

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



**CONSOLIDATED SCHOOL AUDIT
REPORT**

**REVIEW OF CASH RECEIPTS, DISBURSEMENTS AND BANK
RECONCILIATIONS**

REPORT NO: 09-210

REPORT DATE: May 21, 2010

The Emergency Financial Manager received complaints and expressions of concern about the financial condition and record keeping practices within DPS. These concerns were submitted by concerned citizens and DPS Staff on the Emergency Financial Manager's Hot Line as well as the Inspector General's Fraud Hot Line.

RESULTS IN BRIEF

Cash management systems in place at Detroit Public Schools are generally ineffective in ensuring the accurate receipt, processing, deposit and disbursement of funds. The lack of effective internal controls in place is primarily responsible for the ineffective systems at DPS schools. As a result, we found instances where monies were misappropriated, unauthorized purchases were made, receipts were not maintained, funds were not being properly safeguarded and bank reconciliations were not being prepared. The serious nature of some of the findings resulted in some issues being turned over to the DPS Inspector General for further investigation and possible pursuit of criminal wrongdoing.

Collectively, about \$7 million was deposited into the bank accounts of these schools during the nine month period audited for the 2008-2009 School Year. Several high schools, for example, had over \$200,000 in cash activity within this period. One high school had \$620,000 deposited into their account during this period. Given the amount funds that the schools are generating through fundraisers and athletic events and the fact that much of the transactions are in cash, the risk of loss due to theft and misuse is increased. Allowing this amount of money to be processed without strong internal controls and effective oversight poses significant risk.

Notwithstanding the noted internal control weaknesses, 94 of our schools were awarded Skillman Foundation "Good Schools" grants receiving designations from improving to excellent. This should not go unnoticed as many of our schools are doing a fine job of educating students.

Nineteen schools or approximately 10 percent of the schools audited had no internal control weaknesses. These schools should be applauded for their commitment to ensuring funds were properly receipted, processed, deposited and disbursed for only approved purchases. Most of the schools, 120 or nearly 62 percent had between 1 to 5 internal control weaknesses, but over 55 schools or just over 28 percent of the schools audited had between 6 to 13 control weaknesses.

While the number of internal control weaknesses alone does not reflect the severity of risk exposures, it does provide insight into the extent of non-compliance. Some of the key control weaknesses noted included a lack of segregation of duties, untimely deposits, lack of documentation and approval for purchases, and a failure to submit timely and accurate reconciliations. In many cases the lack of compliance can be attributed to a lack of knowledge or experience in performing daily cash transaction duties, however, in other cases it appeared to be due to a willful disregard of policies. For example, officials at every school were aware of the requirement to submit monthly bank reconciliations, but 63 schools failed to prepare and submit all monthly bank reconciliations.

In our discussion with school officials, many were unaware of the existence of guidance available to them in the form of the School Administrative Financial Manual, while others stated training had not been received in years or in some cases not at all. According to management officials in the Accounting Department, plans are in place to provide training to all school bookkeepers on an updated financial manual to ensure that those responsible for cash management are knowledgeable of the requirements.

Another contributing factor to the non-compliance was the lack of oversight. Our discussion with management officials from Accounting Department found that although cash transactions at the schools are reported in the District's financial statements, there is no mechanism in place to ensure that school officials accurately report cash activity. Although Accounting relies on such information for reporting purposes and provides assistance to the school-based officials responsible for cash management, it does not have any authority to enforce the accurate reporting of cash transactions. By requiring school-based bookkeepers to report to the Chief Financial Officer, the Accounting division would have more control over the quality of performance and the accurate reporting of critical information concerning cash transactions.

Another contributing factor to the lack of effective controls at the schools was the elimination by a former DPS Superintendent of the internal audit function, which monitored the cash activity at the schools. In June 2005, the internal audit function was eliminated. As a result, there were no audits of school's cash management systems for nearly four years.

Ultimately, when funds are collected at the schools through fund raising activities and athletic events and donations, the failure on the part of school officials to ensure that those monies are properly safeguarded and used for their intended purpose is a disservice to the student body. Moreover, school principals have a fiduciary responsibility to ensure these monies are not misused and should be held accountable.

At the same time, central administration had the responsibility of (1) providing clear and timely guidance to school-based staff to facilitate compliance, (2) establishing a mechanism to ensure accountability including penalties for non-compliance, and (3) monitoring cash activities and compliance with requirements.

OBJECTIVE, SCOPE & METHODOLOGY

During the period of May 1, 2009 and May 22, 2009, the Office of the Auditor General reviewed the cash management procedures at all 194 Detroit Public Schools to assess compliance with the School Administrative Financial manual (SAFM). The scope covered the period July 1, 2008 through March 31, 2009 for school year 2008-2009.

