

# **Detroit Public Schools**

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**Federal Awards  
Supplemental Information  
June 30, 2002**

# Detroit Public Schools

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## Independent Auditor's Report

To the Chief Executive Officer and  
the School Reform Board  
Detroit Public Schools

We have audited the basic financial statements of Detroit Public Schools for the year ended June 30, 2002 and have issued our report thereon dated November 8, 2002. Those basic financial statements are the responsibility of the management of Detroit Public Schools. Our responsibility was to express an opinion on those basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the basic financial statements of Detroit Public Schools taken as a whole. The accompanying schedule of expenditures of federal awards and the reconciliation of basic financial statements federal revenue with schedule of expenditures of federal awards are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Plante & Moran, PLLC*

November 8, 2002

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## Report Letter on Compliance with Laws and Regulations and Internal Control - Basic Financial Statements

To the Chief Executive Officer and  
the School Reform Board  
Detroit Public Schools

We have audited the financial statements of Detroit Public Schools as of and for the year ended June 30, 2002 and have issued our report thereon dated November 8, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Compliance**

As part of obtaining reasonable assurance about whether Detroit Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of Detroit Public Schools in a separate letter dated November 8, 2002.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Detroit Public Schools' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Detroit Public Schools' ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 02-A and 02-B.

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To the Chief Executive Officer and  
the School Reform Board  
Detroit Public Schools

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. This report is intended solely for the information and use of the Chief Executive Officer, the School Reform Board, management, the cognizant agency, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Plante & Moran, PLLC*

November 8, 2002

Report Letter on Compliance with Laws and Regulations and  
Internal Control - Major Federal Awards

To the Chief Executive Officer and  
the School Reform Board  
Detroit Public Schools

**Compliance**

We have audited the compliance of Detroit Public Schools with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2002. The major federal programs of Detroit Public Schools are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Detroit Public Schools' management. Our responsibility is to express an opinion on Detroit Public Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Detroit Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Detroit Public Schools' compliance with those requirements.

As described in item 02-2 in the accompanying schedule of findings and questioned costs, Detroit Public Schools did not comply with the eligibility requirement that all completed applications contain a Social Security number. Compliance with this requirement is necessary, in our opinion, for Detroit Public Schools to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Detroit Public Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133, which are described in the accompanying schedule of findings and questioned costs as items 02-2, 02-6, 02-7, 02-9, 02-10, 02-12, and 02-13.

To the Chief Executive Officer and  
the School Reform Board  
Detroit Public Schools

## **Internal Control Over Compliance**

The management of Detroit Public Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Detroit Public Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Detroit Public Schools' ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 02-1, 02-3, 02-4, 02-5, 02-8, 02-9, and 2-11.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the Chief Executive Officer, the School Reform Board, management, the cognizant agency, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Plante & Moran, PLLC*

November 8, 2002

# Detroit Public Schools

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Award Amount
Clusters:		
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the Michigan Department of Education:		
National School Breakfast Program:		
Project number 21970	10.553	\$ 8,747,100
Project number 11970		<u>4,609,580</u>
Total National School Breakfast Program		13,356,680
National School Lunch Program:		
Project number 11950	10.555	3,278,046
Project number 1960		24,495,279
Project number 11960		19,588,634
Project number 021950		2,477,389
Project number 11980		89,670
Project number 21960		<u>20,351,187</u>
Total National School Lunch Program		<u>70,280,205</u>
Total Child Nutrition Cluster		83,636,885
Special Education Cluster - U.S. Department of Education - Passed through the Wayne County ISD:		
IDEA:		
Education of the handicapped 99-00 - Project number 18011	84.027	10,348,047
Education of the handicapped 00-01 - Project number not available		10,026,002
WCRESA Idea Center Expansion 00-01 - Project number not available		3,077,353
WCRESA Idea Center Expansion 01-02 - Project number not available		2,246,490
Education of the handicapped 01-02 - Project number not available		14,151,746
Assistive Technology Training and Information Center Grant - Project number not available		365,000
Assistive Technology Training and Information Center Grant - Project number not available		355,000
Assistive Technology Training and Information Center Grant - Project number not available		355,000
Assistive Technology Training and Information Center Grant - Project number not available		400,083
Barsamian Assessment Center - Capacity Building Center - Project number not available		375,000
Barsamian Assessment Center - Capacity Building Center - Project number not available		375,000
Barsamian Assessment Center - Capacity Building Center - Project number not available		258,313
Operation Achievement - Project number not available		<u>484,387</u>
Total IDEA		42,817,421

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2002**

(Memo Only) Prior Year(s) Expenditures	Accrued (Deferred) Revenue at July 1, 2001	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2002
\$ -	\$ -	\$ -	\$ 8,256,164	\$ 8,747,100	\$ 490,936
4,609,580	553,980	-	1,814,326	1,405,231	144,885
4,609,580	553,980	-	10,070,490	10,152,331	635,821
2,983,270	190,139	-	657,622	467,483	-
3,411,541	-	-	(328,460)	(328,460)	-
19,588,634	1,488,797	-	4,952,382	3,463,585	-
-	-	-	2,477,389	2,477,389	-
89,670	9,881	-	10,101	220	-
-	-	-	19,070,777	20,351,187	1,280,410
26,073,115	1,688,817	-	26,839,811	26,431,404	1,280,410
30,682,695	2,242,797	-	36,910,301	36,583,735	1,916,231
10,311,009	914,782	(914,782)	-	-	-
9,030,184	30,184	-	-	995,818	1,026,002
641,425	641,425	-	2,500,000	2,332,325	473,750
-	-	-	2,555,000	3,246,490	691,490
-	-	-	10,937,500	11,386,207	448,707
315,451	315,451	-	-	-	315,451
293,781	(60,348)	-	-	-	(60,348)
92,833	92,833	-	326,018	231,375	(1,810)
-	-	-	240,000	400,083	160,083
115,251	(34,284)	-	-	-	(34,284)
249,745	249,745	-	260,802	11,057	-
-	-	-	150,000	206,056	56,056
476,895	476,895	-	-	-	476,895
21,526,574	2,626,683	(914,782)	16,969,320	18,809,411	3,551,992

