

THE BOARD OF PUBLIC EDUCATION
FOR THE CITY OF SAVANNAH
AND THE COUNTY OF CHATHAM, GEORGIA
MANAGEMENT LETTER
FOR THE YEAR ENDED JUNE 30, 2008

KARP, RONNING & TINDOL, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
SAVANNAH, GEORGIA

KARP, RONNING & TINDOL

CERTIFIED PUBLIC ACCOUNTANTS

123 ABERCORN STREET
SAVANNAH, GEORGIA 31401

MANAGEMENT LETTER

To the Audit Committee and Management of the Board of Public
Education for the City of Savannah and the County of Chatham
Savannah, Georgia

In planning and performing our audit of the financial statements of the Board of Public Education for the City of Savannah and the County of Chatham, Georgia for the year ended June 30, 2008, we considered the district's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal controls.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated December 12, 2008 on the financial statements of the district.

This report is intended for the information of the board, audit committee, management, and others within the organization and should not be used by anyone other than those specified parties.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with the various district personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,
KARP, RONNING & TINDOL, P.C.
Certified Public Accountants

Karp, Ronning & Tindol, P.C.

December 12, 2008

Reconciliation of general ledger accounts within the School Food Service fund

During audit procedures performed over inventories and prepaid asset accounts of the School Food Services fund we noted two discrepancies that related to how the school food service balance sheet accounts were reconciled to supporting documentation and the subsequent general ledger adjustment. In both cases, the adjusting journal entry was inadvertently not recorded or was recorded incorrectly. This resulted in an overstatement in the inventory account balance of \$357,073 and an overstatement in the prepaid account balance of \$49,869. Proposed audit adjustments were accepted and recorded by the finance department to correct the school food service fund asset accounts.

We recommend that the reconciliation process be reviewed and modifications be designed to ensure that the general ledger balances are in agreement with the reconciliation and supporting documentation.

Management's response: Management concurs with this recommendation. The Accounting Department procedures will be developed to address this by March 1, 2009.

Errors noted in the claiming process of the School Nutrition program

Each school provides a meal count report for student receiving free or reduced price meals to the finance department. The reports from the schools are data entered by the finance personnel into a spreadsheet that becomes the basis for the reimbursement request submitted to the Georgia Department of Education, under the federally funded School Nutrition program. We examined the claiming process for 2 months of 5 schools and noted data entry errors within the spreadsheet that amounted to a total amount over claimed for reimbursement of \$240. The claiming process is manual and no control totals are determined as an independent verification against the data entered into the spreadsheet. In addition, there is no oversight or independent monitoring to ensure that the data provided on the claiming for reimbursement is accurate.

We recommend that the claim for reimbursement process be evaluated and modified to include control totals that can be agreed to the spreadsheet following data entry and an independent reconciliation between the meal count reports and the spreadsheet.

Management's response: Management concurs with this recommendation. Under the current process, meal counts are entered twice into a spreadsheet and then both meal count totals are manually compared to make sure they agree. However, in this case the difference was accidentally overlooked. The spreadsheet will be modified to calculate differences to reduce the reliance on manual comparison. This will be completed by March 1, 2009. In addition, the Accounting Department is investigating the possibility of configuring the meal count software to automatically provide control totals.

Complete documentation of internal control components

During our consideration of internal control over the preparation of the financial statements for the purpose of planning our audit, we noted that management had completed the first phase of an approved multi-year project in documenting its existing control system. We noted that progress on the project is being achieved as scheduled. However, since the project is still in process, we cannot conclude that the district has adequately documented the internal control components over financial reporting and compliance with laws and regulations.

Memorandum to Management Letter

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We recommend that the district continue to complete the phases as identified in the approved plan ensuring that the completed internal control guide addresses the five interrelated components of internal control over financial reporting and compliance with laws and regulations.

Management's response: Management concurs with this recommendation and will continue the process of documenting the district's internal control system.