The objectives of the audits 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, fines, athletic/league game receipts, summer school tuition, but excluding lunchroom receipts.*) are properly accounted for, safeguarded and used as intended.

To accomplish our objectives, key school officials were interviewed to obtain background information and understand their roles in the cash management process. Process narratives were prepared documenting the controls in place for cash receipts, disbursements and bank reconciliations.

The auditor's reviewed monthly cash receipt and cash disbursement ledgers, if they were available; otherwise transaction activities were compiled by totaling cash receipts records and the check register was used for disbursements. A Cash Receipts Ledger Template was developed to assist with identifying funds which may have been received but not deposited and performed the necessary follow-up.

Any cash on hand was counted under dual control by the field auditor and witnessed by a school official. Sealed lunchroom deposits were excluded. Finally, we reviewed bank reconciliations completed by the schools to identify banking irregularities and reconciling items outstanding for an extended period of time. We confirmed that bank reconciliations were completed as reported to the Office of Central Accounting.

A consolidated spreadsheet was prepared from the individual school audit reports to quantify the total number of control weaknesses within the Cash Management Processes: cash receipts; cash disbursements; banking; bank reconciliation; accounting and other procedures – see Appendix B Summary of Deficiencies by School.

DETAILED REPORT

BACKGROUND

Detroit Public Schools operated 194 schools during the time of our audit: 133 Elementary Schools, 40 High Schools, 15 Middle Schools, 4 Career and Technical Centers, and 2 Early Childhood Schools. The School Administrative Financial Manual (SAFM) provides the guidelines for schools' cash management policies and procedures.

Each school generates funds through a variety of activities including fundraisers, athletic events, donations, etc. The SAFM requires each school to maintain a commercial checking account where proceeds from the various activities are maintained. The schools are required to prepare and submit monthly bank statements, bank reconciliations and their receipts and disbursement journals to the Accounting Department's Cash Management Division. This division also interfaces with school bookkeepers to assist them with their monthly reconciliations.

The Office of the Auditor General (OAG) used the requirements set forth in the SAFM to measure each school's compliance with cash management policies. To provide an objective assessment of each school's compliance, the OAG rated the internal control compliance using a scale that identified outstanding, good, fair and poor performance based on the number of internal control violations noted during the audit.

Schools with zero internal control findings were rated as "outstanding"; those with 1-5 findings were rated as good performers; those with 6-9 internal control findings were rated as fair and those with 10 or more internal control findings were rated as poor performers. The goal for all schools is to have zero internal control findings. As such, all schools rated below outstanding should employ corrective actions outlined in the individual school audit reports.

FINDINGS

Cash management systems ineffective Due to Lack of Internal Controls

Cash management systems in place at DPS are largely ineffective in controlling the receipt, processing and disbursement of cash transactions due to a lack of internal controls. We found that most schools audited had between 1-6 internal control weaknesses that pose a greater risk of losses due to theft or error. For example, we found that one person was approving purchases and making those purchases without any independent review or approval. Although school officials attributed this to a lack of available staff, the lack of segregation of duties increases the risk that funds may be used for other than their intended purpose. Moreover, we noted a failure on the part of several schools to properly safeguard funds in their possession.

We found instances where more than one person was receiving funds, which reduces the accountability over funds. We also noted occasions where school officials did not have access to the safe where monies were maintained. In one case, during our interview with

a school official monies received from school activities which should have been deposited or stored in the safe, fell out of the receipt book during the interview. Although these conditions were not widespread among the 194 schools, they represent a breakdown in controls and a failure to maintain proper custodial care over school funds.

Amount of Cash Transactions At Schools can be Significant

The amount of cash transactions occurring at DPS can be significant. Collectively, we documented over \$7 million in cash deposits at 194 schools during the 9-month period of our audit. Several high schools had more than \$200,000 in deposits, while one had over \$600,000. Given that the amount of deposits can be significant, the need for a strong internal control environment is critical to assuring that monies will only be used as intended.

Outsourced Bookkeeping Services Pose Concern

Several schools we audited had retained bookkeeping services to manage their cash transactions. In most cases, the audit team found no difference in the level of compliance between those schools with outsourced bookkeeping services versus those that did it in-house. The use of outsourced bookkeeping services poses a concern because we were told by school administrators in several cases that the outsourced bookkeeper had taken the records off site when the schools were unable to make timely payments. This is a serious concern because regardless of payment, the records which represent cash transactions are the property of schools and not the bookkeeper. In at least one case, we could not proceed with the audit until such time the bookkeeper returned the records.