# Detroit Public Schools

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Award Amount
Clusters (Continued):		
Special Education Cluster - U.S. Department of Education - Passed through the Wayne County ISD (Continued):		
Preschool Incentive:	84.173	
Preschool Incentive 98-99 - Project number 28050		\$ 823,257
Preschool Incentive 00-01 - Project number not available		913,757
Preschool Incentive 00-01 - Project number not available		1,073,122
Preschool Incentive 94-95 - Project number PL-94-142		791,430
Preschool Incentive 96-97 - Project number 28058		818,660
Preschool Incentive 97-98 - Project number 28059		753,963
Parent Empowerment Training 99-01 - Project number PL-94-142		15,000
Infant Interagency - Project number not available		<u>52,400</u>
Total Preschool Incentive		<u>5,241,589</u>
Total Special Education Cluster		48,059,010
Employment Services Cluster - U.S. Department of Labor - Passed through the Detroit Employment and Training Center - Employment Services Cluster:		
	17.207	
Project number 75665-00-01		753,247
Project number 2536987-00-01		1,452,120
Project number 2536987-01-02		<u>1,872,102</u>
Total Employment Services Cluster		4,077,469
Other Federal Awards:		
U.S. Department of Education - Direct programs:		
Indian Education:		
Project number S060A40756-94		176,732
Project number S060A40756-94		66,750
Project number S060A40756-94		<u>89,600</u>
Total Indian Education		333,082
U.S. Project HRRTEP:		
	84.204A	
Project number U87/CCU5089208		484,090
Project number not available		429,693
Project number not available		<u>403,358</u>
Total U.S. Project HRRTEP		1,317,141

**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2002**

(Memo Only) Prior Year(s) Expenditures	Accrued (Deferred) Revenue at July 1, 2001	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2002
\$ -	\$ (416,894)	\$ 416,894	\$ -	\$ -	\$ -
352,563	(527,437)	-	-	528,762	1,325
-	-	-	787,500	1,065,167	277,667
-	(112,965)	112,965	-	-	-
-	(4,308)	4,308	-	-	-
-	(209,904)	209,904	-	-	-
-	10,221	(10,221)	-	-	-
-	35,234	-	-	-	35,234
<u>352,563</u>	<u>(1,226,053)</u>	<u>733,850</u>	<u>787,500</u>	<u>1,593,929</u>	<u>314,226</u>
21,879,137	1,400,630	(180,932)	17,756,820	20,403,340	3,866,218
455,413	34,090	-	-	-	34,090
1,452,120	1,452,120	-	1,452,120	-	-
-	-	-	-	1,150,173	1,150,173
<u>1,907,533</u>	<u>1,486,210</u>	<u>-</u>	<u>1,452,120</u>	<u>1,150,173</u>	<u>1,184,263</u>
8,066	-	-	-	-	-
66,750	-	-	-	-	-
-	-	-	44,734	57,518	12,784
<u>74,816</u>	<u>-</u>	<u>-</u>	<u>44,734</u>	<u>57,518</u>	<u>12,784</u>
174,675	282,384	-	282,384	227,845	227,845
121,737	121,737	-	131,737	257,200	247,200
-	-	-	-	187,486	187,486
<u>296,412</u>	<u>404,121</u>	<u>-</u>	<u>414,121</u>	<u>672,531</u>	<u>662,531</u>

# Detroit Public Schools

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Award Amount
Other Federal Awards (Continued):		
U.S. Department of Education - Direct programs (Continued):		
U.S. Detroit Pride - Project number not available	84.287B	\$ 313,556
U.S. Detroit Pride - Project number not available		536,785
Southeastern Village Community Learning Centers Program		1,400,000
New Century After-School Community Learning Centers Program		<u>1,050,080</u>
Total U.S. Detroit Pride		3,300,421
U.S. Department of Justice - COPS:		
Project number 96ULWX005-COPS	16.71	750,000
Project number 96ULWX005-COPS II		<u>710,280</u>
Total COPS		1,460,280
U.S. Labor Management - Project number not available	34.002	111,981
The National Science Foundation - Detroit Urban Systemic Initiative - Project number ESR-9908234	47.076	<u>11,500,000</u>
Total noncluster direct programs		18,022,905
Passed through the Michigan Department of Education:		
Education Consolidation and Improvement Act:	84.010	
Title I:		
Title I regular (Title I Part A) 00-01 - Project number 115309900		79,825,239
Title I regular (Title I Part A) 00-01 - Project number 115300001		97,108,477
Title I regular (Title I Part A) 01-02 - Project number 215300102		97,432,640
Title I Carryover (Title I Part A) 00-01 - Project number 115300101		17,511,906
Title I Carryover (Title I Part A) 01-02 - Project number 115300102		11,681,799
Title I Part D 99-00 - Project number 17009900		405,138
Title I Part D 00-01 - Project number 117000001		597,886
Title I Part D 01-02 - Project number 117000001		511,088
Title I Administration - Project number 15100001		<u>18,000</u>
Total Title I		305,092,173
Title I Capital Expense:	84.216	
Project number 15409900		220,616
Project number 15400001		126,688
Project number 15400102		<u>78,446</u>
Total Title I Capital Expense		425,750

