



Purchasing Card Audit

Dekalb County School District

MONTH DAY, 2025

forv/s
mazars

[Date]

Dr. Devon Horton, Superintendent
DeKalb County School District
1701 Mountain Industrial Blvd.
Stone Mountain, GA 30083

We have performed the procedures in the Scope of Services and Approach section of this report, which were agreed to by the management of Dekalb County School District (DCSD) pursuant to our contract dated January 13, 2025, solely to assist with assessing the design of DCSD controls over its purchasing card processes.

The engagement was performed in accordance with consulting standards established by the American Institute of Certified Public Accountants (AICPA). We were not engaged to, and did not, conduct a financial statement audit or an examination, the objective of which would be the expression of an opinion on the financial statements or any elements, accounts, or items thereof as part of this engagement. Accordingly, we do not express such an opinion.

Our engagement did not include a detailed examination of all transactions and was not designed, and cannot be relied upon, to discover all errors, irregularities, or illegal acts, including fraud or defalcations, that may exist. Had we performed additional procedures, other findings of significance may have been reported to you. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in the Scope of Services and Approach section of this report for the purpose for which this report has been requested or for any other purpose.

This report summarizes the scope of the engagement, the procedures performed, and the results of our procedures.

Our report is intended for use only by DCSD Management and the School Board with respect to the procedures performed by us. This report is not intended to be, and should not be, used by anyone other than the specified parties unless express written consent is obtained from **Forvis Mazars, LLP**.

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Executive Summary

Background:

The Dekalb County School District (DCSD) launched a purchasing card (P-card) program designed to enhance the efficiency of procurement, receiving, and payment processes for low-value transactions. Forvis Mazars LLP (Forvis Mazars) conducted a review of this program to evaluate adherence to established policies and procedures, assess the effectiveness of internal controls, and offer recommendations for further improvement.

Our review considered purchasing card policies and procedures, issuance, security, and usage for transactions occurring from July 1, 2023, to September 30, 2024, on a sample basis. As part of our procedures, we obtained and read relevant policies, interviewed staff involved in the process to identify key controls, tested those controls for operating effectiveness, and provided recommendations for improvement.

Our review identified instances of noncompliance with policies and procedures and control failures. These instances have been discussed with management, and they have a plan in place for remediation. Some examples for improvement include:

- The policy and procedures should be updated to clearly outline the chief financial officer's approval authority and define purchasing limits for the school board and superintendent.
- Management should define and establish a consistent process for deactivating and suspending cards.
- Management should work with the issuing bank to put controls in place to limit daily (\$5,000) and monthly (\$20,000) spending.
- Management should work with the issuing bank to put controls in place to limit card use to approved vendors.

Definitions of Ratings

Control Ratings

- **Key** – A key control is an action your organization takes to detect and prevent errors or fraud in its financial statements or operational effectiveness. It is expected that departments have their processes and controls documented. Your department should already have key financial review and follow-up activities in place.
- **Non-key** – Non-key controls are considered secondary or back up controls.

Risk Ratings

- **High** – Reasonable possibility that if unaddressed could lead to a material weakness and / or a material misstatement or misuse of assets.
- **Moderate** – Reasonable possibility that if unaddressed could lead to an immaterial misstatement, misuse of assets and a deficiency that may require the attention of those charged with governance.
- **Low** – Remote possibility that if unaddressed could lead to an immaterial misstatement or misuse of assets.

Current Status Ratings

- **At Risk** – Reasonable possibility that if unaddressed could lead to a material weakness and/or a material misstatement or misuse of assets.
- **Needs Improvement** – Reasonable possibility that if unaddressed could lead to an immaterial misstatement, misuse of assets and a deficiency that may require the attention of those charged with governance.
- **Satisfactory** – Remote possibility that if unaddressed could lead to an immaterial misstatement or misuse of assets. Objective, Scope, and Approach

Background of the Purchasing Card Program

DCSD implemented a purchasing card program to streamline the procurement, receiving, and payment processing of low-value purchases. The program uses the Bank of America VISA Card, through the State of Georgia contract, for payment processing and program administration. There are two types of cards: one for instructional/office supplies and equipment, and one for staff travel expenditures, except for the Superintendent, who has a card that can do both.