Some Schools Fully Comply While Others Fail to Meet Requirements

Nineteen or about 10 percent of the schools operating at that time had no internal control weaknesses. As such, these schools achieved an outstanding rating in terms of their internal controls over cash management. In addition, the majorities of our schools had between 1-5 internal controls weaknesses and thus were rated as “Good Performers” in terms of their internal control environments. This, coupled with the fact, that 94 DPS schools received a *Good Schools* award from the Skillman Foundation for their academic achievements should not go unnoticed.

However, as shown in the Table 1.1 below, 55 or about 28 percent of our schools had 6 or more control weaknesses. Those schools with 10 or more internal control weaknesses were rated as poor performers. The number of internal control weaknesses found at a given school provides insight into the extent of non-compliance, but it does not in itself tell the complete story nor does it reflect the severity of risk exposures. Specifically, some of the schools with serious violations may not have had a high number of findings and thus may be rated higher than those with multiple, but less serious violations.

TABLE 1.1: SCHOOL RATINGS FOR INTERNAL CONTROLS

No. of Weaknesses	No. of Schools	Percentage	Rating
0	19	9.8	Outstanding
1 – 5	120	61.9	Good
6 – 9	48	24.7	Fair
10 - 13	7	3.6	Poor
Total	194	100.0	

Allegations of Fraudulent Activity

In addition to auditing the internal controls over the cash management systems in place at Detroit Public Schools (DPS), the audit team followed up on a number of allegations made anonymously to the District’s fraud hotline. Some of the 20 allegations concerned past actions by employees for which no objective information was available. However, for the remaining cases, audit staff reviewed documents and interviewed school officials to determine whether any allegations could be substantiated. Five cases involving misappropriation of assets including theft of cash or school property were turned over to the DPS Inspector General for further investigation.

Causes for Non-Compliance Varies

The cause for the non-compliance at the schools is due to several contributing factors including lack of knowledge and training and a lack of monitoring and oversight.

Lack of Knowledge

Through our discussion with school and central administration staff, we found that school officials were not always aware of the requirements to comply nor were they knowledgeable about the guidance available to assist them. This was evidenced by responses to audit findings related to non-compliance with the *School Financial Administrative Manual* (SAFM), where 54 percent of the school officials stated that they were unaware of SAFM. The manual is stored on the District’s intranet and is available to all schools. The manual provides detailed procedures on what is required and how to comply with the requirements.

Lack of Training

Some school based staff whom were aware of the manual stated that they had not been trained on the manual for a number of years. We spoke with officials from the District’s training staff who confirmed that training had been provided in the past, but had not been offered in recent years.

Lack of Oversight and Monitoring Contribute to Non compliance

Although the Cash Management Division of the Accounting Department provides cash management guidance and assistance to requesting schools and the information provided in the monthly reconciliations is used in the District's financial statements, the division has no authority to compel school officials to comply with requirements. Cash management staff reported non-complying schools to Area Superintendents, but we found that 24 schools failed to submit any bank account reconciliations for the entire period 9 month period under review.

Accounting officials we spoke with expressed their concerns about the failure of school officials to comply with reporting requirements. If school-based bookkeepers reported to the Chief Financial Officer, the Accounting division would have greater control over the accurate reporting of cash management transactions at Detroit Public Schools.

In addition to the lack of oversight by the Accounting division, there was no monitoring of cash management transactions for nearly four years as the District eliminated its internal audit function in 2005. Not having ongoing, consistent monitoring of cash transactions at schools coupled with the lack of enforced policy led to a myriad of questionable practices at the schools that increased the risk of loss due to theft or error.

School Funds Not Always Used As Intended

In addition to the lack of effective internal controls over cash transactions at the schools, the audit team found that school funds are often misused by school officials. Specifically, we found instances where school funds intended for use by the student body were used to issue loans to staff members, some of which had not been repaid at the time of our audit. Moreover, we found that most schools commingle school funds with District funds some of which have special reporting requirements that are difficult to meet when funds are not properly segregated. In addition, some schools used their monies to pay for student services like tutoring, but these activities were not authorized.

The SAFM clearly states that the as a governmental entity, the District is not subject to sales taxes, but we noted that 14 schools erroneously paid sales taxes on school purchases. Given the amount of funds processed by the schools and the state of Michigan's 6 percent sales tax rate, the amount of sales tax paid over the years could be significant. Although it is clear that a number of schools paid sales taxes on purchases because they were not aware of the exemption for governmental entities, we were unable to quantify the amount of sales taxes paid since the last audit due to a lack of documentation.