**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2002**

(Memo Only) Prior Year(s) Expenditures	Accrued (Deferred) Revenue at July 1, 2001	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2002
\$ -	\$ (39,816)	\$ 39,816	\$ -	\$ -	\$ -
-	-	-	481,764	481,764	-
-	-	-	-	1,036,631	1,036,631
-	-	-	345,000	568,228	223,228
-	(39,816)	39,816	826,764	2,086,623	1,259,859
-	292,831	-	-	-	292,831
-	10,366	-	-	-	10,366
-	303,197	-	-	-	303,197
-	-	-	104,888	104,888	-
2,623,606	1,181,272	-	3,985,622	3,304,580	500,230
2,994,834	1,848,774	39,816	5,376,129	6,226,140	2,738,601
75,566,940	-	(18,169)	(18,169)	-	-
69,338,123	831,891	-	28,626,351	27,794,460	-
-	-	-	52,730,612	57,768,241	5,037,629
11,870,376	-	-	2,559,295	2,559,295	-
-	-	-	6,364,688	11,681,799	5,317,111
95,554	(9,197)	-	(9,197)	-	-
424,705	66,742	-	149,554	82,812	-
-	-	-	349,407	418,758	69,351
-	-	18,000	18,000	-	-
157,295,698	889,436	(169)	90,770,541	100,305,365	10,424,091
29,880	12,426	(12,426)	-	-	-
84,505	(12,475)	-	(9,939)	2,536	-
-	-	-	51,281	53,226	1,945
114,385	(49)	(12,426)	41,342	55,762	1,945

# Detroit Public Schools

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Award Amount
Other Federal Awards (Continued):		
U.S. Department of Education (Continued):		
Passed through the Michigan Department of Education (Continued):		
Education Consolidation and Improvement Act (Continued):		
Title I Accountability Grant - Project number 115000102	84.348	\$ 1,950,000
Migrant Education:	84.011	
Project number 16299899		169,670
Project number 18909900		152,644
Project number 118900001		315,882
Project number 18302000		88,932
Project number 18300001		127,236
Project number 01890102		292,810
Project number not available		<u>127,236</u>
Total Migrant Education		1,274,410
Title VI:	84.298	
Project number 2509900		2,756,903
Project number 25716		398,717
Project number 2500001		547,739
Project number 0102500001		3,233,099
Project number 0102500002		581,262
Project number 020250102		<u>3,005,578</u>
Total Title VI		10,523,298
Eisenhower Formula:	84.281	
Project number 2709900		1,487,387
Project number 102700001		3,529,298
Project number 0202700102		<u>2,266,203</u>
Total Eisenhower Formula		7,282,888
Safe and Drug-free Schools and Communities:	84.186	
Project number 022860DRUG1347		739,150
Project number 002860DRUG1500C		37,450
Project number 012860DRUG1015		659,554
Project number 12850SUPFUND01092		360,000
Project number 02585DSFI436		<u>343,992</u>
Total Safe and Drug-free Schools and Communities		2,140,146

**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2002**

(Memo Only) Prior Year(s) Expenditures	Accrued (Deferred) Revenue at July 1, 2001	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2002
\$ -	\$ -	\$ -	\$ 148,528	\$ 314,716	\$ 166,188
-	(2,123)	-	(2,123)	-	-
37,690	46	(46)	-	-	-
182,545	(14,880)	-	(13,565)	-	(1,315)
88,932	(206)	-	(206)	-	-
46,920	46,920	-	120,654	73,734	-
-	-	-	107,046	279,104	172,058
-	-	-	-	27,426	27,426
356,087	29,757	(46)	211,806	380,264	198,169
852,285	-	-	-	-	-
-	(26,610)	-	-	-	(26,610)
445,407	346,316	-	441,713	95,397	-
1,620,065	(369,696)	(10)	662,076	1,031,782	-
-	-	-	72,518	581,262	508,744
-	-	-	1,564,987	1,501,802	(63,185)
2,917,757	(49,990)	(10)	2,741,294	3,210,243	418,949
767,170	-	-	-	-	-
540,546	296,914	(243,632)	1,627,089	1,573,807	-
-	-	-	504,875	1,590,551	1,085,676
1,307,716	296,914	(243,632)	2,131,964	3,164,358	1,085,676
-	-	-	404,720	521,301	116,581
37,077	5,794	-	6,167	-	(373)
532,657	79,400	-	206,297	151,694	24,797
249,410	78,002	-	120,022	42,020	-
-	-	-	153,121	226,387	73,266
819,144	163,196	-	890,327	941,402	214,271

# Detroit Public Schools

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Award Amount
Other Federal Awards (Continued):		
U.S. Department of Education (Continued):		
Passed through the Michigan Department of Education (Continued):		
Education Consolidation and Improvement Act (Continued):		
Homeless Children and Youths:		
Project number 2327702	84.196	\$ 71,793
Project number 223001c		78,100
Project number 2329902		85,324
Project number 2320001		63,821
Project number 2329902C		18,334
Project number 2320001C		12,971
Project number 12320113		69,804
Project number 22320209		<u>72,595</u>
Total Homeless Children and Youths		472,742
Emergency Immigration Education Assistance:		
Project number 25660005	84.162	72,722
Project number 25675003		71,230
Project number 25699899		180,953
Project number 125600001		<u>202,240</u>
Total Emergency Immigration Education Assistance		527,145
Adult Basic Education:		
Project number 113898045	84.002	433,800
Project number 113899019		1,636,250
Project number 11300160		185,366
Project number 111301033		955,050
Project number 011190 1033		55,034
Project number 0211130 210332		1,626,300
Project number 0 21190 210332		<u>56,925</u>
Total Adult Basic Education		4,948,725
Class Size Reduction:		
Project number 114500001	84.340	14,248,477
Project number 14500001		7,588,104
Project number 114500102		6,525,055
Project number 2144500120		<u>15,366,326</u>
Total Class Size Reduction		43,727,962

