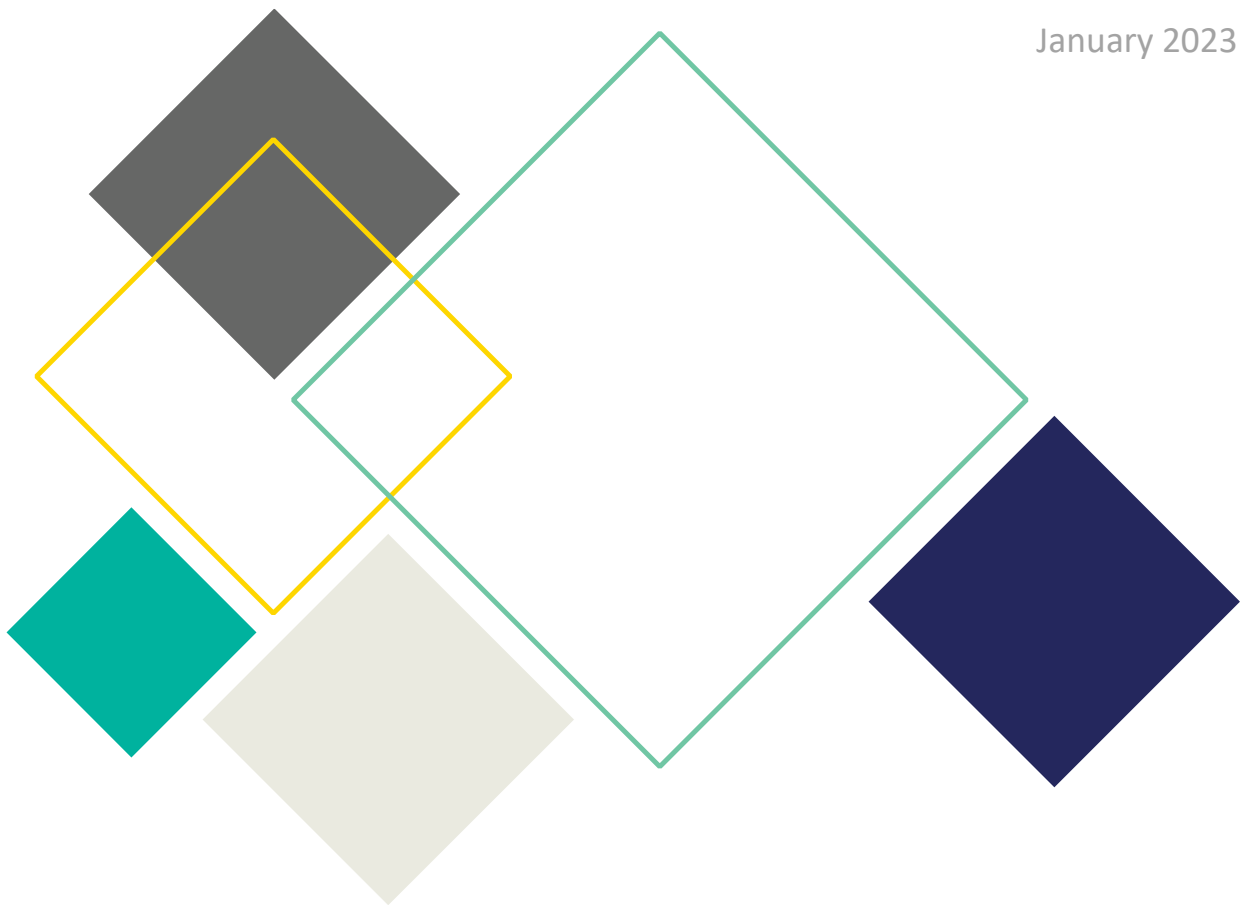




# Gwinnett County Public Schools SPLOST V Audit

Final Report

January 2023



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# COVER LETTER

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January 4, 2023

Dr. Calvin J. Watts  
Superintendent  
Gwinnett County Public Schools  
437 Old Peachtree Road NW  
Suwanee, GA 30024-2978

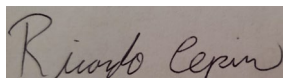
Dear Dr. Watts,

MGT is pleased to submit our report of the special purpose local option sales tax (SPLOST) audit. Gwinnett County Public Schools (District) contracted with MGT to conduct an audit of the District's operations as it related to the SPLOST V funds. The audit objectives included a review of the goals of the SPLOST V program and the extent to which the program is meeting expectations for the effective, efficient and economic use of the tax dollars collected. The audit scope included reviewing the SPLOST V operations for the period July 1, 2021 through June 30, 2022 (FY2022).

