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FS 2022-001 Strengthen Oversight of the Information System Conversion

Internal Control Impact: Significant Deficiency
Compliance Impact: None
Repeat of Prior Year Finding: FS 2021-001

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 Plan:

The District has time-lined multiple corrective actions and increased efforts to fully implement the Financial Management Information System (FMIS).

Planned actions include:

- Identify a project manager responsible for overseeing the full implementation of the FMIS
- Provide necessary resources such as staff augmentation and vendor subject matter experts to support the project manager.
- Segment the remaining tasks into detailed, yet manageable pieces of work that can be met within an achievable timeline.
 - Phase I (October 15, 2023) – transition all twelve-month employees into the FMIS.
 - Phase II (January 15, 2024) – transition all ten and eleven-month employees into the FMIS.
 - Phase III (April 15, 2024) – transition all part time and additional pay into the FMIS
- Facilitate the development of new standard operating procedures to support business processes within the FMIS for Human Resources, Finance, and Payroll Departments.
- Implement a communication plan to ensure all employees impacted in this FMIS conversion are aware of necessary activities and have necessary support.
- Provide effective and transparent project progress reporting. Assemble an Executive Committee (Chief Financial Officer, Chief Human Resources Officer, Chief Information Officer, Chief Operations Officer, and Chief of Staff) with Superintendent oversight to ensure project governance and consensus on all project-related decisions.

Estimated Completion Date: June 2024

Contact Person: Monika Davis, Chief Information Officer

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Audit Committee Update 11-8-2023- Provided by Byron Schueneman, Chief Financial Officer:

DCSD has engaged and contracted with Toni Lyons to be the Project Manager. She works closely with Tyler's Implementation Specialist, Brian Williams. Together they lead the "ERP Team" that meets in person 4 to 5 times a week (all day 8-5). Both Toni Lyons and Brian Williams meet weekly with the ERP Leadership team on Thursday's. This team consists of the CFO, CIO, CHRO and COO.

Phase I is now complete. Payroll for all 12-month staff was transitioned on 10/15/2023 and is currently being paid out of Munis. Although the crossover was a monumental success, there were several challenges that we encountered during the transition. Including, but not limited to:

- **Direct Deposit Information**
- **Health Insurance Premiums**
- **State and Federal Tax Withholdings**
- **Time and Attendance**
- **Integrations**

As we have worked through the various challenges, the ERP Leadership team has made the following adjustments to the overall project timeline:

- Phase II - Implementing Munis "Time and Attendance" module has been pushed up from March 15th, to January 15th. Converting time and attendance (accrual balances for time off or extra pay for overtime etc..) from Crosspointe into Munis presented unanticipated challenges that continue to plague the ERP team. The data was not easily convertible and the movement from one system to another is cumbersome and labor intensive. Transitioning to Munis Time and Attendance will both streamline the process and be one less hurdle to cross down the road.
- Phase III - The transition for 10 and 11 month employees from Crosspointe into Munis has been delayed from January 15th to March 15th. The ERP Leadership team believes the immediate focus needs to be time and attendance. Once it is rolled out and timekeepers are trained and the new system is operational, Phase III will only need to focus on bringing over base pay for 10- and 11-month employees.

Audit Committee Update 3-7-2024- Provided by Byron Schueneman, Chief Financial Officer:

Both Toni Lyons, Project Manager and Brian Williams, Tyler's Implementation Specialist have maintained their commitment to completing this project. The ERP team continues to meet 4-5 days a week and the ERP Leadership team meets every Thursday.

- Phase I is complete. The team has made substantial progress on the issues identified. Tax issues have been resolved and W-2s were prepared and distributed successfully out of Munis for 12-month employees. The team is also materially complete with all integrations. There are several dozens of state reports, third party reporting, payment remittances and other communication protocols that have been worked out. Our flexible benefits, Georgia Breeze / DOAS, still needs some work.
- Phase II is also complete. This was a HUGE lift that went off relatively quietly. Time and attendance, as well as all sick and vacation leave accruals for 12-month employees are now functional in Munis.
- Phase III, the conversion of 10- and 11-month employees over to Munis, is on track to be completed by June 30th. The team has begun parallels using a small subset of the larger group.