**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2002**

(Memo Only) Prior Year(s) Expenditures	Accrued (Deferred) Revenue at July 1, 2001	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2002
\$ -	\$ (38,434)	\$ -	\$ -	\$ -	\$ (38,434)
-	(117)	60	(57)	-	-
-	(2,748)	-	(2,748)	-	-
-	52	(52)	-	-	-
-	(7,669)	-	(7,669)	-	-
12,914	(114)	-	-	-	(114)
75,522	19,637	(5,775)	13,862	-	-
-	-	-	35,984	72,595	36,611
88,436	(29,393)	(5,767)	39,372	72,595	(1,937)
-	(1,171)	1,171	-	-	-
-	(2,063)	2,063	-	-	-
-	(767)	-	(767)	-	-
216,816	-	-	54,811	129,975	75,164
216,816	(4,001)	3,234	54,044	129,975	75,164
282,160	115,318	(115,318)	-	-	-
1,331,972	(65,046)	65,046	-	-	-
239,046	(357,784)	-	(357,784)	-	-
586,187	(60,264)	-	308,599	368,863	-
-	-	-	55,034	55,034	-
-	-	-	1,038,689	1,626,300	587,611
-	-	-	31,578	56,925	25,347
2,439,365	(367,776)	(50,272)	1,076,116	2,107,122	612,958
5,448,209	(1,003,388)	-	1,271,825	2,275,213	-
7,588,104	3,433,972	-	3,433,972	-	-
-	-	-	3,603,808	6,525,055	2,921,247
-	-	-	11,909,088	14,568,767	2,659,679
13,036,313	2,430,584	-	20,218,693	23,369,035	5,580,926

# Detroit Public Schools

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Award Amount
Other Federal Awards (Continued):		
U.S. Department of Education (Continued):		
Passed through the Michigan Department of Education (Continued):		
Comprehensive School Reform Demonstration:	84.332	
Project number 18799900		\$ 1,428,708
Project number 18700001		1,511,093
Project number 118700001		355,369
Project number 118800001		100,267
Project number 118700102		<u>1,921,787</u>
Total Comprehensive School Reform Demonstration		5,317,224
Vocational Education - Basic Grants to States (Perkins II):	84.048	
Project number 035204903		10,000
Project number 35259941		3,070,429
Project number 35287841		4,021,409
Project number 35298941		2,645,697
Project number 35207541		4,041,384
Project number 35287841		197,086
Project number 135208305		4,855,535
Project number 0235203824		<u>5,045,271</u>
Total Vocational Education - Basic Grants to States (Perkins II)		23,886,811
Vocational Education - Tech Prep:	84.243	
Project number 3548971215		194,629
Project number 3549591215		202,125
Project number 3540871215		212,525
Project number 135409425		216,307
Project number 0235403424		<u>218,088</u>
Total Vocational Education - Tech Prep		1,043,674
Goals 2000:	84.276	
Goals 2000 96-97 - Project number 42274		50,000
Goals 2000 99-00 - Project number 42209		520,000
Goals 2000 99-00 - Project number 42209SPEC		510,000
Goals 2000 Summer Literacy 00-01 - Project number not available		<u>406,970</u>
Total Goals 2000		1,486,970

**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2002**

(Memo Only) Prior Year(s) Expenditures	Accrued (Deferred) Revenue at July 1, 2001	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2002
\$ 368,666	\$ (42,535)	\$ -	\$ (42,535)	\$ -	\$ -
923,206	322,095	-	716,487	394,392	-
362,908	-	(7,539)	(7,539)	-	-
-	-	-	100,267	100,267	-
-	-	-	834,163	1,088,689	254,526
1,654,780	279,560	(7,539)	1,600,843	1,583,348	254,526
-	-	-	10,000	-	(10,000)
-	(44,713)	44,713	-	-	-
-	(167,462)	167,462	-	-	-
-	3,404	(3,404)	-	-	-
822,793	56,025	(56,025)	-	-	-
-	(72,053)	72,053	-	-	-
3,503,718	886,032	-	2,237,849	1,351,817	-
-	-	-	2,566,050	3,661,058	1,095,008
4,326,511	661,233	224,799	4,813,899	5,012,875	1,085,008
-	(5,200)	5,200	-	-	-
-	(59,653)	59,653	-	-	-
117,522	(4,699)	-	(4,699)	-	-
34,163	4,533	-	136,469	131,936	-
-	-	-	63,649	95,776	32,127
151,685	(65,019)	64,853	195,419	227,712	32,127
-	(4,119)	-	-	-	(4,119)
389,041	182,591	-	301,523	118,932	-
-	-	-	510,000	510,000	-
39,001	39,001	-	271,171	246,737	14,567
428,042	217,473	-	1,082,694	875,669	10,448

# Detroit Public Schools

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Award Amount
Other Federal Awards (Continued):		
U.S. Department of Education (Continued):		
Passed through the Michigan Department of Education (Continued):		
Technology Literacy Challenge:	84.318	
Project number 428801		\$ 742,659
Project number 428001		<u>739,528</u>
Total Technology Literacy Challenge		1,482,187
MDE English Literacy - Project number not available	84.364	<u>20,000</u>
Total noncluster programs passed through the Michigan Department of Education		411,602,105
Passed through the Wayne County ISD - Title VI Teacher Minigrant:	84.298	
Project number 116239		31,956
Project number 116230		26,658
Project number not available		<u>26,658</u>
Total noncluster programs passed through the Wayne County ISD		85,272
Passed through Gemcor, Inc. - Pell Grant Program:	84.063	
Licensed Practical Nursing 00-01 - Project number not available		420,000
Licensed Practical Nursing 01-02 - Project number not available		<u>420,000</u>
Total noncluster programs passed through Gemcor, Inc.		840,000
Passed through the City of Detroit - School to Work - Project number not available		200,213
Passed through the City of Detroit - Rewarding Youth - Project number not available	17.255	439,097
Passed through the Armada School District - 21st Century After School Community Learning Center:	84.287	
Earhart - Project number not available		207,847
Pelham - Project number not available		174,262
Clippert - Project number not available		210,928
Hally - Project number not available		210,928
Munger - Project number not available		<u>210,928</u>
Total noncluster programs passed through the Armada School District		<u>1,014,893</u>
Total U.S. Department of Education noncluster programs		414,181,580

