



SINGLE AUDIT REPORT • FISCAL YEAR 2021

DeKalb County Board of Education

Stone Mountain, Georgia

Greg S. Griffin | State Auditor

Kristina A. Turner | Deputy State Auditor



DOAA

Georgia Department
of Audits & Accounts

DeKalb County Board of Education

Table of Contents

Independent Auditor's Reports

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Reports on Compliance for Each Major Federal Program and on Internal Control Over Compliance and on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Schedule of Findings and Questioned Costs

Section I - Summary of Auditor's Results

Section II - Financial Statement Findings

Section III - Federal Award Findings and Questioned Costs

Schedule of Expenditures of Federal Awards

Summary Schedule of Prior Audit Findings

Management's Corrective Action Plan for Current Year Findings

(This page left intentionally blank)



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Dr. Vasanne Tinsley, Interim Superintendent and Members of the
DeKalb County Board of Education

We have audited the financial statements of the governmental activities and each major fund of the DeKalb County Board of Education (School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated March 31, 2022. We conducted our audit in accordance with the 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain

(This page left intentionally blank)

deficiencies in internal control, described in the accompanying *Schedule of Findings and Questioned Costs* in findings FS 2021-001, FS 2021-002, and FS 2021-003 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

School District's Response to Findings

The School District's response to the findings identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin".

Greg S. Griffin
State Auditor

March 31, 2022

(This page left intentionally blank)



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

INDEPENDENT AUDITOR'S REPORTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Dr. Vasanne Tinsley, Interim Superintendent and Members of the
DeKalb County Board of Education

Report on Compliance for Each Major Federal Program

We have audited the DeKalb County Board of Education's (School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021. The School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the School District's 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

(This page left intentionally blank)

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying *Schedule of Findings and Questioned Costs* in finding FA 2021-001. Our opinion on each major federal program is not modified with respect to this matter.

The School District's response to the noncompliance finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying *Schedule of Findings and Questioned Costs* in finding FA 2021-001 that we consider to be a significant deficiency.

(This page left intentionally blank)

The School District's response to the internal control over compliance finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities and each major fund of the School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. We issued our report thereon dated March 31, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying *Schedule of Expenditures of Federal Awards* is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied by us and other auditors in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *Schedule of Expenditures of Federal Awards* is fairly stated in all material respects in relation to the basic financial statements as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin".

Greg S. Griffin
State Auditor

May 27, 2022

(This page left intentionally blank)

Schedule of Findings and Questioned Costs

The *Schedule of Findings and Questioned Costs* (Schedule) was prepared in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule contains the following sections:

Section I - Summary of Auditor's Results

A summary of the results of our audit and a list of the DeKalb County Board of Education's (School District) major federal programs are presented in this section of the Schedule.

Section II - Financial Statement Findings

This section presents findings related to the financial statements, including any material weaknesses or significant deficiencies in internal control over financial reporting and noncompliance and other matters that are required to be reported in accordance with *Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs

This section presents federal award findings and questioned costs. Findings are reported for material weaknesses or significant deficiencies in internal control over compliance and material noncompliance with the compliance requirements that have a direct and material effect on each of the School District's major federal programs and other findings and questioned costs that are required to be reported pursuant to Title 2 CFR 200.516(a).

(This page left intentionally blank)

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:
Governmental Activities and Each Major Fund Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? Yes

Noncompliance material to financial statements noted: No

Federal Awards

Internal Control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? Yes

Type of auditor's report issued on compliance for major programs:

All major programs Unmodified

Any audit findings disclosed that are required to be reported in
accordance with 2 CFR 200.516(a)? Yes

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Assistance Listing Program or Cluster Title</u>
84.027, 84.173	Special Education Cluster
84.424	Student Support and Academic Enrichment
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000.00

Auditee qualified as low-risk auditee? No

(This page left intentionally blank)

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

II FINANCIAL STATEMENT FINDINGS

FS 2021-001 Strengthen Oversight of the Information System Conversion

Internal Control Impact:	Significant Deficiency
Compliance Impact:	None

Description:

The DeKalb County Board of Education (School District) should strengthen oversight of its information system conversion from its legacy human resources/payroll (HR/Payroll) and financial system to its new financial system.

