

# Detroit Public Schools Office of the Auditor General



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## FINANCIAL RELATED AUDIT FOLLOW UP OF FINNEY HIGH SCHOOL School Year 2010-11

**REPORT NO: 11-021**

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**REPORT DATE: November 8, 2011**

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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

Finney High School (Finney) has two bank accounts: a checking t and saving account at First Independence Bank. General Schools Funds at Finney include student activities and fundraising. Sources of school revenue include Food Services (i.e. cafeteria) and athletics.

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 reconciliation and reporting.

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**Previous Audit Finding(s)**

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<b>Previous Audit Finding(s)</b>	<b>Corrective Action Taken</b>	<b>Corrective Action Partially Implemented</b>	<b>Corrective Action Not Taken / Repeat Finding</b>
Bank reconciliations are not signed off by the Principal.		√	
Bank reconciliations and cash receipts and cash disbursements ledgers were not forwarded to the Office of Central Accounting monthly.			√

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**Audit Conclusion**

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Based on our review of documentation maintained at the school, Finney High School has partially implemented corrective actions for the following prior audit findings:

Three of ten Monthly Bank reconciliations were not properly approved by the Principal or the Assistant Principal who has been designated to approve financial records when the Principal is not available.

**RECOMMENDATION**

We recommend the Principal or designee consistently sign the bank reconciliation as evidence of their review and approval.

In addition, the following prior audit finding was not implemented:

Bank reconciliations and cash receipts and cash disbursements ledgers were not forwarded to the Office of Central Accounting monthly. The school was not aware of the District's financial requirement that bank reconciliations, cash receipts and cash disbursements ledgers were to be forwarded to the Office of Central Accounting monthly.

**RECOMMENDATION**

We recommend the Principal ensure that the required financial records, including: bank reconciliations; general, cash receipts and disbursement ledgers, are prepared and forwarded to the Cash Management Division of Finance each month in accordance with policy.

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## **Management Response**

In compliance with the DPS Cash Management - School Financial Procedures Manual, our school administration is working to guarantee that our processes are initiated in the time-frame as specified as such.

Moreover, we will also ensure that all reconciliations are signed or approved monthly by the Principal or his designee. Accordingly, we will forward all reconciliations to the Central Accounting and Cash Management division as specified.

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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