The purpose of this report is to provide the District with independent, objective analysis, and information concerning the activities reviewed. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives. Although MGT exercised due professional care in the performance of this audit, this should not be construed to mean that unreported noncompliance or irregularities do not exist. The deterrence of fraud and/or employee abuse is the responsibility of management. Audit procedures alone, even when carried out with professional care, do not guarantee that fraud or abuse will be detected.

MGT appreciates the cooperation and professional courtesies extended to the team.

Sincerely,



Ricardo Cepin, CPA, CFE  
Manager  
MGT of America Consulting, LLC

cc: Dr. Tarece Johnson, Chairperson, School Board  
Steven B. Knudsen, Vice Chair, School Board  
Karen Watkins, School Board  
Dr. Mary Kay Murphy, School Board  
Everton Blair, Jr., School Board  
Joe Heffron, Chief Financial Officer  
LaWanda Hankins, Executive Director  
Anthony Stephenson, Assistant Director of Budgets & Finance

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## EXECUTIVE SUMMARY

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### BACKGROUND INFORMATION

Gwinnett County School District (District) is the largest school District in the State of Georgia. The District enrollment increased by approximately 3,284 students from the previous year and has an active enrollment of more than 182,865 students in 142 schools and special entity facilities. The District is also the largest employer in Gwinnett County with over 21,000 employees. The District is governed by a Board of Education (Board) consisting of five members elected from five county posts. The Board appoints a Superintendent to oversee the day-to-day administration of the District.

Since 1997, the District has benefitted from a special purpose local option sales tax (SPLOST) for education. On November 3, 2015, the citizens of Gwinnett County approved an extension of the one percent SPLOST. This is the fifth renewal of this sales tax program (SPLOST V). The referendum approved a maximum collection of \$950,000,000 over 5 years, from the date on which SPLOST IV expired (July 2017) through the earlier of 20 calendar quarters from the imposition date or the month in which collections reach \$950,000,000. A proportionate share of up to \$22,300,000 is to be distributed to the City of Buford Schools, an independent city school system within Gwinnett County. The remaining funds (up to \$927,700,000) are to be used to fund the District's 2018 Building and Technology Program.

Funds from SPLOST V may be used to pay the current expenses of the District related to the costs of:

- ◆ Developing sites for and constructing and equipping new schools, support facilities and athletic facilities.
- ◆ Making additions to, acquiring or renovating and equipping existing schools, support facilities and athletic facilities.
- ◆ Purchasing and refurbishing school buses and other support vehicles.
- ◆ Making existing lease/purchase payments with respect to the acquisition of new and existing schools and support facilities.
- ◆ Modernizing technology and making system-wide technology improvements in Gwinnett School District.

As part of the voters' approval process to fund SPLOST V, the voters also authorized the Board to issue general obligation debt in a principal amount not to exceed \$330,000,000 to be repaid with SPLOST V sales tax revenue.

The Official Code of Georgia (O.C.G.A. 20-2-491) requires public school systems to obtain continuing performance audits or performance reviews for expenditures of sales tax for capital outlay if the tax generates or is reasonably anticipated to generate \$5 million or more annually. To fulfill the audit requirement, in October 2018, the Board contracted with MGT of America Consulting, LLC (MGT) to conduct an annual audit and review of the SPLOST V funding program. This report serves as the final communication of the results of the audit. A description of the audit objective, scope, methodology, and conclusions can be found below. The **Current Situation** section of this report (pages 5 - 21) provides a detailed description of the work performed.

## AUDIT SCOPE

The audit scope included reviewing the SPLOST V operations for the period July 1, 2021, through June 30, 2022 (FY2022).

## AUDIT OBJECTIVE

MGT's audit objectives included a review of the goals of the SPLOST V program and the extent to which the program is meeting expectations for the effective, efficient, and economic use of the tax dollars collected.

## METHODOLOGY

To fulfill the requirements of the audit contract, MGT developed an audit process focused on the evaluation of SPLOST V revenues and expenses by categories. The audit process included:

- ◆ Meetings with District personnel and reviewing financial information related to SPLOST V to gain an understanding of the process for investing SPLOST V related sales tax proceeds to determine whether the investment of sales tax proceeds received by the District has been conducted in a sound fiscal manner.
- ◆ Meetings with District personnel, reviewing fiscal information related to the SPLOST V funds for FY2022, and testing 10 equipment and 10 technology related expenditure transactions to determine whether tax proceeds are disbursed in a fiscally responsible manner.
- ◆ Verifying the existence of purchased assets by agreeing the Asset ID number per the District's records to the Asset ID Tag attached to the assets.
- ◆ Meetings with District personnel and reviewing the District's planned scope of the capital building program to gain an understanding of the type of work planned.
- ◆ Visiting construction sites and reviewing accounting records/reports for projects being constructed or completed and compared work completed to funds expended.
- ◆ Reviewing bidding and construction processes for work, labor and material contracts to determine whether processes are consistent with best practices in accordance with industry standards.

