

Detroit Public Schools
Office of the Auditor General



FINANCIAL RELATED AUDIT
OF
HANCOCK PREPARATORY CENTER
School Year 2008-09

REPORT NO: 09-096

REPORT DATE: June, 2009

**DETROIT PUBLIC SCHOOLS
HANCOCK PREPARATORY CENTER
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BACKGROUND

For the 2008-2009 school year, approximately 62 students were enrolled at Hancock Preparatory Center, which has grade levels Kindergarten through eighth. Ms. Coy Lynn Robinson was the Principal during this time period and has been serving in this capacity since 2003.

Ms. Kathy Ramsey, Head Secretary, performed the bookkeeping duties and has done so since 2006. However, Ms. Laratta DuBose served as Head Secretary/Bookkeeper, while Ms. Ramsey was on medical leave, from July 2008 through April 2009.

Hancock Preparatory Center maintains a commercial checking account at Chase Bank. Primary sources of General School Funds include special project funds, (e.g., 21st Century After School Grant). Sources of District Fund Revenues include Food Services (i.e., lunchroom).

AUDIT OBJECTIVES

The objectives of the audit were to ensure that:

- 1) The cash management system is effective in controlling the receipt, processing, deposit, and 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.

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SCOPE & METHODOLOGY (continued)

- 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.
- 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 School and District Funds (July 2008 – March 2009)

ACCOU TYPE	AMOUNT
<u>Commercial Checking Account Deposits</u>	\$0

AUDIT RESULTS IN BRIEF

Based on our audit of the Hancock Preparatory Center cash management process, no control weaknesses were noted.

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MANAGEMENT RESPONSE

*Ms. Coy Lynn Robinson
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Hancock Preparatory Center, K-8
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*Mr. Odell Bailey
Detroit Public Schools
Auditor General
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June 26, 2009

Per the district's request, I am responding to the findings of the Financial Related Audit for Hancock Preparatory Center, K-8. Based on the results of the Audit, Hancock's cash management process revealed no evidence of control weaknesses.

I am in agreement with the results of the District Mandated Audit for Hancock and will continue to implement the policies and procedures of the Financial Department for Detroit Public Schools.

Thank you for your time, and I look forward to our continued partnership as we properly utilize funds for the students we service in Detroit Public Schools.

If further information is needed in regards to this matter, please feel free to contact me at (313)454-3268.

Always for the Children,

Ms. Coy Lynn Robinson

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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



Odell W. Bailey, CIA
Auditor General