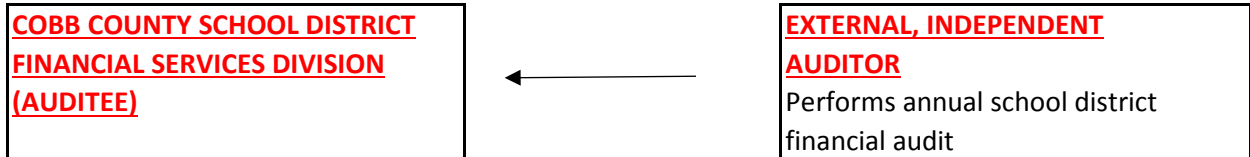




INTERNAL CONTROL EFFECTIVENESS AND FINANCIAL PROCEDURES FOCUS FOR THE COBB COUNTY SCHOOL DISTRICT

The Financial Services Division has created an excellent internal control environment that promotes accountability and demands detailed financial procedures. Each year, the district undergoes a battery of financial and performance audits. These audits are performed by professional, external, independent auditors and provide a level of assurance that taxpayer funds are being handled in the highest legal, ethical and professional manner.

1 Cobb County School District Financial Services Division



Description:

All Cobb County School District Financial Operations and Financial Reporting

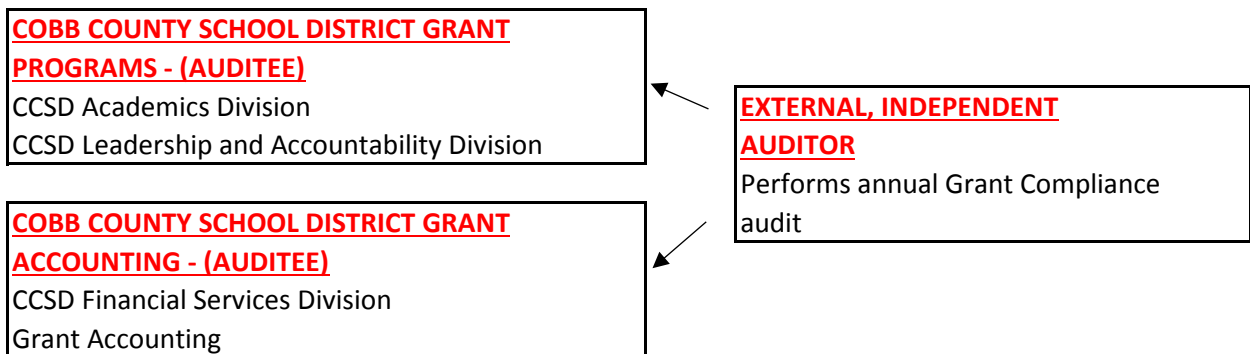
Audit Coordination:

An External, Independent Auditor is engaged to evaluate internal controls, procedures and financial statements. The goal is to determine if fiscal year end financial statements are fairly presented in accordance with generally accepted accounting principles.

Audit Performance:

An External, Independent Auditor performs an independent audit, prepares comments and findings and presents their audit directly to the School Board at a regularly, scheduled Board Meeting.

2 Cobb County School District Federal Grant Programs



Description:

All Federal Grants are subject to the Single Audit Act. This audit serves as the official audit review for all state and federal agencies.

Audit Coordination:

An External, Independent Auditor is engaged to evaluate grant guidelines and provide an opinion if selected grant programs are in compliance with grant requirements.

Audit Performance:

An External, Independent Auditor performs an independent audit, prepares comments and findings and presents their audit directly to the School Board at a regularly, scheduled Board Meeting.

3 Student Activity Accounting

SCHOOL - (AUDITEE)
Principal and Bookkeeper
Note: The Bookkeeper reports to the Principal.

EXTERNAL, INDEPENDENT AUDITOR
Performs annual school financial compliance audit.

CCSD INTERNAL COMPLIANCE
Provides Principal & Bookkeeper financial training & financial assistance guidance and develops financial procedures and policies for schools.

Description:

All Local School Principals are responsible for managing their school's Student Activity Funds. Principals hire Bookkeepers to perform the school's financial activities.

Audit Coordination:

An External, Independent Auditor performs an independent compliance audit, prepares comments and results and presents their audit directly to the Principal and Bookkeeper at the school location. Principals are responsible for preparing a response to the Auditor's results.

Local School Audit Performance:

All CCSD schools receive an external audit each year which documents the financial performance of Principals and Bookkeepers. The CCSD Internal Compliance Department is available for schools as a financial advisor, trainer and developing school financial procedures. An Assistant Superintendent is assigned to supervise each Principal and their audit performance is included as part of the Principal and Bookkeeper's annual evaluations.

4 SPLOST/Capital Projects Program

SPLOST/CAPITAL PROJECTS DEPARTMENT (AUDITEE)
CCSD Operations Division
School Construction/Technology

SPLOST/CAPITAL PROJECTS ACCOUNTING (AUDITEE)
CCSD Financial Services Division
SPLOST Accounting

EXTERNAL, INDEPENDENT SPLOST AUDITOR
Performs annual SPLOST Performance audit.

Description:

SPLOST and Capital Project Construction and Technology Program



INTERNAL CONTROL EFFECTIVENESS AND FINANCIAL PROCEDURES FOCUS FOR THE COBB COUNTY SCHOOL DISTRICT

Audit Coordination:

An External, Independent Auditor performs an annual Performance Audit. This audit is a review to comment on program objectives to determine whether:

- (1) Construction projects and equipment purchases were executed in accordance with the SPLOST resolution approved by the Cobb County Citizens;
- (2) The school district has established and adhered to specific policies regarding the requisitions and approvals and the selection of contractors for its construction projects and vendors for significant equipment purchases;
- (3) Management is monitoring the progress of construction projects through routine status checks on site in addition to continual budget versus actual comparisons throughout all phases of construction;
- (4) There is effective communication to the Board of Education on the status of SPLOST projects and on any issues that may arise during the course of a SPLOST cycle such as lower than projected collections and major construction project change orders;
- (5) Accumulated sales tax proceeds are invested in a manner that yields a competitive investment return for the school district while remaining compliant with the deposit and investment guidelines set forth by the State of Georgia.

Audit Performance:

An External, Independent Auditor performs an independent audit, prepares comments and findings and presents their audit directly to the School Board at a regularly, scheduled Board Meeting.