

Detroit Public Schools
Office of the Auditor General



FINANCIAL RELATED AUDIT
OF
BEARD EARLY CHILDHOOD
School Year 2008-09

REPORT NO: 09-008

REPORT DATE: June, 2009

**DETROIT PUBLIC SCHOOLS
BEARD EARLY CHILDHOOD
FINANCIAL RELATED AUDIT
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BACKGROUND

For School Year 2008 – 2009, approximately 179 students were enrolled at Beard Early Childhood School, which has grade levels Pre-Kindergarten through Kindergarten. Ms. Sabrina Evans was the Principal during this time period and has been serving in this capacity since November 2008. Prior to this assignment, she was the Assistant Principal of Beckham Academy.

Mrs. Sanchez is the Secretary and is currently performing the bookkeeping duties for Beard Early Childhood School. Prior to her assignment at Beard Early Childhood, she worked at Munger.

Beard Early Childhood School maintains a commercial checking account with Comerica Bank. Primary sources of General School Funds include fundraising activities and proceeds from vending machine operations. Sources of District Funds include revenue from Head Start Programs.

AUDIT OBJECTIVES

The objectives of the audit were to ensure that:

- 1) The cash management system is effective in controlling the receipt, processing, deposit, disbursement and accounting of funds to limit any risk of theft, misuse and/or misappropriation, and
- 2) General School funds (*for example, student fees, fundraising activities, grants, etc.*) and District funds (*for example, lunchroom receipts, fines, athletic/league game receipts, summer school tuition, etc.*) are properly accounted for, safeguarded and used as intended.

SCOPE & METHODOLOGY

The scope of the audit was to review the cash management activities from July 1, 2008 through March 31, 2009 for school year 2008-2009.

- 1) Interviewed key school officials to obtain an understanding of their cash management process.
- 2) Prepared a process narrative documenting the controls in place for each source of revenue.
- 3) Reviewed monthly cash receipt and cash disbursement ledgers: If the ledgers did not exist, transaction activities were compiled by totaling cash receipt records and reviewing the check register for cash disbursements.
- 4) Completed a cash receipt ledger template: The ledger was designed to identify funds, which may have been received but not deposited. Performed research as necessary.

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SCOPE & METHODOLOGY (continued)

- 5) Performed a cash count: All cash on hand waiting to be deposited, as of the audit date, was counted under dual control by a field auditor and witnessed by a school official. The count did not include sealed cash for lunchroom deposits.
- 6) Compiled financial data via bank reconciliation templates: Reviewed reconciliations completed by the schools to identify banking irregularities and reconciling items outstanding for an extended period of time. Confirmed bank reconciliations were completed as reported to the Office of Central Accounting.

FINANCIAL SUMMARY

Table 1.1: Cash Receipts from General and District School Funds (July 2008 – March2009)

ACCOUNT TYPE	AMOUNT
<u>Commercial Checking Deposits</u>	\$4,895

AUDIT RESULTS IN BRIEF

Based on our review of the cash management process, no control weaknesses were noted.

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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.

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Odell W. Bailey, CIA
Auditor General