Background Information:

The School District's management began a conversion project in September 2019 to replace its legacy financial and HR/payroll systems with one new financial system.

Criteria:

Best practices include forming an implementation team with an overall project manager that has the knowledge and responsibility to implement a conversion project from start to finish. In addition, a clear detailed implementation plan with sound business goals should be put in place at the beginning of the conversion project. The detailed conversion plan should include a cutoff date. The cutoff date is set to provide an end date to running the legacy systems and gives the implementation team a goal to analyze the new system and make a determination to move forward with the new financial system and sunset the legacy systems or roll back to the legacy systems.

Condition:

Two years after the conversion project began, the School District continued to operate its legacy system while running its new financial system. Continued delays in finalizing the legacy financial and HR/payroll systems conversion to the new financial system increases the cost and complexity of operations and creates ongoing risks to data integrity and a potential for significant financial misclassification and/or omissions, the exposures of which are outlined below:

- Redundant license fees for two financial accounting applications.
- Increased infrastructure, IT personnel, and external consultants' costs of maintaining both legacy and new accounting systems.
- Increased IT staff workload.
- Lack of consistent data transfer completeness and accuracy verification checks such as record counts and/or amounts.
- Manual data transfers from legacy system to the new financial system which do not provide assurance of consistent operation.
- Loss of vendor detail results during data transfers between legacy accounting and the new financial system due to format inconsistencies between the two applications.
- Risk of duplicate transactions being entered into both the legacy system and the new financial system as some material account balances are being entered into both systems.
- Greater risk of accountants making errors due to the increased complexity of accounting tasks.

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

In addition, there is a lack of segregation of duties in both the financial data entry and the data transfer processes. One individual is heavily involved in data preparation and data entry combined with executing all data transfer tasks including data extraction from legacy accounting, data manipulation/formatting in Excel, then data import to the new financial system and reconciliation of the transfer.

Cause:

Inadequate project management contributed to all conditions. The School District lacked sufficient communication between management, project staff, IT staff, HR staff and accounting staff to consider the impacts of extending the use of the legacy system while operating the new financial system simultaneously. There was no detailed project plan or timely course correction when the new financial system implementation target dates were missed.

Effect:

Without effective controls over a single accounting system, the School District increases its risk of not detecting errors or omissions in its accounting and HR/payroll data. Failure to move to a single accounting system in a timely manner increases the risk that waste in resources and funds could occur, resulting in unnecessary costs to the School District. Also, operating multiple systems for the same types of transactions increases the burden on the School District's personnel workload potentially leading to employee turnover.

Recommendation:

School District management should identify a project manager responsible for completing the conversion process and provide the necessary resources to the project manager to complete the system conversion. A detailed completion plan that addresses finalizing the system conversion to one stable and supported system should be put in place. This plan should include:

- A project schedule and cutoff date.
- The remaining tasks listed in detailed manageable pieces of work with due dates.
- Individuals assigned to work on each task instead of the tasks being assigned to a general workgroup or team.
- A communication plan which identifies what needs to be coordinated with and communicated to each employee or contractor affected by the conversion from the legacy system to the new financial system.
- Business process reengineering plan for the Human Resources, Payroll and Finance departments.

Views of Responsible Officials:

We concur with this finding.

FS 2021-002 Strengthen Information Technology General Controls

Internal Control Impact:	Significant Deficiency
Compliance Impact:	None

Description:

The DeKalb County Board of Education (School District) should strengthen information technology general controls over its financial and human resource/payroll (HR/payroll) systems.

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

Background Information:

The School District relies extensively on its financial systems to manage initiation, authorization, recording and processing of financial transactions. Controls over these systems are essential for protecting the integrity, availability, and confidentiality of financial and HR/payroll data. The School District's management began a conversion project in September 2019 to replace its legacy financial and HR/payroll systems with one new financial system.