## CONCLUSIONS

Audit procedures disclosed that:

- ◆ Investment of sales tax proceeds received by the District has been conducted in a sound fiscal manner.
- ◆ SPLOST V sales tax proceeds are disbursed in a fiscally responsible manner and equipment and technology purchased with SPLOST were properly recorded in the District's records. However, there is opportunity for improvement by enhancing procedures to ensure that all equipment purchased by the District at a cost greater than \$999.99 is properly tagged as stated in the District's policy.

- ◆ Completed construction projects coincide with the District’s facilities plan and accounting records.
- ◆ The bidding and construction process is managed effectively and is in-line with best management practices and industry standards.
- ◆ The District complied with the applicable sections of Georgia’s Constitution and Official Code of Georgia (O.C.G.A.). Specifically:
  - O.C.G.A. 48-8-141 – Authorizes sales tax for educational purposes in the same manner as county sales and use taxes.
  - O.C.G.A. 48-1-121 – Authorizes the use of tax proceeds and requires that a record be maintained of each project for which the proceeds of the tax are used.
  - O.C.G.A 20-2-491 -- Specifically provides that such tax proceeds shall be subject to a performance audit or performance review through a public request for proposals process with respect to any sales tax for education purposes.

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## CURRENT SITUATION

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### SPLOST V REVENUES

To accurately account for all revenues and expenses related to SPLOST V, the District designated Fund 227 as the fund to which all SPLOST V related transactions are recorded. Audit procedures disclosed that there are five possible sources of revenue (categories): SPLOST Tax Receipts, Interest Income, Other Local Revenue, State Capital Outlay and Bond Revenue. Audit procedures also disclosed that approximately 95.2% of total revenues recorded in Fund 227 during FY2022 derived from SPLOST Tax Receipts. **Exhibit 1** below provides an overview of the total revenues by category recorded to Fund 227 during FY2022.

#### EXHIBIT 1 FY2022 SPLOST V REVENUES

REVENUE SOURCE	AMOUNT FOR FY2022	% OF TOTAL REVENUES
SPLOST Receipts	\$217,618,607.49	95.24%
Interest Income	\$215,475.98	0.09%
Other Local Revenue	\$0.00	0.0%
State Capital Outlay	\$ 10,670,051.89	4.67%
Bond Revenue <sup>1</sup>	\$0.00	0.0%
<b>Total</b>	<b>\$228,504,135.36</b>	<b>100.0%</b>

Source: Created by MGT from data provided by the District.

As shown in Exhibit 1 above, revenues received from SPLOST Tax Receipts accounted for approximately \$217.6 million (95.24%) of the total revenues recorded into Fund 227 during FY2022. As part of the auditing process, MGT auditors researched Georgia's Tax Center website to determine whether SPLOST Tax Receipts for FY2022 per the District's records agreed with the amounts per the State's website. Audit procedures disclosed that SPLOST V Tax Receipts for FY2022 per the District's record agreed with the amounts listed on the State's website.

As illustrated in Exhibit 1 above, \$215,475.98 (0.09%) of the total revenues recorded into Fund 227 during FY2022 derived from interest received from the investment of SPLOST V related funds. As part of the audit, MGT auditors inquired with District personnel and reviewed the account detail report of the investment account to gain an understanding of the sources of income (categories) that accounted for the investment income for FY2022. Audit procedures disclosed that the \$215,475.98 of investment income included income that derived from the investment of SPLOST Tax Receipts and SPLOST General Obligation Bonds issued prior to FY2022.

