

DETROIT PUBLIC SCHOOLS

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

2007-48 **Cash Management – Advance Interval**
Finding Type: **Material noncompliance and material weakness**
CFDA #: **84.357 – Reading First**
Federal Agency: **U.S. Department of Education**
Pass-through Entity: **Michigan Department of Education**
Federal Award Year: **July 1, 2006 to July 31, 2007**

Requirement

Per 31 CFR 205.12, Subpart 4 and the Cash Management Improvement Act, States and local education agencies may request a cash advance when the funds will be paid out in a lump sum in not more than three business days.

Condition

During our testwork over Cash Management we discovered that the District is using a 30-day cash advance projection instead of a 3-day cash advance.

Questioned Costs

None

Possible Asserted Cause and Effect

The past practice of the District was to use a 30-day cash advance projection. This caused the District to be in noncompliance with Federal Regulations.

Recommendation

We recommend that the District implement the 3 day cash advance projection when requesting funds from the State.

Views of Responsible Officials

MDE had allowed the District to use a 30 day cash advance projection and provided the District with a memo on May 29, 2007 indicating that it would have to comply with the 3-day cash advance projection beginning July 1, 2007.

Corrective Action Plan

Signature

Date