Criteria:

The School District is responsible for the effective operation of financial systems and related control activities. This includes information technology general controls (ITGCs) which are designed to ensure the integrity, availability, and confidentiality of the financial information. It also includes the implementation of policies and procedures that support the effective operation of the ITGCs.

Condition:

We noted the School District did not have adequate general controls in operation to protect the integrity, availability and confidentiality of information maintained in significant financial applications.

In accordance with the Official Code of Georgia (O.C.G.A.) § 50-6-9(b), due to the sensitive nature of the deficiencies noted, we have communicated the findings to management and to those charged with governance, however we have elected not to issue the specific findings to the public.

Cause:

Management stated that the delay in implementation of the new system for over two years has caused certain issues to continue due to the legacy system's limitations.

Continued implementation efforts were cited for the issues noted in the new system.

Effect:

The conditions noted do not promote integrity, availability, and confidentiality of information assets and the ability to achieve business objectives.

Recommendation:

The School District should strengthen information technology general controls, including complete development of IT policies and procedures. Strengthening general controls will assist in ensuring the integrity of information which is utilized by management for decision making and financial reporting.

Full transition to the School District's accounting system, combined with sunseting the legacy accounting application, will strengthen the overall control environment due to elimination of existing legacy accounting control issues.

Views of Responsible Officials:

We concur with this finding.

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

FS 2021-003 Strengthen Controls over Employee Compensation

Internal Control Impact: Significant Deficiency

Compliance Impact: None

Description:

The School District's policies and procedures were insufficient to provide adequate internal controls over the employee compensation process.

Criteria:

The School District's management is responsible for maintaining internal controls that provide reasonable assurance that transactions are processed according to established procedures.

Condition:

- Our review of 32 employees' salaries revealed the following deficiencies:
 - Documentation to support years of experience on employee pay scales could not be provided for 26 employees.
 - Two employees were paid above their respective salary scales, resulting in overpayments of \$399.23 and \$2,738.22.
 - One employee's salary was paid on the incorrect salary scale and supporting documentation could not be provided to support salary changes made during the year, resulting in an overpayment of \$838.35.
 - One employee was overpaid \$546.00 for an athletic supplement.
 - One employee's payout for unused vacation time exceeded the allowable amount in the compensated absences policy, resulting in an overpayment of \$1,760.01.
- One employee received a \$10,000.00 doctoral degree supplement for executive positions, but the employee did not hold a doctoral degree.
- The School District did not have a formal policy in place for awarding or approving supplements. A supplement request form must be completed and approved, but there was no policy in place to prevent an employee in a leadership role from completing and approving a form for employees who work under them.
- Several issues were noted related to compensated absences, including the following:
 - 47 employees accrued more than the maximum allowed 320 hours of vacation leave at year-end.
 - 112 employees had negative accrued hours at year-end because they were allowed to use more hours than they had earned.
 - 165 employees had a compensated absence balance with a negative dollar value at year-end.
- Additional salary testing performed during our review of the Elementary and Secondary Emergency Relief Fund program revealed pay issues from the general fund including undocumented supplements, extra pay and docked pay for ten employees. In addition, off scale payments and a salary underpayment were noted for three employees.

Cause:

In discussing these deficiencies with the School District, they stated that these issues result from a lack of managerial oversight within the Human Resources and Payroll Departments as well as the failure to maintain and produce documentation to support compensation paid to employees.

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

Effect:

The lack of adequate controls over the employee compensation process may result in misstatements which may not be detected and corrected by management.

Recommendation:

The School District should review the controls and procedures currently in place related to employee compensation and compensated absences, identify weaknesses, and design and implement procedures necessary to strengthen controls over these processes.

Views of Responsible Officials:

We concur with this finding.