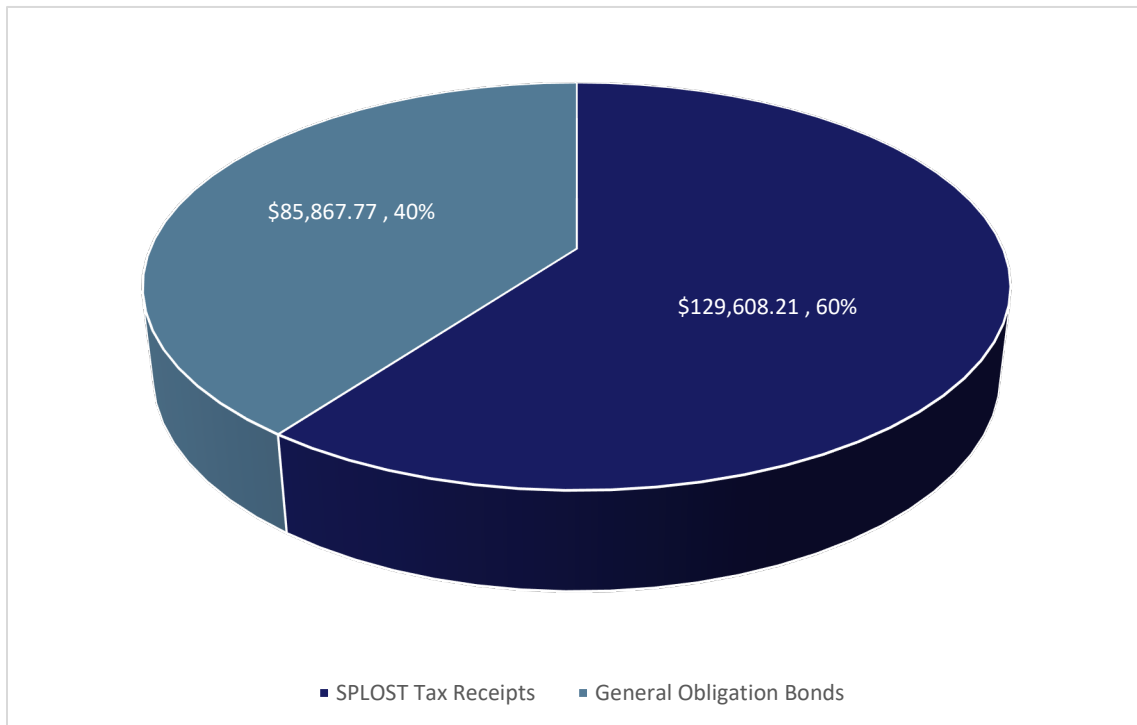
Upon gaining an understanding of the categories that make up the investment income, MGT auditors inquired with District personnel and reviewed supporting documentation to gain an understanding of the types of investment pursued by the District. Audit procedures disclosed that the excess of SPLOST tax

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<sup>1</sup> No SPLOST related general obligation bonds were issued during FY2022.

receipts were invested into Georgia Fund 1<sup>2</sup>. To gain an understanding of the interest earned from the investment of SPLOST V receipts, MGT auditors reviewed the State of Georgia Office of Treasury & Fiscal Services' Statement of Accounts for the SPLOST Sales Tax account. The review disclosed that during FY2022, the District earned and reinvested \$129,608.21. **Exhibit 2** below provides an overview of SPLOST V related investment income by category (i.e., SPLOST Tax Receipts or General Obligation Bond) received during FY2022.

### EXHIBIT 2 FY2022 SPLOST V INTEREST INCOME



Source: Created by MGT from data provided by the District.

### CONCLUSION:

Based on the results of the audit procedures, MGT concludes that the investment of sales tax proceeds received by the District has been conducted in a sound fiscal manner.

<sup>2</sup> Georgia Fund 1 is offered by the State of Georgia to counties, municipalities, public colleges and universities, boards of education, special districts, state agencies, and other authorized entities as a conservative, efficient, and liquid investment alternative. The primary investment objectives of Georgia Fund 1 are safety of capital, liquidity, yield, and diversification with primary emphasis on safety of capital and liquidity.



## SPLOST V EXPENSES

In addition to tracking SPLOST V related expenses in Fund 227, the District has established approval limits to ensure that expenditures over certain amounts are authorized by someone with the proper authorization level, including but not limited to:

- ◆ Contracts for Facilities and Operations capital projects from budgeted funds with a value up to \$500,000 shall be made by the Chief Operations Officer once procedural requirements are met.
- ◆ Purchases from budgeted funds for any item or group of items with a value of \$100,001 - \$500,000 shall be made by the Director of Purchasing upon approval of the Chief Financial Officer once procedural requirements are met.
- ◆ Purchases from budgeted funds for any item or group of items with a value of \$500,000 - \$1,000,000 shall be made by the Director of Purchasing upon approval of the Superintendent once procedural requirements are met.
- ◆ Purchases from budgeted funds for any item or group of items with a value of \$1,000,000 or greater shall be made by the Director of Purchasing upon approval of the Board of Education once procedural requirements are met.
- ◆ Emergency purchases above \$1,000,000 or which have not been provided for in the budget may be made if critical to the continued operation of the District upon approval by the Superintendent. Such action shall be reported to the Board of Education at its next regularly scheduled meeting.