With the district-wide approval of the Chief Financial Officer and their department head, designated DCSD officials are authorized to be issued a purchasing card. Issuance occurs during a purchasing card program orientation meeting with the Purchasing Card Administrator or the Procurement Manager, after the cardholder signs the purchasing card agreement and verifies the information on the card is accurate. Purchasing cardholders are assigned individual transaction, daily, and monthly spending limits. Outside of the DCSD Board of Education and Superintendent, the limits are \$5,000 per day per swipe and \$20,000 per month. These limits are programmed into each card. Various items and merchants are programmatically restricted from VISA purchasing card use.

Objective, Scope, and Approach

Objective

Assist DCSD with assessing its purchasing card program for compliance with policies and procedures, and operating effectiveness of controls, and provide recommendations for improvement.

Scope

The scope included transactions occurring from July 1, 2023, to September 30, 2024, covering the following purchasing card program activities:

- Purchasing Card Policy and Procedure
- Purchasing Card Issuance
- Purchasing Card Security
- Purchasing Card Usage

Approach

Our approach included the following procedures:

- Obtain and read any existing policies and procedures
- Identify and interview process owners to obtain an understanding of the process and related activities
- Document our understanding and validate it with the process owners
- Conduct walkthroughs of the process and activities
- Assess the process for compliance with policies and procedures
- Select samples
- Assess the operating effectiveness of controls
- Summarize results

Assessment Summary

The following table summarizes our findings. It lists the activity, control, and various ratings based on the definition of ratings listed above.

Activities	Control	Control Rating	Risk Rating	Current Status Rating
Purchase Card Policy	DCSD has established policies and procedures to effectively oversee the purchase card process.	Key	High	Needs Improvement
Purchase Card Issuance	DCSD issued purchasing cards in accordance with the policy and procedure.	Key	High	Satisfactory
Purchase Card Issuance	Purchasing cardholders must be approved by their Department Head before being issued a purchasing card.	Key	High	Satisfactory
Purchase Card Issuance	Purchasing cardholders must complete training and sign the purchase card agreement.	Key	High	Satisfactory
Purchase Card Security	Purchasing cards belonging to former DCSD employees are first assigned a 'null' status and subsequently deactivated. A reconciliation process is then performed to ensure consistency across all related records, including invoices, purchase card amounts, and expense summary reports.	Key	High	Satisfactory
Purchase Card Security	Purchasing cards are assigned a "null" status to suspend the ability to make purchases for a certain amount of time as a form of security.	Key	Moderate	Satisfactory
Purchase Card Use	According to policy, all purchasing card holders are restricted to a daily limit of \$5,000 per day per swipe.	Key	High	Needs Improvement
Purchase Card Use	According to policy, all purchasing cardholders are restricted to a monthly limit of \$20,000.	Key	High	Needs Improvement

Purchase Card Use	Purchasing cardholders are limited to specific types of purchases based on the Merchant Category Codes (MCC) assigned to their card type.	Key	High	Needs Improvement
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Findings, Recommendations, & Management Response

Finding	Recommendation	Management Response
The Purchasing Card policy lacks clarity regarding the CFO's approval of designated officials authorized to receive a purchasing card and does not clearly articulate the purchasing limit of the School Board and the Superintendent.	DCSD policies and procedures should be updated to clearly outline the chief financial officer's approval authority and define purchasing limits for the school board and superintendent.	
The statuses of deactivated or suspended purchasing cards are unclear and not explicitly defined in the policy.	DCSD should define and establish a consistent process for deactivating and suspending cards and should incorporate this process into the policy.	
Due to insufficient processing controls implemented by the bank, purchasing cardholders were able to exceed the \$5,000 daily transaction limit and \$20,000 monthly limit outlined in the established policy. This lapse indicates a breakdown in the enforcement of policy thresholds and may expose the organization to financial and compliance risks	DCSD should work with the issuing bank to put controls in place to limit daily (\$5,000) and monthly (\$20,000) spending.	
Due to insufficient processing controls implemented by the bank, purchasing cardholders were able to make prohibited transactions, as defined by the Merchant Category Code	DCSD should work with the issuing bank to put controls in place to limit card use to approved vendors. Additionally, the district should implement ongoing monitoring of cardholder transactions to verify compliance with assigned profile	

(MCC) restrictions associated with their cardholder profiles.	parameters and take corrective action when deviations occur.	
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