

**Office of Internal Audits & Compliance**  
1701 Mountain Industrial Boulevard  
Stone Mountain, Georgia 30083-1027  
678-676-1200

**TO:** DEKALB COUNTY BOARD OF EDUCATION AUDIT COMMITTEE  
*Mrs. Deirdre P. Pierce, Chair; Mrs. Anna Hill, Vice Chair*

**DATE:** APRIL 11, 2024

**RE:** UPDATES: INTERNAL AND CONTRACTED AUDIT ACTIVITY

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**1. ESSER Audit – FORVIS, LLP**

**The scheduled period of completion of the final report remains May 2024.**

Substantial submissions of requested information transmitted throughout March. Some high-level documentation is still being sought, but transactional documents are pretty much all accounted for. We are now in close collaboration for providing all outstanding requests and responses to auditor questions related to deviation from documented processes. Our update meetings are well attended, thanks to Mr. Palmer's support as Chief of Staff.

We still expect delivery of the draft report in late April, early May. What we are finding in this forensic exercise as well as the SPLOST project, is that our systems have greatly improved over the past 2-3 years and in fact, our Procurement to Payment process is substantially improved to the point that many of the issues that have been discovered and documented have already been addressed or resolved.

**2. SPLOST IV & V Audit – Plante Moran, PLLC**

**At this point, the report delivery date remains May 31, 2024.**

Forensic Analysis is progressing through vendor analysis. Ten (10) vendors are subject to further analysis. Change Order evaluation has identified 10 of 30 change orders to be further analyzed by Plante Moran's Construction team. Plante Moran is examining the change orders to determine if they meet industry standards.

In following provisions in a submitted change order (\$320,000 added to project total), an increased number of Plante Moran contractors spent March 7-29, 2024 onsite at Sam Moss, WBBC, and AIC for data and document location and collection. Their team reported their progress in document collections:

- 100% of checks, ACH and wires available.

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- ACH transactions prior to November 16 were not available to audit as the vendor's service agreement at the time did not include producing or retaining individual vendor payment detail.
- 66% of Invoices and Approvals
  - "M: Drive" and On-site items not located = 2,700
  - Both DIIT and Fleet Services have reported that no additional support documents are available

For the document control failures reported above, the cause of these failures and the reason they weren't discovered until now is rooted in the siloed management structure historically practiced in the District.

Specifically, regarding SPLOST document management prior to the implementation of Munis, project management responsibility was spread out among the various departments assigned SPLOST funds for capital purchases related to projects listed in the approved SPLOST budget. Despite the fact that the SPLOST programs have consolidated budgets relating specifically to capital purchases, there was no uniform treatment or standard procedure implemented across divisions for SPLOST spending - leaving each separate division to process these expenditures according to its own internal processes.

Additionally, provisions were not made to consolidate recordkeeping for either SPLOST IV or V. This led to the increased risk that documents were stored at various locations with equally varying levels of access, as well as in different mediums - paper, digital (both network and peripheral storage), or within applications. The conflation of these circumstances, along with high level turnover in all associated divisions (Operations, Finance, DIIT, HR) led to the following "negative" conditions related to document status:

Finance:

SPLOST-related Purchase Order copies destroyed under Local Government Retention rule LG-08-001-Accounting Records (5 years for Purchase Orders); and LG-08-015-General Ledger & Trail Balances (7 years)

CrossPointe charge codes used for SPLOST transactions made no distinctions between Locations (department/division), but rather fund source and program, making it difficult to locate responsible management for many of the data and document requests.

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Capital construction related purchase orders should have been retained under schedule LG-18-005-Capital Construction Project Records (11 years after completion of project)

*Division of Information & Instructional Technology:*

SPLOST-related invoices were retained in hardcopy form in a secure storage area, but many were shredded by a disgruntled former DIIT employee in an act of retaliation against IT Management. DIIT has confirmed that the incident occurred and that no additional documents are available.

The full extent of the document destruction was not discovered until this engagement.

*Fleet Services:*

Vehicle purchases were conducted under statewide contracts, so solicitation and selection documents generally applicable for capital purchases were not produced and therefore are not available. Copies of statewide contracts are available online and contract numbers were provided to the Plante Moran team. This is not a non-compliant condition.

Invoices related to vehicle purchases were retained in hardcopy form in a separate storage area. Current feedback from Fleet Services is that the invoices were retained under LG-06-001, the same as the purchase orders in finance, and therefore may have been destroyed under the 5-year rule. We are awaiting confirmation from Fleet Services on the further availability of documents.

*SPLOST Management/Operations:*

Project management records for capital construction projects were retained in hardcopy and digital form. Many project management documents, including project descriptions and requirements, bid records, plan reviews, project schedules, change orders, contracts, and budgets were retained in various forms both in storage areas and online data repositories. Paper/hardcopy records have not been digitized.

Financial records and documents generated in other departments and divisions were not retained by Project Management, so when Finance disposed of SPLOST purchase orders in that division, Operations and Project Management had no backup copies.

*Overall condition of SPLOST financial records:*

The large volume of selection and transaction records existing in hardcopy only and not digitized demanded a large amount of manpower to collect, document, and analyze. This caused the District to have Plante Moran to provide additional resources to complete the effort.

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The implementation of Munis has already addressed a number of these process control and document retention issues. The system has an assigned workflow that accounts for each division's documents and approvals. Operations Project Management has also implemented Phase 1 of a new project management information system (Kahua), which will retain all SPLOST-related project management and financial records to a central repository, as well as tie to Munis funding and expenditure totals. Throughout this engagement, despite these types of negative disclosures, we are reasonably assured that the situations detailed above are rooted in past inadequacies in tools and practices. Most of what was uncovered has now been addressed with upgrades to technologically and necessary process changes to strengthen controls and accountability. Most of these reformative actions were already underway prior to these discoveries, therefore rooted in implementing best practices and industry standards, positioning us to effectively respond to whatever final findings this SPLOST forensic audit will yield.

### **3. Internal Audit Activity**

#### *a. School Audits*

- i. Finance has provided the Internal Audits team will full data access to Munis Student Activity and archived SchoolBooks data – enhancing IA's ability to retrieve and analyze school financial activity.
- ii. Audits were completed at SW DeKalb and Redan High Schools. Audit reports were transmitted to Principals and the HS Area Office. Lakeside HS required expanded scope. Additional analysis and reporting underway.
- iii. Audits at Cedar Grove, Dunwoody, and Lithonia High Schools were initiated during March. Full cooperation is being reported from the field

#### *b. Fleet Services Audit*

- i. **Delivery of the draft report is scheduled for April 30, 2024.**
- ii. Audit Area Updates:
  1. Vehicle Purchases – Other departments purchasing vehicles: Plant Services, Public Safety, Transportation, Superintendent's Office
  2. Departmental fleet managers interviewed regarding procurement procedures
  3. Vehicle inventory being reconciled to Munis
- iii. Fuel – Purchase contract management, fuel distribution management and access procedures
- iv. Vehicle Maintenance – Completed interviews with service advisors and currently evaluating maintenance scheduling, inspections, and repair

**Joel B. Thibodeaux**  
Director of Audits & Compliance



**Dr. Devon Q Horton**  
Superintendent

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- v. Vehicle Disposal procedures – Capital Assets Manager interviewed and engaged for additional information, including inventory reconciliation