As previously indicated, funds from SPLOST V may be used to pay the current expenses of the District related to the costs of:

- ◆ Developing sites for and constructing and equipping new schools, support facilities and athletic facilities.
- ◆ Making additions to, acquiring or renovating and equipping existing schools, support facilities and athletic facilities.
- ◆ Purchasing and refurbishing school buses and other support vehicles.
- ◆ Making existing lease/purchase payments with respect to the acquisition of new and existing schools and support facilities.
- ◆ Modernizing technology and making system-wide technology improvements in Gwinnett County School District.

MGT reviewed the SPLOST V accounts payable detail for FY2022 to gain an understanding of the amount expended and the categories of the expenditures. The review disclosed that the District expended a total of \$117,405,441.51<sup>3</sup> during FY2022. **Exhibit 3** below provides an overview of the total expenses by categories recorded to Fund 227 during FY2022.

**EXHIBIT 3**  
**FY2022 SPLOST V EXPENSES BY CATEGORY**

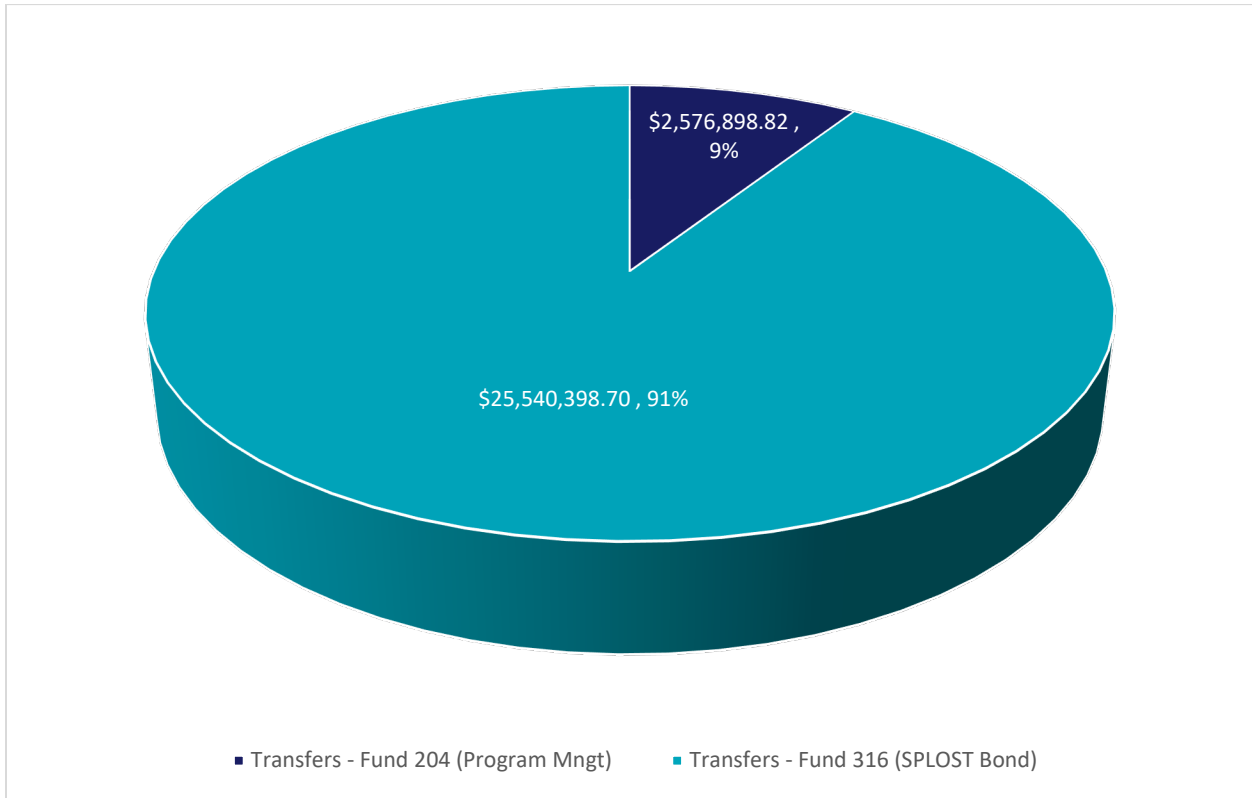
ACTIVITY	ACTUAL EXPENSES FOR FY2022	% OF TOTAL EXPENSES
Budgets	\$102,909.92	0.09%
Data Governance	\$129,159.76	0.11%
Information Security	\$2,907,979.45	2.48%
Technology	\$15,221,645.97	12.97%
SNP Equipment	\$299,257.02	0.25%
Land Purchases	\$30,650.00	0.03%
Construction	\$64,868,086.19	55.25%
Storage & Moving	\$175,777.50	0.15%
Equipment	\$5,552,678.18	4.73%
Transfers - Fund 204 (Program Mngt)	\$2,576,898.82	2.19%
Transfers - Fund 316 (SPLOST Bond)	\$25,540,398.70	21.75%
<b>Total</b>	<b>\$117,405,441.51</b>	<b>100.00%</b>