In most cases, the failure to follow District-approved procedures led to minor improprieties, some unauthorized purchases and a reduced level of accountability. However, the audit did reveal more abusive practices including misappropriation of

funds. As stated earlier, these cases were turned over the Inspector General for further investigation.

Conclusion

In effort to ensure students of Detroit Public Schools have the opportunity to participate in activities that contribute to their development in a variety of ways, each school is permitted to sponsor fundraisers, participate in athletic competitions and accept donations. These activities provide necessary funding used for uniforms, field trips, and other approved activities for which no District funds are available. At the same time, many local merchants and school alumni often donate funds for scholarships and facility improvements.

In all cases, these monies are entrusted to school officials for safekeeping until such time they are needed for their intended purpose. In fact, principals have a fiduciary responsibility for these funds. Notwithstanding this responsibility, we found the internal controls in place at Detroit Public Schools to protect and account for these funds to be generally ineffective. Too many school officials responsible for documenting, processing and reporting on these funds were either unaware of District policy or failed to comply with the policy. Although some schools did an excellent job of accounting for their funds and others made a concerted effort despite some non-compliance, too many schools did a less than adequate job of complying.

At the same time, the District through its Cash Management Division failed to provide adequate oversight as evidenced by the school officials' lack of awareness and the lack of required training for bookkeepers. This was compounded by the District's decision to eliminate its internal audit function which historically monitored the cash management performance at Detroit Public Schools. Ultimately, the principals have the responsibility to ensure their school is in compliance with District policies, but this requires the full support of central administration staff. In this regard, actions are needed to ensure that bookkeepers are adequately trained and updated on the most recent compliance requirements. Given the amount of funds being processed at the schools, we believe the District could better ensure compliance by having bookkeepers report to the Chief Financial Officer. This would also provide a mechanism to ensure greater accountability.

Finally, each principal has a fiduciary responsibility to safeguard school funds and to ensure they are used for their intended purpose. Any use of school based funds for other than intended purposes not only violates District policy, but more importantly violates the trust the student body has in the administration and its stewardship over school funds.

Recommendation(s)

To help ensure cash management systems in place at Detroit Public Schools are effective in ensuring cash receipts are properly documented, processed, accounted for and distributed, we recommend that:

The DPS Emergency Financial Manager through the principals direct school bookkeepers to report directly to the Chief Financial Officer,

The Accounting Division:

- Update its School Administrative Financial Manual and provide annual training for all school-based cash management staff including principals,
- Update its guidelines for petty cash accounts with proper thresholds and controls,
- Provide schools a list of District-approved bookkeeping vendors,
- Establish procedures to ensure that Special Revenue funds, i.e., from Athletic events are properly recorded and deposited into the proper account.

MANAGEMENT RESPONSE

Management concurs with the recommendations made by the Office of the Auditor General. Management has taken the following actions to improve the integrity of the district's school-based financial reporting and the district's cash management procedures at the school level:

1. DPS has selected a local Certified Public Accounting firm to provide professional on-site financial staff to:
 - Assist in preparing our monthly reporting requirements.
 - Provide training in basic Accounting and current DPS procedures to school-based financial staff.
 - Assure that all schools adhere to the district's cash policies and procedures and submit their monthly financial reports.
2. The Cash Management Office has updated the district's School-Based Accounting Manual to incorporate the latest reporting requirements and cash handling procedures. The manual contains the specific rules and regulations governing the proper procedures and reporting requirements required to administer a school-based account.
3. The Cash Management Office is in the process of revising the cash handling procedures related to Athletic Events. Cash receipts from Athletic events require specialized procedures and guidelines due to complexities involved in staging an athletic event and collecting revenue from the public-at-large. The new procedures will be issued as a separate manual and training will be conducted for all school based financial staff during the summer of 2010.
4. Professional accounting staff members assigned to the Cash Management Office are conducting regular on-site visits at the schools to train school-based financial staff to properly report their monthly school account activity. These school visits are on-going and will be continued to ensure that DPS fully records all school-based financial activity.
5. The Finance Division is also preparing a Comprehensive Training Program to ensure that every DPS employee responsible for fiscal matters is adequately trained by the Finance Division on a regular and on-going basis.
6. The district's Single Audit report for the fiscal year 2008-2009 specifically states, "We recognize that the District has made significant improvements to its processes by performing bank reconciliations on all individual school cash accounts at year end." In order to assure that DPS continues to improve its financial procedures and monthly reporting; the level of professional staff employed to prepare for the fiscal year 2008-2009 audit will be maintained for the fiscal year 2009-10 audit.