**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2002**

(Memo Only) Prior Year(s) Expenditures	Accrued (Deferred) Revenue at July 1, 2001	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2002
\$ -	\$ (25,371)	\$ -	\$ -	\$ -	\$ (25,371)
575,859	271,708	-	434,444	149,096	(13,640)
575,859	246,337	-	434,444	149,096	(39,011)
-	-	-	-	9,903	9,903
185,728,594	4,698,262	(26,975)	126,451,326	141,909,440	20,129,401
-	(661)	661	-	-	-
-	(2,221)	2,221	-	-	-
24,357	24,357	(2,882)	-	-	21,475
24,357	21,475	-	-	-	21,475
205,750	136,066	-	300,115	164,049	-
-	-	-	284,425	284,425	-
205,750	136,066	-	584,540	448,474	-
189,950	200,213	(182,950)	-	-	17,263
-	-	-	-	182,273	182,273
76,525	49,540	-	-	114,413	163,953
-	31,942	(31,942)	-	-	-
52,745	52,745	-	-	58,978	111,723
108,240	108,240	-	-	120,799	229,039
-	-	-	-	119,829	119,829
237,510	242,467	(31,942)	-	414,019	624,544
186,386,161	5,298,483	(241,867)	127,035,866	142,954,206	20,974,956

# Detroit Public Schools

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Award Amount
Other Federal Awards (Continued):		
U.S. Department of Health and Human Services:		
Passed through the City of Detroit Neighborhood Services Department:		
Headstart 00-01 - Project number not available	93.600	\$ 7,272,529
Headstart 01-02 - Project number not available		8,794,855
Headstart Special Education 00-01 - Project number not available		147,120
Headstart Special Education 01-02 - Project number not available		<u>161,431</u>
Total noncluster programs passed through the City of Detroit		16,375,935
Passed through the Michigan Department of Education - School Age Child Care Restricted Grant	93.575	20,000
Passed through the Michigan Department of Education - Refugee Children School Impact Grant:	93.938	
Project number 118400001		377,227
Project number 18400001		120,628
Project number 218400102		<u>377,227</u>
Total noncluster programs passed through the MDE		<u>875,082</u>
Total U.S. Department of Health and Human Services noncluster programs		17,271,017
Corporation for National and Community Service - Passed through the Michigan Department of Education - Serv-Michigan:	94.004	
Project number 35902		13,888
Project number 35903		14,496
Project number 35902-98-99		26,000
Project number 35606-95-96		44,996
Project number 35704-96-97		<u>35,000</u>
Total Corporation for National and Community Service noncluster programs		134,380
The National Science Foundation - Passed through the Northwestern University - Learning Technologies in Urban Schools:	47.076	
Project number 0830310 A605		475,466
Project number 0830310 A605		<u>169,098</u>
Total National Science Foundation noncluster programs		644,564

**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2002**

(Memo Only) Prior Year(s) Expenditures	Accrued (Deferred) Revenue at July 1, 2001	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2002
\$ 7,051,663	\$ 2,323,252	\$ -	\$ 3,493,308	\$ 1,772,288	\$ 602,232
-	-	-	6,564,082	7,038,097	474,015
104,598	29,244	200	86,277	56,833	-
-	-	-	-	141,173	141,173
7,156,261	2,352,496	200	10,143,667	9,008,391	1,217,420
-	-	-	6,129	15,919	9,790
25,908	975	-	352,195	351,220	-
119,997	119,997	-	119,997	-	-
-	-	-	377,227	377,227	-
145,905	120,972	-	849,419	728,447	-
7,302,166	2,473,468	200	10,999,215	9,752,757	1,227,210
9,334	(1,576)	43	(1,533)	-	-
-	-	-	14,496	14,496	-
-	43	(43)	-	-	-
-	(44,961)	44,961	-	-	-
-	(30,796)	30,796	-	-	-
9,334	(77,290)	75,757	12,963	14,496	-
57,874	(55,205)	55,205	-	-	-
92,523	92,523	(92,523)	-	-	-
150,397	37,318	(37,318)	-	-	-

# Detroit Public Schools

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Award Amount
Other Federal Awards (Continued):		
U.S. Department of Agriculture - Passed through the Michigan Department of Education:		
Food Distribution:	10.550	
Entitlement commodities		\$ 2,232,621
Bonus commodities		<u>220,750</u>
Total Food Distribution		<u>2,453,371</u>
Child Care Food Program:	10.558	
Project number 12010		16,253
Project number 11920		297,616
Project number 021920		3,739
Project number 021920		<u>198,886</u>
Total Child Care Food Program		<u>516,494</u>
Total U.S. Department of Agriculture noncluster programs		<u>2,969,865</u>
U.S. Department of Housing and Urban Development:		
Passed through the City of Detroit Department of Health and Human Services - Title XX Empowerment Zone - Project number not available		
	14.244	96,510
Passed through City of Detroit Planning and Development - Title XX Empowerment Zone:		
	14.244	
Empowerment Zone - Detroit Compact - Project number not available		606,000
Empowerment Zone - Health Clinics - Project number not available		2,643,000
Empowerment Zone - EZ Entrepreneur - Project number not available		743,000
Empowerment Zone - Life MGMT ED - Project number not available		<u>460,000</u>
Total Title XX Empowerment Zone		<u>4,452,000</u>
Total U.S. Department of Housing and Urban Development noncluster programs		<u>4,548,510</u>
Total federal awards		<u><b>\$ 593,546,185</b></u>

**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2002**

(Memo Only) Prior Year(s) Expenditures	Accrued (Deferred) Revenue at July 1, 2001	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2002
\$ -	\$ -	\$ -	\$ 2,272,967	\$ 1,218,912	\$ (1,054,055)
-	-	-	220,750	220,750	-
-	-	-	2,493,717	1,439,662	(1,054,055)
18,546	2,293	-	6,424	4,131	-
403,682	106,066	-	118,079	12,013	-
-	-	-	3,739	3,739	-
-	-	-	54,002	198,886	144,884
422,228	108,359	-	182,244	218,769	144,884
422,228	108,359	-	2,675,961	1,658,431	(909,171)
76,545	(2,867)	-	-	-	(2,867)
49,721	19,483	-	49,625	128,073	97,931
648,459	172,483	-	255,823	352,952	269,612
273,012	55,201	-	138,541	177,832	94,492
121,749	79,017	-	79,017	170,447	170,447
1,092,941	326,184	-	523,006	829,304	632,482
1,169,486	323,317	-	523,006	829,304	629,615
<b>\$ 252,903,971</b>	<b>\$ 15,142,066</b>	<b>\$ (344,344)</b>	<b>\$ 202,742,381</b>	<b>\$ 219,572,582</b>	<b>\$ 31,627,923</b>