Source: Created by MGT from data provided by the District.

As illustrated in Exhibit 3 above, approximately 24% of the total expenditures for FY2022 were transfers to other funds, including Fund 316 (SPLOST Bond) for the principal and interest payments of the SPLOST General Obligation Bonds. **Exhibit 4** on the following page provides an overview of the amounts transfer and their percentage of the total transfers.

<sup>3</sup> Includes amounts transfer to other funds totaling \$28,117,297.52.

**EXHIBIT 4**  
**FY2022 SPLOST V TRANSFERS**

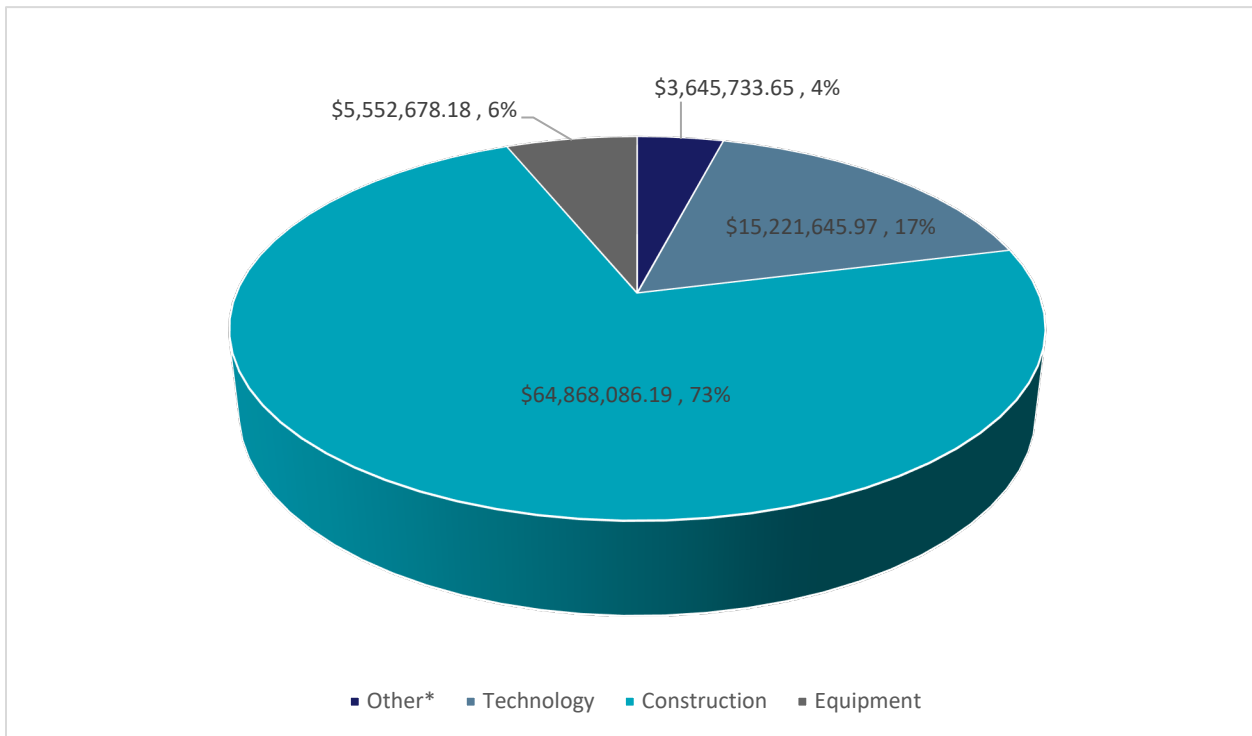


Source: Created by MGT from data provided by the District.

Transfers to SPLOST bond principal and interest were approximately 91% of the total transfers. This equated to \$25,540,398.70. Certificates of Participation (COPS) principal and interest transfers were approximately 9% of the total transfers.