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA 2021-001 Strengthen Controls over Expenditures

Compliance Requirement:	Activities Allowed or Unallowed Allowable Costs / Cost Principles
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	Georgia Department of Education
AL Number and Title:	COVID-19 84.425D – Elementary and Secondary School Emergency Relief Fund
Federal Award Number:	S425D210012 (Year: 2021) S425D20012 (Year: 2020)
Questioned Costs:	\$29,094

Description:

A review of expenditures charged to the Elementary and Secondary Emergency Relief Fund programs (Assistance Listing Number 84.425D) revealed that the School District's internal control procedures were not operating to ensure that expenditures were appropriately documented to support allowability.

Background Information:

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law. The CARES Act was designed to mitigate the economic effects of the COVID-19 pandemic in a variety of ways, including providing additional funding for local educational agencies (LEAs) navigating the impact of the COVID-19 outbreak.

Provisions included in Title VIII of the CARES Act created the Education Stabilization Fund to provide financial resources to educational entities to prevent, prepare for, and respond to coronavirus. The CARES Act allocated \$30.75 billion, the Coronavirus Response and Relief Supplemental Appropriations Act allocated an additional \$81.9 billion, and the America Rescue Plan Act added \$165.1 billion in funding to the Education Stabilization Fund. Multiple Education Stabilization Fund subprograms were created and allocated funding through the various COVID-19-related legislation. Of these programs, the Elementary and Secondary School Emergency Relief (ESSER) Fund was created to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools across the nation.

ESSER funding was granted to the Georgia Department of Education (GaDOE) by the U.S. Department of Education (ED). GaDOE was responsible for distributing funds to LEAs and overseeing the expenditure of funds by LEAs. ESSER funds totaling \$43,030,709 were expended and reported on the DeKalb County Board of Education's *Schedule of Expenditures of Federal Awards* (SEFA) for fiscal year 2021.

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

Criteria:

As a recipient of federal awards, the School District is required to establish and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

In addition, provisions included in Title VIII of the CARES Act state that the Education Stabilization Fund was established “to prevent, prepare for, and respond to coronavirus.” Specifically, Section 18003(d) of the CARES Act lists 12 allowable uses of ESSER funds by LEAs.

Furthermore, provisions included in the Uniform Guidance, Section 200.403 – Factors Affecting Allowability of Costs state that “costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles, (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items, (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity... (g) Be adequately documented...”

Lastly, provisions included in the Uniform Guidance, Section 200.430 – Compensation-Personal Services prescribe standards for documentation of personnel expenses and state, in part, that “(a) ... Costs for compensation are allowable to the extent that they satisfy... specific requirements..., and that the total compensation for individual employees: (1) is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities; (2) Follows an appointment made in accordance with a non-Federal entity’s laws and/or rules or written policies and meets the requirements of Federal statute, where applicable; and (3) Is determined and supported as provided in paragraph (i)..., [as follows:] (i) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must: (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated; (ii) Be incorporated into the official records of the non-Federal entity...”

Condition:

A random sample of 60 employees was selected for testing using a non-statistical sampling approach. These employees were reviewed to determine if internal controls were properly functioning, and applicable compliance requirements were met. The following deficiencies were noted:

- Three Human Resources/Payroll employees received supplements totaling \$23,000 for which Board approval was not obtained and documentation did not exist to evidence additional work performed.
- The School District could not provide documentation for salary payments totaling \$3,320 to two employees.
- One employee received a retention bonus in the amount of \$1,413 but was not classified under an eligible job code for such payment.
- Documentation could not be provided to support the rate paid to one employee and resulted in a total overpayment of \$1,361.

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

Questioned Costs:

Upon testing a sample of \$131,698 in personal services expenditures, known questioned costs of \$29,094 were identified for expenditures not supported by adequate documentation. Using the total nonpersonal services expenditure population of \$37,797,179 (excluding benefits payments), we project the likely questioned costs to be approximately \$959,493.

Cause:

In discussing these deficiencies with management, they stated that preliminary guidance associated with the ESSER program was ambiguous, and cumulative, clarifying guidance was not published until more than a year after the initial ESSER funding was allocated to the School District. Therefore, the School District misinterpreted the initial guidance that was available at the beginning of Fiscal Year 2021. Therefore, there was a lack of internal controls over salaries paid with ESSER funding.