Subsequent payrolls will test all remaining employees. The goal is to mirror CrossPointe payroll with the test payroll from Munis before May. The ERP team is currently well resourced and all signs are pointing towards a successful transition in June.

FS 2022-002 Strengthen Information Technology General Controls

Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Repeat of Prior Year Finding:	FS 2021-002

Description:

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

Corrective Action Plan:

The District's Division of Information and Instructional Technology (DIIT) has made corrective actions to ensure logical access control procedures and recertification processes operate appropriately.

To support this effort, the Division of Information and Instructional Technology will:

- Update and strengthen general controls for system governance, management, and configuration. This includes reviewing, updating, and enforcing change control policies to ensure appropriate monitoring for system integrity.
- Update and strengthen logical access controls which includes enhanced management verification and approval as well as appropriate oversight by the District's Finance Division and Audits and Compliance Department.
- Establish a quarterly, user access recertification process for both the legacy and new ERP system based on division management approval and user role-based fiduciary responsibility.
- Expand staffing model to facilitate ongoing ERP system governance, support, and sustainability.
- Develop ongoing, coherent, and clear communication to district leadership and impacted staff regarding Information Technology policies and procedures.

The District will continue to work aggressively to sunset the legacy ERP system and completely migrate to the new ERP system. Considering the legacy ERP system has technical limitations that prevent some of the recommended controls, the District will continue to implement manual processes on a quarterly basis to help with risk mitigation.

Estimated Completion Date: June 2024

Contact Person: Monika Davis, Chief Information Officer

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Audit Committee Update 11-8-2023- Provided by Monika Davis, Chief Information Officer:

DCSD's Division of Information and Instructional Technology (DIIT) continues to strengthen general controls for system governance, management, and configuration.

- Change control policy has been reviewed and updated. The change request process has been shared with impacted stakeholders.
- Considering Munis is in production, the system's configuration is being documented and locked down. Changes at this point must go through the change management process.

- Logical access controls continue to be a focus with the last recertification audit of all users occurring in June 2023. The next audit will occur in January 2024. However, the district continues to enforce ongoing access request process to monitor day to day changes.
- The staffing model for DIIT continues to evolve with the plans to add two ERP Analysts positions. This is a new position with duties that have been developed to accommodate the transition from the legacy system IT support needs to those needed with a cloud solution.
- The district's IT Security policy has also been drafted to further provide necessary governance and support for logical access, data governance, and system governance. This policy is expected to be brought before the BOE for approval in Spring 2024.

Audit Committee Update 3-7-2024- Provided by Monika Davis, Chief Information Officer:

DCSD's Division of Information and Instructional Technology (DIIT) continues to strengthen general controls for system governance, management, and configuration.

- Comprehensive analysis of Munis system configuration and monitoring will remain a priority as we near the end of the implementation in June 2024. Change management remains in place to govern all changes.
- User recertification audits are occurring regularly, with the latest audits completed in June 2023 and January 2024. The next audit will occur in March 2024. Role-based access and identity fine-tuning continues through ongoing collaboration among DIT, Finance, and HR to ensure appropriate rights are assigned to appropriate staff.
- The district's IT Security policy, which will provide necessary governance and support for logical access, data governance, and system governance is being reviewed by critical parties and prepared for submission to the board approval. This policy is expected to be brought before the BOE for approval at the July 2024 meeting.
- Staffing additions for DIIT have included two new Business Applications Specialists. These positions will provide application-level support for Munis users. The acquisition of the ERP Analyst positions is in progress. These positions will work closely with the functional divisions (HR and Finance) to meet strategic business needs.

FS 2022-003 Internal Control Procedures

Internal Control Impact: Significant Deficiency
Compliance Impact: None

Description:

The accounting procedures of the School District were insufficient to provide adequate internal controls over multiple control categories.

Corrective Action Plan:

The District will review current finance practices to strengthen internal controls, policies, and procedures and ensure adherence through improved monitoring.

