

DETROIT PUBLIC SCHOOLS

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

2007-28 Investment Management – Reporting

Finding Type: Internal Control over Financial Reporting – Significant Deficiency

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

Requirement

Per Detroit Public Schools Investment Policy, Number 12.0, Reporting: The investment manager shall prepare an investment report at least monthly, including a succinct management summary that provides a clear picture of the status of the current investment portfolio. This management summary will be prepared in a manner that will allow the District to ascertain whether investment activities during the reporting period have conformed to the investment policy. Quarterly reports shall be prepared and made available for review by the investment manager within 15 days of quarter-end. The report will include the following: a listing of individual securities held at the end of the reporting period; average weighted yield to maturity of portfolio on District investments as compared to applicable benchmarks; listing of investments by maturity date; the percentage of the total portfolio that each type of investment represents; the percentage of the total portfolio that each institution is holding; the percentage of the total portfolio broken down by defined maturity periods; and principal and type of investment by fund.

Condition

During our testwork over investments and per inquiry of management, we noted that a quarterly investment report could not be provided by management, as the report is not prepared as required.

Possible Asserted Cause and Effect

The individual responsible for preparing the reports did not comply with the Policy. Following and monitoring established policies are critical components of internal controls that if not performed could lead to control failures.

Recommendation

Individuals not following internal control policies should be subject to personnel actions, including additional monitoring and training.

Views of Responsible Officials

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

Corrective Action Plan

Signature

Date