

# Detroit Public Schools Office of the Auditor General



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## FINANCIAL RELATED AUDIT FOLLOW UP OF THIRKELL ELEMENTARY SCHOOL School Year 2010-11

**REPORT NO: 11-033**

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**REPORT DATE: November 9, 2011**

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**THIRKELL ELEMENTARY SCHOOL  
FINANCIAL AUDIT FOLLOW-UP REPORT  
REPORT NO: (11 - 033)**

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**Audit Objectives**

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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.

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**Scope & Methodology**

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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.

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**Background**

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School Profile

Thirkell Elementary School (Thirkell) has one bank account: a checking account maintained at First Independence Bank. General School Funds at Thirkell 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)**

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Previous Audit Finding(s)	Corrective Action Taken	Corrective Action Partially Implemented	Corrective Action Not Taken / Repeat Finding
Pre-numbered duplicate copy cash receipts were not issued when cash/checks were received.	√		
Cash was not verified at the time of receipt.		√	
Supporting documentation did not exist for all cash receipts.	√		
Check request forms were not used to authorize check issuance.	√		
Bank reconciliations were not prepared properly.	√		
Bank reconciliations were not signed and dated by Principal	√		
Voided checks were not always properly voided and recorded.	√		
Funds were not adequately safeguarded.	√		
District revenue was not forwarded to the district.	√		
Local School Community Organization (LSCO) fundraising proceeds were co-mingled with school activity funds.	√		

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**Audit Conclusion**

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Management implemented procedures to improve the internal controls over cash management activities, including but not limited to: the utilization of pre-numbered duplicate receipts; funds adequately safeguarded; and supporting documentation maintained.

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Corrective actions to address “cash was not verified at the time of receipt” were not fully implemented. Pre-numbered duplicate receipts were utilized at Thirkell and the OAG received verbal confirmation that funds were recounted upon receipt. However, verification of the amount of funds exchanged between the bookkeeper and remitter is not properly evidenced because both signatures do not appear on the duplicate receipt form.

**RECOMMENDATION**

We recommend that all remittances of cash and checks from an individual to the bookkeeper be evidenced by the signature of the remitter and bookkeeper on the duplicate receipt form, thereby providing a level of assurance that the exchange was accurately recorded.

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**Management Response**

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***Audit Response***

Corrective Action by Thirkell’s bookkeeper: Recommendation will be put immediately into action. Whenever there are funds exchanged between the bookkeeper and the remitter, both signatures (bookkeeper and remitter) will appear on the pre-numbered receipt/duplicate forms to ensure a level of assurance that the exchange was accurately recorded.

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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 'O. Bailey', is positioned above the printed name.

Odell W. Bailey, CIA  
Auditor General