As the District completes long-term construction and renovation projects during the last year of SPLOST V, MGT auditors expected the construction activities to account for a large percentage of the expenses when excluding the transfers. **Exhibit 5** below provides an overview of total SPLOST V related expenses for FY2022 when not taking into consideration transfers to other funds.

**EXHIBIT 5  
FY2022 SPLOST V EXPENSES EXCLUDING TRANSFERS**



Source: Created by MGT from data provided by the District (other\* - include the amounts recorded to budgets, moving/storage, support vehicles, land purchases, information security and data governance).

When excluding transfers, 73% of SPLOST V funds in FY2022 were expended on construction and renovations related activities. This was followed by 17% being expended on technology related activities. Equipment related expenditures accounted for approximately 6% of SPLOST V expenditures in FY2022. With construction and technology accounting for over 89% of total expenditures not including transfers during FY2022, the expenditures of the program met MGT’s expectations.

As part of audit testing, MGT auditors selected and tested transactions for each of the top three categories (i.e., technology, construction, and equipment). The details and results of each test can be found in the applicable section below.

## CONSTRUCTION AND RENOVATION

According to section 5 of the resolution for the current SPLOST V, the specific capital outlay projects to be funded by SPLOST proceeds include:

- (a) Acquiring and developing sites for and constructing and equipping new schools, support facilities and athletic facilities specifically including, but not limited to, the following:
  - (i) Norcross High Cluster High School
  - (ii) Meadowcreek Cluster High School
  - (iii) Meadowcreek Cluster Elementary School
  - (iv) Berkmar Cluster Elementary School
  
- (b) Acquiring and developing sites for and making additions to and/or renovating, equipping and modernizing existing schools, support facilities and athletic facilities specifically including, but not limited to, the following:
  - (i) Chesney Elementary School
  - (ii) Richards Middle School
  - (iii) Berkeley Lake Elementary School
  - (iv) Parkview High School
  - (v) Brookwood High School
  - (vi) Lilburn Middle School
  - (vii) Grayson High School
  - (viii) Berkmar High School
  - (ix) Benefield Elementary School

The District developed a facilities plan (The Plan) for the five-year time period of SPLOST V funding, as shown in **Exhibit 6**. The Plan includes the projects for which the District anticipates receiving sufficient funds over the five-year period. The funding will come from a combination of special purpose local option sales tax (E-SPLOST) revenue, state capital outlay dollars, and interest earnings on E-SPLOST bond proceeds. To jumpstart the program, the E-SPLOST bond includes authorization to sell general obligation bonds to be repaid with sales tax proceeds. Should funding be insufficient, the list of projects is subject to revision.

**EXHIBIT 6 SPLOST V PROJECTS  
"THE PLAN"**

YEAR OPENING	PROJECT	NEW OR ADDITION/RENOVATION	# CLASSROOMS/ INSTRUCTIONAL UNITS
<b>2018</b>	Norcross Cluster Theme HS	New	79
	Meadowcreek Cluster Theme HS	New	79
<b>2019</b>	Meadowcreek Cluster ES	New	93
	Richards MS	Addition/Renovation	37
<b>2020</b>	Berkmar Cluster ES	New	76
	Chesney ES	Addition/Renovation	20
	Berkeley Lake ES	Addition/Renovation	16
	Parkview HS	Addition/Renovation	20
	Brookwood HS	Addition/Renovation	21
<b>2021</b>	Lilburn MS	Addition/Renovation	26
	Grayson HS	Addition/Renovation	24
	Berkmar HS	Addition/Renovation	4, plus new theater
	Benefield ES	Addition/Renovation	15
			<b>Total = 510</b>
<b>2017 - 2022</b>	Technology improvements system wide to support teaching and learning: expansion of eCLASS; student performance analysis systems; improved audiovisual and broadcast media capabilities; expanded support for wireless connectivity; student data security systems; student information system support; safety and security upgrades		
	System wide facility modifications, renovations, and infrastructure improvements: carpeting, painting, roofing, HVAC upgrades; buses (new/refurbished); facility modifications for high school academies; ADA improvements; furniture/fixtures/equipment growth and replacement; Fine Arts program growth and replacement		

Source: Gwinnett County Public Schools, 2018.

The construction activities are generally in accordance with the SPLOST resolution and The Plan, with three exceptions. The first exception is that Lilburn Middle School was moved forward in the schedule, and instead of a FY2021 completion, was completed in FY2019. This change was made to ease scheduling of projects and lessen impacts on students and staff.