Plan actions include:

- Update and strengthen standard operating procedures for
 - Treasury management and bank reconciliations,
 - General billing, invoicing, and revenue recognition,
 - Accounts payable and expense recognition,
 - Journal entries, and
 - Capital asset processing.
- Provide continuous training to all District employees to ensure adherence to internal controls, policies, and procedures.
- Review and clean-up transaction activity and balances booked to funds not aligned to the State Chart of Accounts.
- Develop a general ledger month-end close checklist which includes a listing of journal entries, reconciliations, monitoring and other clean-up activity to be performed monthly.
- Develop a year-end close checklist with due dates for tasks, reviews, and reconciliations necessary to ensure a timely closeout and accurate financial reporting.
- Engage other audit services to perform the District's annual audit, and deliver results by December 31st of each year. This will allow sufficient time for change implementation prior to next audit.

Estimated Completion Date: June 2024

Contact Person: Byron Schueneman, Chief Financial Officer

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Audit Committee Update 11-8-2023- Provided by Byron Schueneman, Chief Financial Officer:

DCSD has engaged and contracted with Dr. Libby Whitaker, a school system and governmental financial consultant, to develop and document each standard operating procedure (SOP) noted above. The goal is for her to complete a minimum of two per month and have all SOP's completed by the end of the fiscal year.

We recently lost our accounting manager and have promoted Thomas Lowrey to Accounting Manager II. With his assistance we have closed out and cleaned up activity in the fiduciary fund range. We also reviewed and cleaned up historical balance sheet data, as well as reconciled each federal program fund prior to FY2023 year-end close.

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Audit Committee Update 3-7-2024- Provided by Byron Schueneman, Chief Financial Officer:

Standard operating procedures continue to be documented by Dr. Libby Whitaker, external contractors assisting us with the implementation of capital assets and inventory management and internal staff.

Our Director of Reporting position is still vacant and posted. This position will be responsible for developing a financial reporting calendar with specific tasks and deadlines for various parts of the financial statement preparation process (ex: capital assets, long term debt, pension reporting, balance sheet and cash confirmations etc...).

Mauldin and Jenkins is in the midst of finalizing our FY23 financials and working diligently on the audit. The timing has been delayed due to this being the initial year of the relationship, our challenge filling the Director of Reporting role, as well as other competing initiatives such as the SPLOST and ESSER forensic audits, the ERP conversion for payroll and the ERP conversion for all student activity account modules at all schools.

FS 2022-004 Strengthen Controls over Employee Compensation

Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Repeat of Prior Year Finding:	FS 2021-003

Description:

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

Corrective Action Plan:

Management shall review, develop and implement internal controls and other processes regarding supplements and other compensation. The process will outline document retention and improve the precision of leave reporting.

Planned Actions Include:

- Supplements and other compensation:
 - Develop policy to address employee supplements and pay for extra work. Policy (GBA) was created and implemented for supplemental pay. This policy requires Superintendent or designee approval for supplements and pay for extra work.
 - Review and obtain appropriate documentation for current supplements.
 - Monitor new supplements and pay for extra work via Human Resources document review and verification.
 - Management shall review and monitor frozen-scale employees to ensure policy is followed and appropriate approvals are completed. A plan to return these employees back to a step structure shall be prepared and communicated to the employee.
- Compensated Absences
 - Review policy GBRI for appropriateness and employee leave banks for excessive or negative leave.
 - Amend leave reporting practices to ensure employees cannot accrue more than the maximum allowable leave.

Estimated Completion Date: June 2024

Contact Person: Dr. Tekshia Ward-Smith, Human Resources Administrator

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Audit Committee Update 11-8-2023- Provided by Dr. Ward-Smith, Human Resources Administrator:

DCSD has created a Supplemental Pay Policy which was approved by the Board of Education on September 2022. This policy places structure around any supplemental pay awarded to employees, including executive leaders. To date there are less than 5 employees who have been approved for supplemental pay for FY24.

Employees who are on frozen steps received notification in May 2023 that they would not receive any BOE approved increases if their salaries exceeded the salary scale they were on. Communication was provided through FAQs and a personalized letter. Due to the 6% increase to all schedules and moving paraprofessionals to schedule 108, all paras were moved on schedule. Any employee who remains will not receive an increase in pay until the approved schedule for their position catches up to the salary step where the person should be placed. Follow-up

communication will be forwarded prior to May 2024 to impacted employees as a reminder of their frozen placement which is above the maximum compensation for the position.