## **Detroit Public Schools**

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### **Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended June 30, 2002**

Revenue from federal sources - As separately reported on financial statements	\$ 237,357,505
Add federal revenue reported as state revenue	6,339,705
Less state revenue reported as federal revenue	(27,621,366)
Add deferred revenue not reported on the financial statements	<u>3,496,738</u>
Federal expenditures per the schedule of expenditures of federal awards	<u><u>\$ 219,572,582</u></u>

# Detroit Public Schools

## Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2002

### Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Detroit Public Schools and is presented on the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### Note 2 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of OMB Circular A-133.

### Note 3 - Subrecipient Awards

Of the federal expenditures presented in the schedule, federal awards were provided to subrecipients as follows:

<u>Program Title/Project Number/Subrecipient Name</u>	<u>CFDA Number</u>	<u>Current Year Cash Transferred to Subrecipient</u>
Detroit Urban Systematic Initiative	47.049	
Project number ESR-9908234		
Passed through to:		
Wayne State University		\$ 882,462
University of Michigan		<u>359,900</u>
Total federal funds passed through to subrecipients		<u>\$ 1,242,362</u>

# **Detroit Public Schools**

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## **Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2002**

### **Note 4 - Grant Section Auditor's Report**

Management has utilized Form R-7120 in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

### **Note 5 - Adjustments and Transfers**

During the year ended June 30, 2002, adjustments and transfers in the amount of \$344,344 were made to write off receivables not expected to be collected and to return grant payments received in advance that were not spent before the awards had expired.

# Detroit Public Schools

## Schedule of Findings and Questioned Costs Year Ended June 30, 2002

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?            \_\_\_ Yes     X  No
- Reportable condition(s) identified that are not considered to be material weaknesses?  X  Yes    \_\_\_ None reported

Noncompliance material to financial statements noted?            \_\_\_ Yes     X  No

#### Federal Awards

Internal control over major program(s):

- Material weakness(es) identified?            \_\_\_ Yes     X  No
- Reportable condition(s) identified that are not considered to be material weaknesses?  X  Yes    \_\_\_ None reported

Type of auditor's report issued on compliance for major program(s): Unqualified for all major programs except for Child Nutrition Cluster, which was qualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?             X  Yes    \_\_\_ No

Identification of major program(s):

CFDA Numbers	Name of Federal Program or Cluster
10.553 and 10.555	Child Nutrition Cluster
84.027 and 84.173	Special Education Cluster
47.076	National Science Foundation - Detroit Urban Systemic Initiative
84.010	Title I
84.298	Title VI
84.281	Eisenhower
84.048	Vocational Education Basic Grants to States
93.600	Headstart
84.186	Safe and Drug-free Schools and Communities

# Detroit Public Schools

## Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2002

### Section I - Summary of Auditor's Results (Continued)

Dollar threshold used to distinguish between type A and type B programs: \$3,000,000

Auditee qualified as low-risk auditee?                   Yes      X   No

### Section II - Financial Statement Audit Findings

Reference Number	Findings	Questioned Costs
02-A	<p><b>Finding Type</b> - Reportable condition</p> <p><b>Condition</b> - The School District did not prepare bank reconciliations on a timely basis throughout the year.</p> <p><b>Description</b> - In order to maintain adequate internal control, timely bank reconciliations should be prepared.</p>	None
02-B	<p><b>Finding Type</b> - Reportable condition</p> <p><b>Condition</b> - The School District's budget development and reporting process was ineffective.</p> <p><b>Description</b> - Effectiveness of the budget's development and reporting process is necessary to provide the appropriate control and information to management.</p>	None

### Section III - Federal Program Audit Findings

Reference Number	Findings	Questioned Costs
02-1	<p><b>Program Name</b> - Vocational Education Basic Grants to States - 84.048</p> <p><b>Finding Type</b> - Reportable condition</p> <p><b>Criteria</b> - Detroit Public Schools is required to receive certification from vendors that their organization has not been suspended or debarred from federal procurement for any contracts greater than \$100,000.</p>	None

# Detroit Public Schools

## Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2002

### Section III - Federal Program Audit Findings (Continued)

Reference Number	Findings	Questioned Costs
	<p><b>Condition</b> - Detroit Public Schools did not obtain certification that vendors are not suspended or debarred.</p> <p><b>Questioned Costs</b> - None</p> <p><b>Context</b> - Subsequent to the contract being awarded, it was determined that the vendors tested have not been suspended or debarred from federal procurement.</p> <p><b>Cause/Effect</b> - Detroit Public Schools could have used a vendor that had been suspended or debarred from federal procurement.</p> <p><b>Recommendation</b> - Detroit Public Schools should receive certification from any vendor with a contract greater than \$100,000.</p>	
02-2	<p><b>Program Name</b> - Child Nutrition Cluster - 10.553 and 10.555</p> <p><b>Finding Type</b> - Material noncompliance</p> <p><b>Criteria</b> - Eligibility for free and reduced lunch is documented by a completed meal application.</p> <p><b>Condition</b> - There were eight instances from a sample of 51 students where the meal application was not completely filled out.</p> <p><b>Context</b> - Social Security numbers were not filled in on the applications for free or reduced lunch. It was determined that the students were rightfully eligible for free or reduced lunches.</p> <p><b>Questioned Costs</b> - None</p> <p><b>Recommendation</b> - Detroit Public Schools should make sure that all applications are filled out completely before being accepted.</p>	None