7. DPS is currently reviewing proposals to automate all of district's school-based financial activities, receipts, disbursements, bank reconciliations using an ERP system.
8. Management has made organizational changes to improve the oversight of school-based financial staff. All school-based financial staff now report to the Chief Financial Officer. This change in reporting, along with the retention of a qualified local CPA firm to assist staff at the schools, (as described in item 1 above), has given the district's Cash Management Office a greater ability to enforce compliance to the district's policies and procedures.

**APPENDIX A
SUMMARY OF INTERNAL CONTROL
WEAKNESSES**

The following summarizes the significant internal control weaknesses as determined by the number of exceptions on a consolidated basis within each cash management area.

Cash Receipts Process:	No.
Pre-numbered receipts were not prepared for cash and checks received	92
Pre-numbered receipts and amounts were not recorded in the ledger	29
Cash Disbursement Process:	
Supporting documentation for expenditures was not maintained	47
Check request forms were not used to authorize disbursements	47
Checks were not signed by two authorized signers	33
Disbursements were not approved by the Principal	22
Sales taxes were paid on purchases	14
Banking:	
Receipts were not deposited in a timely manner	21
Cash was not adequately safeguarded prior to deposit	18
Bank Reconciliation:	
Bank reconciliations were not signed by the preparer or reviewer	71
Bank reconciliations were not prepared	63
Differences resulting from the bank reconciliation were not resolved	15
Accounting Procedures:	
Lack of segregation of duties related to financial activities	28
Petty Cash Funds maintained without appropriate controls	18
Fundraisers not approved by the District	12
Profit and Loss Statements from Fundraising were not completed	12
Athletic gate receipts not deposited into District Revenue Accounts	12
Other:	
Improper payment of salaries to DPS and non DPS Staff	8
Missing and un-deposited funds from various sources	5
Expenditures for items not in compliance intended purpose or policy	3

APPENDIX B
SUMMARY OF DEFICIENCIES
BY SCHOOL

The Criteria Tested summary defines the attributes tested under each cash management category. These correlate with those reported under each topical heading of the Summaries of Deficiencies by School – following this report.

No.	Criteria - Tested
	Cash Receipts
1	Funds received were not recounted and verified immediately
2	Pre-numbered Duplicate Receipt Forms were not prepared and distributed
3	Receipt amounts were not accurately posted
4	Receipt numbers were not recorded on the ledger
5	Receipts were not issued in sequential order
6	Multiple receipt books were used during the period
7	Checks received checks were not restrictively endorsed
8	Supporting documentation of cash receipts were not maintained
	Cash Disbursements
1	Disbursements were not approved by the Principal
2	Availability of funds were not verified before disbursement
3	The payee or amount was not written on check before distribution
4	Supporting documentation for expenditure was not maintained
5	Checks amounts were not accurately posted
6	A check request form was not used to authorize cash disbursement
7	Checks were not signed by two authorized signers
8	EFT / ATM Transactions were noted on bank statement
9	Disbursements were not accurately posted to the ledger
10	Authorized Signature was recorded on Blank Check
11	Check stock was not accurately safeguarded
12	Checks were not properly voided
13	Sales tax was paid on purchases
	Banking
1	Cash on hand was not adequately safeguarded
2	Unauthorized Bank Account was maintained
3	Funds received were not deposited in total
4	Receipts were not deposited in a timely manner
5	Deposit tickets do not reference receipt numbers
	Bank Reconciliations
1	Stale dated checks included as outstanding checks
2	Differences resulting from bank reconciliations were not resolved
3	Bank reconciliations were not signed by preparer or reviewer
4	Bank reconciliations were not forwarded to Central Accounting
5	Bank reconciliations were not prepared
	Accounting Procedures
1	Beginning general ledger balances) were not correct
2	Petty cash fund was not properly maintained
3	Unaware of the School Administrative Financial Manual (SAFM)
4	Lack of segregation of duties related to financial activities
5	Financial records were not available for review
6	Fundraisers were not approved by the District

7	Profit & Loss Statements from Fundraisers were not prepared
8	Athletic gate receipts were not deposited into the District Revenue Act.
9	Activities held at school without a Community Use Permit
10	Inaccurate / incomplete deposit slips
11	Loans provided from school funds
12	Commingling of personal and school funds
13	Financial Documents forwarded to Central Acctg (prior to Principal Review)
14	Checks were written to "Cash"
15	Expenses paid for from sales proceeds and not via issuance of a check
	Other Significant Findings
1	Improper payment of Salaries to DPS & Non-DPS Staff
2	Potential Misappropriation of funds
3	Expenditures were not in compliance with policy/intended purpose
4	Missing or un-deposited funds
5	Savings bonds belonging to graduate students were located in vault
6	Potential conflict of interest