Effect:

The School District is not in compliance with the Uniform Guidance or ED guidance related to the ESSER program. Failure to ensure that appropriate documentation exists to support the allowability of payments from the ESSER fund may expose the School District to unnecessary financial strains and shortages as ED or GaDOE may require the School District to return funds associated with improperly documented expenditures.

Recommendation:

The School District should review current internal control procedures related to ESSER program expenditures. Where vulnerable, the School District should develop and/or modify its policies and procedures to ensure that expenditures are appropriately documented and reflect the connection to the purpose of the ESSER program funds, which is "to prevent, prepare for, and respond to coronavirus." Furthermore, management should develop and implement a monitoring process to ensure that controls are operating appropriately.

Views of Responsible Officials:

We concur with this finding.

Schedule of Expenditures of Federal Awards

Schedule of Expenditures of Federal Awards

The *Schedule of Expenditures of Federal Awards* (Schedule) is presented for purposes of additional analysis as required by the Uniform Guidance. The Schedule provides a summary of the DeKalb County Board of Education federal program expenditures for the fiscal year ended June 30, 2021.

The Schedule presents total federal awards expended for each individual federal program, cluster, and federal awarding agency.

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	215GA324N1199	\$ 6,163,109.71
National School Lunch Program	10.555	215GA324N1199	10,829,958.12
Total U. S. Department of Agriculture			<u>16,993,067.83</u>
Education, U. S. Department of			
Education Stabilization Fund			
Pass-Through From Georgia Department of Education			
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200012	25,224,000.84
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210012	17,806,708.16
Total Education Stabilization Fund			<u>43,030,709.00</u>
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027A	H027A190073	540,965.05
Grants to States	84.027A	H027A200073	16,792,656.64
Preschool Grants	84.173A	H173A190080	38,089.34
Preschool Grants	84.173A	H173A200081	269,323.95
Total Special Education Cluster			<u>17,641,034.98</u>
Other Programs			
Direct			
Small, Rural Education Achievement Program	84.358A	S358A200821	114,067.74
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048A	V048A200010	1,282,102.78
Education for Homeless Children and Youth	84.196A	S196A190011	37,043.71
Education for Homeless Children and Youth	84.196A	S196A200011	30,151.82
English Language Acquisition Grants	84.365A	S365A190010	1,022,204.55
Migrant Education - State Grant Program	84.011	S011A190011	4,763.00
Special Education - State Personnel Development	84.323A	H323A170010	2,979.42
Student Support and Academic Enrichment Program	84.424A	S424A190011	2,150,641.84
Student Support and Academic Enrichment Program	84.424A	S424A200011	2,018,941.68
Supporting Effective Instruction State Grants	84.367A	S367A190001	3,621,315.81
Supporting Effective Instruction State Grants	84.367A	S367A200001	430,818.27
Title I Grants to Local Educational Agencies	84.010A	S010A190010	20,753,749.39
Title I Grants to Local Educational Agencies	84.010A	S010A200010	25,093,495.32
Total Other Programs			<u>56,562,275.33</u>
Total U. S. Department of Education			<u>117,234,019.31</u>

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Other Federal Grants			
Department of Juvenile Justice			
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738		39,903.46
Department of Health and Human Services			
Human Trafficking Youth Prevention Education Grant	93.327		121,967.55
Total Other Programs			<u>161,871.01</u>
Defense, U. S. Department of			
Direct			
Department of the Air Force			
R.O.T.C. Program	12.UNKNOWN		552,333.43
Department of the Navy			
R.O.T.C. Program	12.UNKNOWN		1,008,388.66
Department of the Army			
R.O.T.C. Program	12. UNKNOWN		149,907.51
Total U.S. Department of Defense			<u>1,710,629.60</u>
Total Expenditures of Federal Awards			<u>\$ 136,099,587.75</u>

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the DeKalb County Board of Education (the "Board") under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position or changes in net position of the Board.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

(This page left intentionally blank)

Summary Schedule of Prior Audit Findings

(This page left intentionally blank)

DEKALB COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

FS 2020-001 Controls over Financial Reporting

Repeat of Prior Year Finding: FS 2019-001, FS 2018-001, FS 2017-001

Finding Status: Previously Reported Corrective Action Implemented

FS 2019-001 Controls over Financial Reporting

Repeat of Prior Year Finding: FS 2018-001, FS 2017-001

Finding Status: Previously Reported Corrective Action Implemented.

