



FY21 Audit Results



Agenda

Audit Opinion

Status of Prior Year Findings

Financial Statement Preparation Improvements

Current Year Findings

Other Deficiencies

Senate Bill 68

Financial Statement Audit Opinion

Type of Auditor's Report Issued:

Governmental Activities; All Major Funds; Aggregate Remaining Fund Information

Unmodified Opinion

Note: An unmodified opinion is a “clean” opinion where the auditor expresses that financial statements are presented, in all material respects, in accordance with applicable financial reporting framework (GASB).

Status of Prior Year Findings

Material Weaknesses:

- Financial Reporting: **Fully Cleared**

Significant Deficiencies:

- Special Education Cluster – Controls over procurement: **Fully Cleared**
- Child Nutrition Cluster – Improve controls over equipment: **Partially Resolved - Finding did not repeat in the current year section, but still present on the Single Audit report**

*A **material weakness** is a deficiency of such that there is a reasonable possibility that a material misstatement to the financial statements will not be prevented or detected by internal controls*

*A **significant deficiency** is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness*

Financial Statement Process Improvements

- New annual financial statement preparation strategy deployed for FY21 that improves:
 - **Financial Prep Journal Entries:** Reduces the need and volume of manual entries (44 manual entries on the Government-Wide trial balance in FY20 versus only 20 in FY21)
 - **Allocation Precision:** Improves precision of functional expense allocations
 - **Financial Controls:** Embeds automated checkpoints on the face of the exhibits to ensure the overall integrity of the financial statements
 - *Example: Fund Balance reported on Exh E will now flag if different from Exh C*
 - **Note Disclosure Controls:** Embeds detailed reconciliations for every note disclosure, ensuring note disclosure detail agrees back to summary detail on the financial statements
 - *Example: Recon embedded for Long-Term Debt detail will now flag if not reconcilable to Long-Term Debt summary reported on Exh A*

Financial Statement Improvements

Financial Statement Category	FY 2021	FY 2020
Pension Expense Allocations (Gov't Activities)	No Errors Reported	Errors Reported – Percentages used didn't follow GDOE guidelines
Accounts Payable & Capital Outlay Expenditures (Gov't Activities & Capital Projects)	No Errors Reported	Errors Reported – Duplication of expenditures
Expense Allocations (Gov't Activities)	No Errors Reported	Errors Reported – Percentages used to allocate between modified & full accrual incorrect

Financial Statement Improvements

Financial Statement Category	FY 2021	FY 2020
State Revenue (Gov't Activities & General)	No Errors Reported	Errors Reported – Duplication of receivables
Property Tax Revenue (Gov't Activities & General)	No Errors Reported	Errors Reported – FY21 revenue incorrectly recognized in FY20
Revenue Allocations (Gov't Activities)	No Errors Reported	Errors Reported – Percentages used to allocate incorrect

Financial Statement Improvements

Financial Statement Category	FY 2021	FY 2020
Deposits & Cash Equivalents Note Disclosure	No Errors Reported	Errors Reported – Items omitted & bank balances understated
Risk Management Note Disclosure	No Errors Reported	Errors Reported – Worker’s Compensation insurance coverage overstated
Tax Abatements Note Disclosure	No Errors Reported	Errors Reported – Amounts overstated

Current Year Findings

Material Weaknesses:

- None noted

Significant Deficiencies:

- Strengthen oversight of the Information System Conversion
- Strengthen Information Technology general controls
- Strengthen controls over Employee Compensation
- ESSER/CARES – Strengthen controls over expenditures

*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 to the 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 over financial reporting that is less severe than a material weakness.*

Other Deficiencies

Management Letter Comments:

- Information Technology: Disaster Recovery Planning
- General Ledger Maintenance
- Controls of Capital Assets
- Cash Maintenance

A Management Letter Comment is an observation of a lower magnitude than Findings, presented to management but not included in the published audit report.

Exit Conference Comments:

- Information Technology: Six Munis CUECs (Complimentary User Entity Controls) not implemented
- Separation of duties for School Bookkeepers
- Title IV Private School Expenditure recognition
- Reconciliation of Federal Grant Completion reports

An Exit Conference Comment is a deficiency of a lower magnitude than Management Letter Comment, presented verbally, but not included in the published audit report.

SB 68 Risk Designations

- DOAA determines risk destinations, whereas GDOE communicates them and approves Corrective Action Plans.
 - **High Risk Status** = Budget Deficits and/or Findings reported for 3 or more consecutive years
 - **Moderate Risk Status** = Budget Deficits and/or Findings reported for one or more consecutive years
- Exceptions exist for Financial Statement Preparation findings.

SB 68 - Current Qualifying Deficiencies

Qualifying Deficiency	Type	Years Noted
Strengthen Oversight of the Information System Conversion	Significant Deficiency - Finding	1
Strengthen Information Technology General Controls	Significant Deficiency - Finding	1
Strengthen Controls over Employee Compensation	Significant Deficiency - Finding	1
ESSER/CARES – Strengthen Controls over Expenditures	Significant Deficiency - Finding	1

- As no findings are listed as repeats, our risk status was communicated by GDOE as being moderate.
- Should any of these reported findings not be shown as cleared on either the FY22 or FY23 Single Audit reports (expected to be released before the end of March 2023 and 2024, respectively), our risk status would increase to high-risk.

SB 68 Response Timeline

Step	Date	Responsible Party	Description
Risk Status Communication	June 14th, 2022	GDOE	GDOE informed DCSD that the District's risk status is moderate. The District has 120 days from May 27th, 2022 to submit a corrective action plan.
Create Corrective Action Plan	July 13th, 2022	DeKalb Management	Corrective action plan was completed and uploaded to Simbli for the August 8th, 2022 board meeting agenda.
Board Approval of Corrective Action Plan	August 8th, 2022	DeKalb BOE	The corrective action plan should be presented in a regular Board meeting and signed by each board member.
Submission of Corrective Action Plan	August 9th, 2022	DeKalb Management	Submit Board Approved Corrective Action Plan via email to Chris Toles at ctoles@doe.k12.ga.us.
Required Training - Board Members	July 28th - July 29th, 2022	DOAA	DOAA will present training to all board members at the Board retreat.
Required Training - Superintendent	July 19th, 2022	DeKalb Superintendent	DOAA has informed the next available Superintendent training date is not yet determined and that we will be notified of available dates.