Summary of Deficiencies by School								
No.	DPS SCHOOLS	Outstanding	Good	Fair	Poor			Total Instances
		Cash Receipts	Cash Disbursements	Banking	Bank Reconciliations	Accounting Procedures	Other Findings	
1	Academy of The Americas							0
2	Ann Arbor Trail Magnet Middle School	1, 6, 7			3	3		5
3	Bagley Elementary School	2	4, 6, 7	1	5	3		7
4	Barbour Magnet Middle School						2	1
5	Barsamian Preparatory Center	2				3		2
6	Barton Elementary School	8	9		1, 5			4
7	Bates Academy	2, 4, 6	1, 4					5
8	Beard Elementary Early Childhood Center							0
9	Beckham, William Academy		4		3			2
10	Bennett Elementary School				3	6, 7		3
11	Bethune Academy	2	6		3	5		4
12	Birney Elementary School	2, 6	2, 4, 13			2, 4		7
13	Blackwell Institute	8	6					2
14	Bow Elementary School	2		1, 4	1, 2	3, 12	4	8
15	Boykin Continuing Ed. Center	1, 2	6	4	5	4, 13		7
16	Boynton Elementary-Middle School							0
17	Breithaupt Career and Technical Center	2	5, 6, 7		4		1	6
18	Brewer Elementary School							0
19	Brown, Ronald Academy	2, 5, 7		4, 2		4, 6		7
20	Bunche Elementary School		7		5			2
21	Burns Elementary School	5		1, 3		6, 7, 9		6
22	Burt Elementary School	2, 4, 5	6, 7		5	2, 3		8
23	Burton International School	2	1, 4		3			4
24	Butzel Elementary-Middle School	2		4	3			3
25	Campbell Elementary School							0
26	Carleton Elementary School	2	2, 4, 13		3, 5			6
27	Carstens Elementary School	2, 8	6, 7, 9		1, 2	3, 13		9
28	Carver Elementary School	2				4		2
29	Cass Technical High School			1				1
30	Central High School					7, 8		2
31	Cervený Middle School	2, 3	1	4	3, 5			6
32	Chadsey High School	2, 7	4, 12		5	6, 8		7
33	Chrysler Elementary School							0
34	Clark Elementary School	2, 4	4, 7, 9, 12		5	15		8
35	Clemente, Roberto Academy				5			1
36	Cleveland Middle School	2	1, 6	2	3, 5			6
37	Clinton Elementary School		1	3, 4	3, 5	2		6
38	Clippert Academy							0
39	Cody 9th Grade Academy	4			5	6		3
40	Cody High School	2	4			15	1	4
41	Coffey Elementary-Middle School	2, 4, 6	6		2, 3			6

No.	DPS SCHOOLS	Cash Receipts	Cash Disbursements	Banking	Bank Reconciliations	Accounting Procedures	Other Findings	Total Instances
42	Columbus Middle School	2, 6						2
43	Communication & Media Arts HS		7					1
44	Cooke Elementary School	2, 8	6		5			4
45	Cooley High School				3			1
46	Cooley North Wing							0
47	Coolidge Elementary School							0
48	Courtis Elementary School		2, 3	5	3	2, 10		6
49	Crary Elementary School	2, 4	4, 6		5		1	6
50	Crockett Career and Technical Center	2, 4, 5	7			2, 8, 14		7
51	Crockett High School	2, 3, 5				2, 8, 14		6
52	Crosman Alternative High School	7			5			2
53	Davis Aerospace High School			4				1
54	Davison Elementary School	2, 4	1, 4	5	3, 5			7
55	Denby High School	2, 4	7		5		2	5
56	Detroit City High School	2, 5, 6	2, 6		1, 3, 5	8		9
57	Detroit Day School For The Deaf	4		1		4		3
58	Detroit High School for Technology	2	6, 7		5	5, 12		6
59	Detroit International Academy	2			3			2
60	Detroit Lions Alternative Education				3			1
61	Detroit Open School	1, 7	6		3	2		5
62	Detroit School of Arts	5	7		3			3
63	Detroit Transition Center, East	2	6	4	3	11	4	6
64	Detroit Transition Center, West	2	6	4	3	11		5
65	Dixon Elementary School	1, 2, 4, 8	4, 13		3	2	1	9
66	Dossin Elementary School	2, 3	1, 4		3, 5			6
67	Douglass Academy	2, 4	1, 4	4	3	8		7
68	Drew Middle School					4		1
69	Duffield Elementary School				2, 3			2
70	Durfee Elementary School	2, 3	1, 4, 7	4	3			7
71	Earhart Middle School	2			5			2
72	Edison Elementary School		4, 6, 7		3			4
73	Edmonson Elementary School	2	7		3	4		4
74	Edward (Duke) Ellington Conservatory				1, 3	7, 9		4
75	Elementary School @ Elmdale					3, 4		2
76	Emerson Elementary School			1		3		2
77	Farwell Middle School	2, 7			5			3
78	Ferguson Academy for Young Women		4, 7		3		4	4
79	Field, Moses					4		1
80	Finney High School				3, 4			2
81	Fisher Magnet	2, 3						2
82	Fitzgerald Elementary School	2	6		5	4, 7, 9		6
83	Fleming Elementary School	5, 6			1, 3	5		5
84	Ford High School	2, 4, 5	4, 13	1	4, 5	2, 8	3	11
85	Foreign Language Immersion	2	4, 7	1, 4	5	4		7
86	Gardner Elementary School	4		1	3	2	4	5
87	Garvey Academy				2, 3			2
88	Glazer Elementary School	2	2, 7			2		4