FS 2018-001 Controls over Financial Reporting

Finding Status: Previously Reported Corrective Action Implemented.

FS 2017-001 Controls over Financial Reporting

Finding Status: Previously Reported Corrective Action Implemented.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA 2020-001 Improve Controls over Equipment

Federal Awarding Agency: U.S. Department of Education

Pass-Through Entity: Georgia Department of Education

Repeat of Prior Year Finding: FA 2019-001, FA 2018-001, FA 2017-001, FA 2016-001

Finding Status: Partially Resolved

Management agrees this finding is not fully resolved. A process for fully tracking school food equipment is now in place and regular inspections of kitchen locations are performed and reviewed. To ensure more satisfactory compliance with 2 CFR 200.313, equipment tracking forms in use have been updated to include explicit consideration of required categories not previously reported such as federal participation in the cost, the source of funding with associated FAIN numbers and who holds title.

DEKALB COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2019-001 Controls over Equipment

Federal Awarding Agency: U.S. Department of Education
Pass-Through Entity: Georgia Department of Education
Repeat of Prior Year Finding: FA 2018-001, FA 2017-001, FA 2016-001

Finding Status: Partially Resolved

See response to finding number FA 2020-001.

FA 2018-001 Controls over Equipment

Federal Awarding Agency: U.S. Department of Education
Pass-Through Entity: Georgia Department of Education
Repeat of Prior Year Finding: FA 2017-001, FA 2016-001

Finding Status: Partially Resolved

See response to finding number FA 2020-001.

FA 2017-001 Controls over Equipment

Federal Awarding Agency: U.S. Department of Education
Pass-Through Entity: Georgia Department of Education
Repeat of Prior Year Finding: FA 2016-001

Finding Status: Partially Resolved

See response to finding number FA 2020-001.

FA 2016-001 Controls over Equipment

Federal Awarding Agency: U.S. Department of Education
Pass-Through Entity: Georgia Department of Education

Finding Status: Partially Resolved

See response to finding number FA 2020-001.

DEKALB COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA 2020-002 Improve Controls over Procurement

Federal Awarding Agency: U.S. Department of Education
Pass-Through Entity: Georgia Department of Education
Repeat of Prior Year Finding: FA 2019-002, FA 2018-002, FA 2017-002

Finding Status: Previously Reported Corrective Action Implemented

FA 2019-002 Inadequate Controls over Procurement and Suspension and Debarment

Federal Awarding Agency: U.S. Department of Education
Pass-Through Entity: Georgia Department of Education
Repeat of Prior Year Finding: FA 2018-002, FA 2017-002

Finding Status: Previously Reported Corrective Action Implemented

FA 2018-002 Controls over Procurement and Suspension and Debarment

Federal Awarding Agency: U.S. Department of Education
Pass-Through Entity: Georgia Department of Education

Finding Status: Previously Reported Corrective Action Implemented

FA 2017-002 Controls over Procurement and Suspension and Debarment

Federal Awarding Agency: U.S. Department of Education
Pass-Through Entity: Georgia Department of Education

Finding Status: Previously Reported Corrective Action Implemented

(This page left intentionally blank)

Management's Corrective Action Plan

(This page left intentionally blank)



Dr. Vasanne S. Tinsley, Interim Superintendent

Mrs. Vickie B. Turner, Board Chair
Mr. Dijon DaCosta, Vice Chair
Mrs. Anna Hill
Mr. Marshall D. Orson
Mrs. Deirdre Pierce
Mrs. Allyson Gevertz
Dr. Joyce Morley

CORRECTIVE ACTION PLANS - FINANCIAL STATEMENT FINDINGS

FS 2021-001 Strengthen Oversight of the Information System Conversion

Internal Control Impact: Significant Deficiency
Compliance Impact: None

Description:

The DeKalb County Board of Education (School District) should strengthen oversight of its information system conversion from its legacy human resources/payroll (HR/Payroll) and financial system to its new financial system.

