked with the Cash Management Department to have the unauthorized bank account closed and funds transferred to the general school fund account.

Audit Conclusion

Phoenix Elementary-Middle School implemented corrective actions to address the prior audit findings.

Management Response

A response from management is not required:

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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