

DETROIT PUBLIC SCHOOLS

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

2007-18 SEFA Preparation and Reconciliation

Finding Type: Internal Control over Financial Reporting – Significant Deficiency

Fiscal Year: July 1, 2006 to June 30, 2007

Requirement

Reporting: Each State and local agency shall maintain full and complete records concerning Program operations (7 CFR section 246.25(a)). To be acceptable for audit purposes, all financial and Program performance reports shall be traceable to source documentation (7 CFR section 246.25(d)).

Condition

During our test work of the Schedule of Expenditures for Federal Awards (SEFA), we noted that management does not perform a reconciliation of the expenditures recorded on the SEFA to the expenditures recorded on the general ledger.

Possible Asserted Cause and Effect

The District prepares their SEFA based on the revenues received and has not implemented an internal control procedure to reconcile expenditures from the General Ledger to the SEFA. Not having such a control procedure could result in inaccuracies in the SEFA.

Recommendation

We recommend that management reconcile the expenditures and revenues recorded on the general ledger to the SEFA. We also recommend that management implement a control procedure that includes a reconciliation of the recorded federal revenues to the source documents. These reconciliations should be performed by an individual that is independent of the person responsible for preparing the SEFA and grant drawdown requests.

Views of Responsible Officials

We understand and agree with the noted observation and are working toward corrective actions.

Corrective Action Plan

Signature

Date