Corrective Action Plans:

We accept the recommendations. We have identified the first quarter of 2023 for the scheduled cut over from the legacy financial system to the Tyler Munis ERP system.

Estimated Completion Date: 03-31-2023

Contact Person: Charles Burbridge, Chief Financial Officer

Telephone: 678.438.6887

Email: charles_burbridge@dekalbschoolsga.org

FS 2021-002 Strengthen Information Technology General Controls

Internal Control Impact: Significant Deficiency
Compliance Impact: None

Description:

The DeKalb County Board of Education (School District) should strengthen information technology general controls over its financial and human resource/payroll (HR/payroll) systems.

Corrective Action Plans:

The DeKalb County School District accepts the recommendations. The district is actively working to strengthen general controls, expand staffing, and ensure Information Technology policies and procedures are adopted by all users.

Estimated Completion Date: 06-30-2023

Contact Person: [Monika Davis, Chief Information Officer](#)
Telephone: 678.676.1000
Email: monika_davis@dekalbschoolsga.org

FS 2021-003 Strengthen Controls over Employee Compensation

Internal Control Impact: Significant Deficiency
Compliance Impact: None

Description:

The School District's policies and procedures were insufficient to provide adequate internal controls over the employee compensation process.

Corrective Action Plans:

Management is currently developing and finalizing a plan to strengthen internal controls relative to the issuance of supplements, compensation, and leave reporting. Prior to the end of the current reporting cycle, vacation leave balances will be reviewed for compliance with current policy and reporting guidelines. Management will furthermore conduct a comprehensive review of human resource related policies and identify critical updates needed. Management will also review the current practice of above scale employees and take necessary steps to ensure policy is followed and any appropriate board approvals completed. Any exceptions that remain due to the impacts of prior salary studies will be clearly communicated, documented, and approved.

Please note that the Interim CHRO transitioned into a new position effective May 23, 2022.

Estimated Completion Date: 06-30-2023

Contact Person: [CHRO and Karen Beadles, Director of HR, Total Rewards](#)
Telephone: 678-676-0168 & 678-676-0557
Email: karen_beadles@dekalbschoolsga.org

CORRECTIVE ACTION PLANS - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA 2021-001 Strengthen Controls over Expenditures

Compliance Requirement: Allowable Costs / Cost Principles – Direct Costs
Internal Control Impact: Significant Deficiency
Compliance Impact: Nonmaterial Noncompliance
Federal Awarding Agency: U.S. Department of Education
Pass-Through Entity: Georgia Department of Education
Assistance Listing Number and Title: Education Stabilization Fund (84.425)
Federal Award Number: S425D210012
Questioned Costs: \$959,493.00

Description:

A review of expenditures charged to the Elementary and Secondary Emergency Relief Fund programs (Assistance Listing 84.425D) revealed that the School District's internal control procedures were not operating to ensure that expenditures were appropriately documented to support allowability.

Corrective Action Plans:

We concur with the finding. We will work with all entities to ensure that all existing internal controls are adhered to by developing and implementing an improved monitoring process.

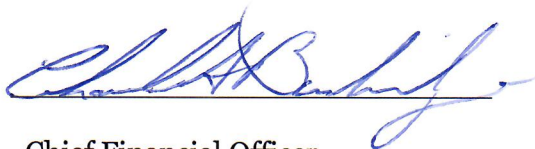
Estimated Completion Date: 08-01-2022

Contact Person: Shaun Thompson, Title I and ESSER Director

Telephone: 678-676-0452

Email: Shaun_O_Thompson@dekalbschoolsga.org

Signature:

A handwritten signature in blue ink, appearing to read 'Shaun Thompson', written over a horizontal line.

Title:

Chief Financial Officer