# Detroit Public Schools

## Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2002

### Section III - Federal Program Audit Findings (Continued)

Reference Number	Findings	Questioned Costs
02-3	<p><b>Program Name</b> - Child Nutrition Cluster - 10.553 and 10.555</p> <p><b>Finding Type</b> - Reportable condition</p> <p><b>Criteria</b> - Eligibility for free and reduced lunch is documented by a completed meal application.</p> <p><b>Condition</b> - There was one instance out of a sample of 51 selected where the lunch application was unable to be located by the school (Scripps).</p> <p><b>Questioned Costs</b> - \$340 (180 meals per year x reimbursable meal cost).</p> <p><b>Cause/Effect</b> - The meal application was not available to determine eligibility or approval.</p> <p><b>Recommendation</b> - Detroit Public Schools should establish procedures to ensure all meal applications are maintained as supporting documentation of eligibility.</p>	None
02-4	<p><b>Program Name</b> - Child Nutrition Cluster - 10.553 and 10.555</p> <p><b>Finding Type</b> - Reportable condition</p> <p><b>Criteria</b> - Claims for reimbursement should be adequately supported by the counts taken at the point of service.</p> <p><b>Condition</b> - The daily roster of students served at seven of the nine schools selected for testing (Newberry, Owen, Redford, Cooley, Longfellow, Foreign Language Immersion, and M. L. King) did not match the weekly claim forms that were compiled into the monthly reimbursement request for Detroit Public Schools.</p> <p><b>Questioned Costs</b> - None</p>	None

# Detroit Public Schools

## Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2002

### Section III - Federal Program Audit Findings (Continued)

Reference Number	Findings	Questioned Costs
	<p><b>Context</b> - The meal claims documented on the weekly claim summaries were consistent with expected meal counts but the supporting documentation did not fully support selected weekly reports.</p> <p><b>Cause/Effect</b> - Claims for the reimbursement ultimately submitted to the Michigan Department of Education should be supported by daily meal count information.</p> <p><b>Recommendation</b> - Counts taken at point of service from all buildings are tallied together and support the claims for reimbursement submitted to the Michigan Department of Education.</p>	
02-5	<p><b>Program Name</b> - Child Nutrition Cluster - 10.553 and 10.555</p> <p><b>Finding Type</b> - Reportable condition</p> <p><b>Criteria</b> - Claims for reimbursement should be adequately supported by the counts taken at the point of service.</p> <p><b>Condition</b> - The daily roster of students served at one of the nine schools selected for testing (Clippert Academy) could not made available for testing.</p> <p><b>Questioned Costs</b> - \$2,882 (272 free applications for five days at \$2.11 per meal and 39 reduced applications for five days at \$1.71 - 90 percent.)</p> <p><b>Cause/Effect</b> - Claims for reimbursement ultimately submitted to the Michigan Department of Education should be supported by daily meal count information.</p> <p><b>Recommendation</b> - Counts taken at point of service from all buildings are tallied together and support the claims for reimbursement submitted to the Michigan Department of Education.</p>	None

# Detroit Public Schools

## Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2002

### Section III - Federal Program Audit Findings (Continued)

Reference Number	Findings	Questioned Costs
02-6	<p><b>Program Name</b> - Detroit Urban Systemic Initiative - 47.076</p> <p><b>Finding Type</b> - Material noncompliance</p> <p><b>Criteria</b> - Advances of federal funds must be limited to 30 days cash needs.</p> <p><b>Condition</b> - Detroit Public Schools requested a draw down from National Science Foundation of approximately \$3,000,000 at the beginning of the 2001-2002 fiscal year. The cash was received prior to the School District incurring all expenditures related to the grant. The School District deposits all monies into their general account and does not keep track of how much interest is earned, if any, on federal money.</p> <p><b>Questioned Costs</b> - Estimated interest earned approximately \$22,000.</p> <p><b>Cause/Effect</b> - The School District was allowed to request funds at any time, but did not time requests to match the outflow of funds from expenditures.</p> <p><b>Recommendation</b> - Detroit Public Schools should limit the amount of funds requested to what is immediately needed to cover current expenditures.</p>	None
02-7	<p><b>Program Name</b> - Detroit Urban Systemic Initiative - 47.076</p> <p><b>Finding Type</b> - Material noncompliance</p> <p><b>Criteria</b> - Detroit Public Schools should have controls in place to ensure that subrecipients who receive more than \$300,000 in federal funds obtain an audit that meets the requirements of the Single Audit Act.</p>	None

# Detroit Public Schools

## Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2002

### Section III - Federal Program Audit Findings (Continued)

Reference Number	Findings	Questioned Costs
	<p><b>Condition</b> - The School District passes through a significant amount of the DUSP funds to universities who are co-participants in the program. The School District monitors the program and requires certain information to be submitted from them prior to payment being made. The School District, however, does not obtain and review the audit reports of those universities to determine if they have had findings associated with this grant.</p> <p><b>Questioned Costs</b> - None</p> <p><b>Context</b> - Wayne State University was the largest subrecipient of funds from this grant source. Per review of Wayne State University's Single Audit Report, it was later determined that no findings were reported related to this grant program.</p> <p><b>Recommendation</b> - Detroit Public Schools should obtain the audit report of all subrecipients who received at least \$300,000 from them to determine if they are complying with all requirements of the Single Audit Act as well as to determine if the subrecipient has had any major findings relating to the pass-through grant.</p>	None
02-8	<p><b>Program Name</b> - Title I - 84.010</p> <p><b>Finding Type</b> - Reportable condition</p> <p><b>Criteria</b> - Detroit Public Schools should have a system in place to monitor the allowability of activities and related cost of expenditures being charged to the correct line item with the Title I grant.</p>	None