No.	DPS SCHOOLS	Cash Receipts	Cash Disbursements	Banking	Bank Reconciliations	Accounting Procedures	Other Findings	Total Instances
89	Golightly Career and Technical Center	2			3	2, 10, 15		5
90	Golightly Education Center							0
91	Gompers Elementary School	2				4		2
92	Greenfield Union Elementary School		4, 6, 13		3			4
93	Guyton Elementary School							0
94	Hally Magnet Middle School	2, 8	13			5		4
95	Hamilton Elementary School	3	6, 7, 9, 10, 11		5	4		8
96	Hancock							0
97	Hanstein Elementary School		10		1, 5			3
98	Harding Elementary School	8	6	1, 4	1, 4, 5			7
99	Harms Elementary School	2	6, 7		5	4		5
100	Heilmann Elementary School	2, 4, 5				4		4
101	Heilmann Park Middle School							0
102	Henderson, Erma Lower School	4, 5, 6	6, 10, 12		2, 3	6, 15		10
103	Henderson, Erma Upper School	4, 5	1, 7		5			5
104	Holcomb Elementary School					3, 4		2
105	Holmes, A.L. Elementary School	2		4	2			3
106	Holmes, O.W. Elementary School				3, 5			2
107	Houghten Elementary School	2, 3	4, 13		3			5
108	Howe Elementary School							0
109	Hughes, Langston Academy	1, 2, 4	1, 13		3			6
110	Hutchins Elementary School		10					1
111	Hutchinson Elementary School	2, 3	1, 7	1	5			6
112	Jamieson Elementary School	2, 3, 4, 7	4, 12			4		7
113	Jemison School of Choice					4		1
114	Jerry L. White Center High School	2		2	3	2		4
115	Jordan, Barbara Elementary		4, 6, 13	1, 4	2, 3, 5			8
116	Joyce Elementary School		6		2, 3, 5			4
117	Keidan Special Education Center	2, 4	13		4			4
118	Kettering High School	1, 2, 5			3, 5	5		6
119	Kettering West Wing				3			1
120	King High School	1, 2, 3	4, 6, 7, 9	2, 3	5	6, 7, 8		13
121	King, John R. Academy	4		4	1, 3			4
122	Law Academy	2	6		3, 5			4
123	Lessenger Elementary-Middle School		7					1
124	Lodge Elementary School				3			1
125	Logan Elementary School					3, 4		2
126	Loving Elementary School				3			1
127	Ludington Magnet Middle School							0
128	MacDowell Elementary School	1, 7	4	1				4
129	Macomb Elementary School	7	6					2
130	Malcolm X Academy	2, 4, 6	1, 2, 3, 4, 7	5	2, 3, 5	2		13
131	Mann Elementary School		4, 6	3		2, 6, 7		6
132	Mark Twain Elementary School	2, 4		4	5	4		5
133	Marquette Elementary School	2, 3		4	3			4
134	Marshall, John Elementary School	7		5	5			3
135	Marshall, Thurgood Elementary School				5			1