Audit Committee Update 3-7-2024- Provided by Dr. Ward-Smith, Human Resources Administrator:

Supplements and other compensation:

In September of 2022, the Board of Education approved an amendment to [Board Policy GBA: Professional Personnel Compensation Guides and Contracts](#). The policy amendment places structure around any supplemental pay awarded to employees, including executive leaders. As of February 2024, 11 employees have received approval for supplemental pay for FY24.

Due to the 6% COLA and step increase to all schedules for FY2024, most employees whose salary exceeded the step and grade placement were placed on schedule. In May 2024 any remaining employees with a salary placement above the maximum compensation for the position will be notified that they will not receive an increase in pay until the approved schedule for their position catches up to the salary step where the person should be placed.

Compensated Absences:

Finance and Human Resources are working to propose an amendment to [Board Policy GBRI: Professional Personnel Personal Leaves and Absences](#) in the coming months.

“Full-time, twelve-month employees who have completed a minimum of ninety days of service in the District will earn ten days of vacation per year during the first five years of continuous employment. During each additional one-year period of continuous service, the employee earns one more day of vacation than that earned the preceding year, not to exceed twenty days of vacation per year. Unused vacation days may be accumulated up to a maximum of thirty days in addition to vacation earned during the current year of service, but no more than one-half of the earned but unused vacation of the previous year may be accumulated. If separation occurs, the employee will be paid for all accumulated, unused vacation. All requests for vacation leave must be submitted, in writing, to the employee’s principal or supervisor at least two weeks prior to the requested leave date. The employee’s principal or supervisor has the right to approve or deny the employee’s request for vacation leave.”

The current version that will be brought to the board recommends changing the highlighted portion of the policy above, to: “Employees are encouraged to take vacation annually. The maximum amount of unused vacation that may be accrued at any point is forty-five (45) days. Any leave balance more than forty-five (45) days is forfeited at the end of each pay period. Upon retirement/resignation, employees will be paid for no more than forty-five (45) days of unused vacation.”

The proposed change simplifies the policy, aligns us closely with the state, and eases the administrative complexity. We look forward to presenting this change to the board and receiving feedback from our stakeholders. The goal is for this change to be effective by the start of the new fiscal year, July 1st.

FA 2022-001 Improve Budgetary 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) S425D200012 (Year: 2020)
Questioned Costs:	\$62,747.69

Description:

A review of expenditures charged to the Elementary and Secondary School Emergency Relief Fund program revealed instances in which expenditures had not been properly approved by the pass-through entity.

Corrective Action Plan:

The School District will review current internal control procedures related to the ESSER program expenditures. Additionally, the School District will ensure all ESSER fund users receive its policies and procedures to ensure allowable expenditures are approved through the Consolidated Application process before spending federal funds. The Program management in collaboration with Division of Finance implements a monitoring process to ensure control procedures are followed.

- **Ongoing Training:** The School District will increase training on federal grant compliance requirements and internal controls and procedures. The topics will cover intent of grant, allowable uses of ESSER grant funds, prior approval requirements of potential expenditures, required documentation for review and approval process, requirement that all potential expenditures be approved in the Consolidated Application and deemed allowable before spending of federal funds.
- **Workflow Improvements:** Review and approval workflow for expenditures will be strengthened to ensure review and approval by Office of Federal Program and Division of Finance. The School District continues to strengthen monitoring on internal controls through workflow improvements.
- **Budget Monitoring Improvements:** To ensure the ESSER programs are prepared for audits, a full reconciliation will be performed to ensure expenditures are approved through the Consolidated Application budget approval process.

Estimated Completion Date: June 2024

Contact Person: Dr. Myisha Warren, Executive Director of Federal Programs

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Audit Committee Update 11-8-2023- Provided by Dr. Myisha Warren, Executive Director of Federal Programs:

- **Ongoing Trainings:** DCSD has provided trainings to the Summer School Academy Committee and districtwide department leaders and support staff, school-based staff (Content Area Coordinators, Directors, Executive Assistants, Principals, Area Superintendents, Executive Administrators, teachers,

Assistant Principals, Bookkeepers. The training agenda included learning the intent of the grant, allowability and uses of the funds, required documentation pre-approvals, reviews and approvals and budget approval process steps prior to spending.