# Detroit Public Schools

## Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2002

### Section III - Federal Program Audit Findings (Continued)

Reference Number	Findings	Questioned Costs
	<p><b>Condition</b> - Principals have the authority to make purchases at the school building level through the Request for Purchase Order (RPO) system. If there is not sufficient funding in any line item to cover the amount of the expenditure being charged, the purchaser can perform a budget search for available funds. This search will identify available funds that are available in other budget codes within Title I. No budget transfers are being requested to transfer the budget to the correct expense accounts. The expenses are charged to a line item with available budget. Federal funds, including Title I monies that were set aside for the "Schools Identified for Improvement," as well as other restricted funds, are subject to this search for budget sources with available funds.</p> <p><b>Questioned Costs</b> - None</p> <p><b>Cause/Effect</b> - Not having adequate controls in place to limit the access and availability of federal funds can increase the probability that amounts will be expended on items that are not in accordance with the grant's established purpose.</p> <p><b>Recommendation</b> - System controls should be implemented to limit the availability and access of federal funds in order to assure that federal funds are used solely for their established grant purpose.</p>	
02-9	<p><b>Program Name</b> - Title I - 84.010</p> <p><b>Finding Type</b> - Material noncompliance and reportable condition</p> <p><b>Criteria</b> - Only allowable activities and related costs as defined in the A-133 circular are to be charged to programs funded with federal monies.</p>	None

# Detroit Public Schools

## Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2002

### Section III - Federal Program Audit Findings (Continued)

Reference Number	Findings	Questioned Costs
	<p><b>Condition</b> - The School District does not have a system in place to allow for the approval of expenditures made with Title I money. The principals have the authority to request purchase orders at the school building and the Director of the Title I program has to trust that they are following the guidelines for allowable and unallowable cost. No one reviews monthly transaction reports to identify any cost erroneously charged to the Title I grant.</p> <p><b>Questioned Costs</b> - \$15,533.55, already excluded from the schedule of expenditures of federal awards.</p> <p><b>Context</b> - During testing of the Title I program, several expenditures were found at Harding Elementary School and Mackenzie High School that were determined not to be allowable charges to the Title I program. When brought to the attention of the Title I program director and the accounting department, the charges were taken out of the Title I expenditure accounts and charged to the General Fund of the School District. The schedule of expenditures of federal awards excludes these amounts.</p> <p><b>Cause/Effect</b> - Ultimate purchasing authority for Title I purposes primarily rests within the discretion of the School District's principals, who are not always made aware of what is an allowable activity and cost for Title I purposes.</p> <p><b>Recommendation</b> - Detroit Public Schools should provide Cost Circulars and specific training to assure that those with purchases review responsibility are adequately educated on those costs that are allowable for Title I purposes and the ramifications of noncompliance.</p>	

# Detroit Public Schools

## Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2002

### Section III - Federal Program Audit Findings (Continued)

Reference Number	Findings	Questioned Costs
02-10	<p><b>Program Name</b> - Title VI - 84.298</p> <p><b>Finding Type</b> - Material noncompliance</p> <p><b>Condition</b> - Personnel file for Robin Turner could not be located, therefore credentials could not be reviewed in order to verify the pay rate to their Union Contract.</p> <p><b>Questioned Costs</b> - \$19,222</p> <p><b>Context</b> - Employee personnel files were reviewed for 25 of the 26 employees selected for testing.</p> <p><b>Cause/Effect</b> - Because of the School District's size and number of employees, maintaining and tracking employee personnel files is quite cumbersome.</p> <p><b>Recommendation</b> - In addition to the paper documentation already maintained by the School District, the School District should consider implementing an electronic database that could store an employee's personnel information or consider off-site storage as a preventive control to prevent possible information loss.</p>	\$19,222
02-11	<p><b>Program Name</b> - Headstart - 93.600</p> <p><b>Finding Type</b> - Reportable condition</p> <p><b>Condition</b> - During the course of Headstart eligibility testing, we noted three students who were indicated as enrolled in the Headstart Program per the DPS "Index Students by Class." However, per review of the students' applications, we noted that the students were actually enrolled in the District's Title I Preschool Program.</p> <p><b>Questioned Costs</b> - None</p>	None

# Detroit Public Schools

## Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2002

### Section III - Federal Program Audit Findings (Continued)

Reference Number	Findings	Questioned Costs
	<p><b>Context</b> - In an attempt to enroll all eligible students and meet the School District's Headstart capacity requirements, during pre-enrollment, some of the students were misclassified between Headstart, Title I Preschool, and Michigan School Readiness Program.</p> <p><b>Cause/Effect</b> - Headstart applicants were not accurately identified nor tracked at the School District's various Headstart facilities.</p> <p><b>Recommendation</b> - The School District should consider implementing procedures for recording and maintaining Headstart applicant information to ensure only those students who are eligible and participate solely in the School District's Headstart Program be identified as a Headstart participant.</p>	
02-12	<p><b>Program Name</b> - Child Nutrition Cluster - 10.553 and 10.555</p> <p><b>Funding Type</b> - Material noncompliance</p> <p><b>Condition</b> - A price comparison of 50 food items was not completed by the Foodservice Management Company and submitted to the State.</p> <p><b>Questioned Costs</b> - None</p> <p><b>Criteria</b> - A comparison of 50 food items is required to be submitted to the State to ensure effectiveness in purchasing and to comply with requirements of the grant.</p> <p><b>Context/Cause/Effect</b> - A comparison of 50 food items is required to be done by each food service management company paid with federal funds once per year.</p> <p><b>Recommendation</b> - The School District should require that this service be performed by their management company and submitted to the State to ensure compliance with grant requirements.</p>	None

# Detroit Public Schools

## Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2002

### Section III - Federal Program Audit Findings (Continued)

Reference Number	Findings	Questioned Costs
02-13	<p><b>Program Name</b> - Child Nutrition Cluster - 10.553 and 10.555</p> <p><b>Finding Type</b> - Other noncompliance</p> <p><b>Condition</b> - During the testing of school menus, it was noted that no bread or bread alternative was listed for 06-07-02.</p> <p><b>Questioned Costs</b> - None</p> <p><b>Context</b> - Twelve monthly menus were reviewed to determine if they contained all required elements of the "food-based" menus.</p> <p><b>Cause/Effect</b> - Monthly menus are the records used to verify that all components required to be served with each meal are present to be in compliance with grant requirements.</p> <p><b>Recommendation</b> - The School District should review monthly menus to ensure compliance with these requirements.</p>	None