

Franklin Public Schools
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To: Wayne Ogden, Superintendent of Schools

From: Miriam A. Goodman, School Business Administrator

Date: July 1, 2008

Re: Audit Information – FYE June 30, 2007

Recently you received a copy of the Town Financial Statements for the fiscal year ending June 30, 2007, and, in addition you have received the Single Audit Report, the Management Letter, and a draft of the report auditing the FY07 End of Year Pupil and Financial Report. Given the massive amount of information in these documents, I would like to take this opportunity to summarize some of the major points identified in these reports.

Financial Statements As you are aware, the School Department ended the fiscal year 2007 with at deficit of \$581,033. Overall, at the end of the year, the Town maintained \$2,443,735 as undesignated fund balance in the General Fund, and \$6,709,846 in the Stabilization fund.

Management Letter All of the comments identified in the Management Letter pertain to operations on the Town side. However, two findings relate to the Schools:

Finding #1 Establish Written Policies and Procedures Over Departmental Receipts- This may ultimately affect the schools and the way that receipts are handled at the point of receipt in the school to the business office and ultimately to the Treasurer's office. I will be meeting with the Town Treasurer to discuss the procedures in place and identify any further controls that need to be implemented in accordance with this finding.

Finding #6 Improve Controls and Limit Access to General Ledger- This will affect the business office in that instead of posting journal entries directly into the MUNIS system, I will issue a memo to the Town Comptroller explaining the need for the entry, and, with approval, the Town officials will make the entry. I do not foresee any problem with this as long as entries are posted in a timely fashion. The Town Comptroller and I have discussed this issue and we will be meeting this week to further implement additional controls as well.

Single Audit Most of the findings in the Single Audit mirror those in the Management Letter. However, 07-4 is a finding that relates to the School Department that was modified from a prior year finding (06-1) which was partially addressed. The issue relates to the guidelines that require employees to document their time worked on Federal Grants. I have attached a copy of the Corrective Action Plan that I submitted to the Department of Education and the Federal Government and which is already being implemented. I believe, and our auditors concur, that this plan will satisfy the requirements.

End of Year Report Overall, the findings identified in this report reflect minor issues, according to our auditors. Nevertheless, I have already contacted our consultant for his feedback on this report and we have engaged in preliminary discussions as to data collection and procedural changes that can be implemented in order to minimize further issues during the completion of the FY08 EOY Report.

Please do not hesitate to contact me if you have any questions relating to the information provided.