No.	DPS SCHOOLS	Cash Receipts	Cash Disbursements	Banking	Bank Reconciliations	Accounting Procedures	Other Findings	Total Instances
136	Mason Elementary School		11	3				2
137	Maybury Elementary School	2	6, 7		3			4
138	McColl Elementary School	7			1			2
139	McFarlane Elementary School					1		1
140	McKenny Elementary School	2						1
141	McKinney, Johnson H. Treatment Center		11		5			2
142	McNair Middle School	8	1, 6	1, 3	5	2, 7, 9		9
143	Mumford High School					8		1
144	Munger Elementary School	2, 5	4, 6	4	5	4, 5		8
145	Murphy Elementary-Middle School		4, 6, 7	1	3			5
146	Neinas Elementary School		4, 7		3, 5			4
147	Nichols Elementary School				1			1
148	Noble Elementary School	2	4, 13		5	5		5
149	Nolan Elementary School	2				3		2
150	Northwest Early Childhood Center	2	6			4		3
151	Northwestern High School				5			1
152	Oakman Elementary - Orthopedic School				3, 5	4, 7		4
153	Osborn High School	2	4, 6, 7	1	3	8		7
154	Owen Academy	2	6		1, 3			4
155	Parker Elementary School	2	1, 4	5	3			5
156	Pasteur Elementary School				5			1
157	Pershing High School		6		3, 5			3
158	Phoenix Elementary	2	1, 4, 10	2	3			6
159	Priest Elementary School		1, 4	5	3, 5			5
160	Pulaski Elementary School	3, 7	4, 8	4, 5	5	4, 13		9
161	Randolph Career and Technical Center	2			1		1	3
162	Renaissance High School		4	5		8, 15		4
163	Richard Elementary School							0
164	Robeson Academy	4, 8	1	2	3			5
165	Robinson Middle School	4	6, 10		5			4
166	Rutherford Elementary School	2	6					2
167	Sampson Academy	4	3, 6		5		5	5
168	Schulze Elementary School					6		1
169	Scott, Brenda Middle School		2, 7		3	4		4
170	Sherrill Elementary School		6, 7		3			3
171	Southeastern High School	1, 2					1	3
172	Southwestern High School	3, 8	2, 4, 12		2, 3	6		8
173	Spain Elementary School	2	4, 6, 8, 13			4		6
174	Stark School of Technology	2	4		3	4		4
175	Stephens Elementary School				5	6, 7		3
176	Stewart Elementary School	2	1, 2, 4, 13		1, 3	3	3	9
177	Taft Middle School	2, 4, 6		1, 4, 5	5			7
178	Thirkell Elementary School	1, 2	4, 6, 12	1	3, 5	8, 12		10
179	Trix Elementary School		6			13	6	3
180	Trombly Alternative High School	3			3			2
181	Turning Point Academy							0
182	Van Zile Elementary School	1, 2			2	6		4

No.	DPS SCHOOLS	Cash Receipts	Cash Disbursements	Banking	Bank Reconciliations	Accounting Procedures	Other Findings	Total Instances
183	Vernor Elementary School	2	1, 7		2, 5			5
184	Vetal Elementary School				5			1
185	Wayne Elementary School							0
186	Webster Elementary School	2, 4	3, 6			4		5
187	West Side Academy Alt. Ed	2, 6	4, 13		3	2, 10	1, 3	9
188	Western International High School	2, 3, 4, 6	3, 4, 9, 10	5	5		4	11
189	Westside Multicultural Academy		1, 4		3, 5			4
190	White Elementary School	2			3			2
191	Wilkins Elementary School	2, 7			5			3
192	Winterhalter Elementary School	1, 2, 8	4, 10	1	2, 4, 5	10		10
193	Wright, Charles School							0
194	Young, Coleman A. Elementary	2	4, 6, 7		3			5
	Total Number of Deficiencies	<u>193</u>	<u>203</u>	<u>59</u>	<u>170</u>	<u>127</u>	<u>19</u>	<u>771</u>

APPENDIX C

SUMMARY OF CLOSED SCHOOLS

Subsequent to the completion of field work the District closed the following schools:

CLOSED SCHOOLS
Barbour Magnet Middle School
Birney Elementary School
Boynton Elementary-Middle School
Butzel Elementary-Middle School
Cervený Middle School
Chadsey High School
Cleveland Middle School
Clinton Elementary School
Cody 9th Grade Academy
Columbus Middle School
Coolidge Elementary School
Courtis Elementary School
Detroit Open School
Elmdale
Guyton Elementary School
Heilmann Park Middle School
Henderson, Erma Lower School
Houghten Elementary School
Joyce Elementary School
Lodge Elementary School
Macomb Elementary School
Mark Twain Elementary School
Marshall, John Elementary School
McNair Middle School
Munger Elementary School
Northwest Early Childhood Center
Richard Elementary School
Stark School of Technology
Stephens Elementary School
Winterhalter Elementary School

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", with a long horizontal flourish extending to the right.

Odell W. Bailey, CIA
Auditor General