- **Workflow Improvements:** DCSD is continuously working on improving the workflow requirements by submitting Help Desk tickets to correct issues when they occur.
- **Budget Monitoring Improvements:** DCSD has submitted ESSER II-Program 4180 budget amendments and is submitting the ESSER III- Program 4190 budget amendment for the Consolidated Application budget approval process and will upload amendments, when needed, to ensure proposed expenditures are approved prior to spending.

Audit Committee Update 3-7-2024- Provided by Dr. Myisha Warren, Executive Director of Federal Programs:

- **N/A ~ corrective action implemented previously.**

FA 2022-002 Improve Controls over Indirect Costs

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 COVID-19 84.425U – American Rescue Plan Elementary and Secondary School Emergency Relief Fund
Federal Award Number:	S425D210012 (Year: 2021) S425U210012 (Year: 2021)
Questioned Costs:	\$559,442.53

Description:

The School District charged indirect cost expenditures to the Elementary and Secondary School Emergency Relief Fund program in excess of the maximum amount allowed.

Corrective Action Plan:

The School District will strengthen Finance internal controls, policies and procedures and ensure adherence through improved monitoring.

- **Ongoing Training:** The School District will increase training on 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. Additionally, training will be given on provisions included in the Uniform Guidance, Section 200.403 – Factors Affecting Allowability of Costs. Training will also cover, GaDOE’s manual on Financial Management for Georgia Local Units of Administration (FMGLUA).
- **Internal Control Procedure Improvements:** The School District will ensure ledger entries are accurate and all control procedures are being followed.
- **Questioned Costs:** The expenditures will be moved to the correct ESSER account.

Estimated Completion Date: June 2024

Contact Person: Dr. Myisha Warren, Executive Director of Federal Programs

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Audit Committee Update 11-8-2023- Provided by Dr. Myisha Warren, Executive Director of Federal Programs:

DCSD has moved the said expenditures to the correct account. Finance department is attending trainings on Uniform Guidance on allowability of costs and Financial Management for Georgia Local Units of Administration (FMGLUA) at the Carl Vinson Institute (to be redelivered upon completion) to ensure ledger entries are accurate and all control procedures are followed. Additionally, Finance conducts monthly monitoring trainings on allowability of uses of funds and regular update training sessions for districtwide bookkeepers.

Audit Committee Update 3-7-2024- Provided by Dr. Myisha Warren, Executive Director of Federal Programs:

- N/A ~ corrective action implemented previously.

FA 2022-003 Improve Controls over Equipment

Compliance Requirement: Equipment and Real Property Management
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
COVID-19 84.425U – American Rescue Plan
Elementary and Secondary School Emergency Relief Fund
Federal Award Number: S425D210012 (Year: 2021)
S425U210012 (Year: 2021)
S425D200012 (Year: 2020)
Questioned Costs: None Identified

Description:

The policies and procedures of the School District were insufficient to provide adequate internal controls over equipment and real property management as it relates to the Elementary and Secondary School Emergency Relief Fund program.

Corrective Action Plan:

The School District will maintain an equipment listing that includes all required information to identify the equipment, its status, cost, location, and ultimate disposal data. A physical inventory of equipment will be performed once every two years and the management will implement the monitoring to ensure control procedures are followed.

- **Ongoing training:** The School District will ensure all equipment inventory monitors are trained in maintaining accurate inventory as per Federal Uniform Guidance and guidance available from GaDOE. The topics covered will include reconciliation of results of the physical inventory to reflect accurately on property records.

Estimated Completion Date: June 2024

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Audit Committee Update 11-8-2023- Provided by Dr. Myisha Warren, Executive Director of Federal Programs:

DCSD has scheduled two meetings (FALL 23 and SPRING 24) to provide guidance to district staff regarding real property management and the physical inventory of items purchased with ESSER funds. The guidance will focus on the acquisition, tracking inventory log, disposal, and use of equipment. This will ensure that there are adequate safeguards to prevent loss, damage, or theft of the property, including real property, equipment, and pilferable items.

Audit Committee Update 3-7-2024- Provided by Dr. Myisha Warren, Executive Director of Federal Programs:

- **N/A ~ corrective action implemented previously.**