The second exception involves the planned new elementary schools for Meadowcreek and Berkmar Clusters. During the land acquisition phase, it was discovered that there was a lack of suitable land available for the planned new Berkmar Cluster Elementary School. Because of this, the projects were changed to building additions at Meadowcreek Elementary School and Ferguson Elementary School. During the initial phases of these projects, the situation was further complicated when enrollment numbers for the fall were lower than expected. Due to the lower-than-expected enrollment numbers,

the additions at Meadowcreek and Ferguson Elementary Schools were placed on hold. The remaining FY2021 projects, Berkmar HS Addition/Renovation, Benefield ES Addition/Renovation, and Grayson HS Addition/Renovation, were all completed and opened in August 2021.

The third exception was the addition of two new projects to the Plan. The new Seckinger High School and addition to Jones Middle School were added to the plan through a General Obligation Bond Program. These two major projects were completed and opened for the 2021-2022 school year.

The total expenditure on construction projects during the fiscal year was \$64,868,086.19 which is 55.25% of total SPLOST V funding for FY2022. In FY2022, SPLOST funding was used in 29 separate construction projects ranging from \$260.00 to \$43,347,111.19 for the new Seckinger High School. The Seckinger High School construction costs accounted for approximately 66.82% of the total construction related expenditures in FY2022. **Exhibit 7** shows a breakdown of the construction related expenditures by project cost.

**EXHIBIT 7**  
**SPLOST V CONSTRUCTION SPEND BREAKOUT BY PROJECT COST, FY2022**

PROJECT RANGE	No. of Projects	TOTAL EXPENDITURE	% OF TOTAL
Projects < \$250K	17	\$1,127,836.67	1.74%
Projects \$250K to \$1M	4	\$1,923,154.57	2.96%
Projects \$1M to \$10M	7	\$18,469,983.76	28.47%
Projects > \$10M	1	\$43,347,111.19	66.83%
<b>Total</b>	<b>29</b>	<b>\$64,868,086.19</b>	<b>100.00%</b>

Source: Created by MGT from data provided by the District.

During FY2022, projects under \$250K accounted for 1.74% of construction related expenditures. With a total of 17 projects, these included activities like roofing, carpeting, site stabilization, addition/renovation, HVAC, etc. Projects between \$250K and \$1M accounted for 2.96% of total construction related expenditures in FY2022. With a total of 4 projects, these projects included roofing, HVAC, addition/renovation, etc. In FY2022, 7 construction related projects accumulated expenditures between \$1M and \$10M. These seven projects accounted for 28.47% of the total construction related expenditures for FY2022. These seven projects included HVAC and facility infrastructure improvements; Jones MS Addition; among others.

After gaining an understanding of the type of projects that SPLOST funds were expended on during FY2022, MGT personnel selected six construction related expenditure transactions for testing. **Exhibit 8** provides an overview of the construction related transactions selected for testing.

**EXHIBIT 8**  
**LIST OF AUDITED CONSTRUCTION RELATED TRANSACTIONS**

PROJECT ID	PROJECT DES.	DESCRIPTION/PO 3/INVOICE 3	COST
C-536-001	NEW SECKINGER HIGH SCHOOL	CARROLL DANI,PO2020010121,INVP	\$8,051,415.00
C-494-005	JONES MIDDLE SCHOOL ADDITION	BOWEN AND WA,PO2021004886,INVPAY REQ# 11 JONES MS,REQ0000526479 C-494-	\$1,363,328.00

<b>C-725-018</b>	NORTH GWINNETT HIGH SCHOOL EAST ADDITION	MCKNIGHT CON,PO2022008708,INVPAY REQ# 1 N Gwinnett HS Add,REQ000056256	\$398,735.00
<b>C-775-010</b>	JACKSON ELEMENTAR FDR/PAVE	ATLANTA PAVI,,INV16897,EWR 15659	\$235,599.05
<b>C-536-002</b>	SECKINGER HIGH SCHOOL LANDSCAPE	TRI SCAPES I,,INVPAY REQ# 2 SECKINGER HS,	\$196,302.09
<b>C-999-005E</b>	BETHESDA ELEMENTARY SCHOOL ERP UNIT	INSIGHT PART,,INV042808,EWR 15265	\$63,250.00

Source: Created by MGT from data provided by the District.

As part of audit testing, MGT personnel reviewed supporting documentation (e.g., contracts, invoices and file copies of the checks) stored within the District’s records and visited the construction sites to gain an understanding of the work completed and compared the work completed to date with funds expended to date. Furthermore, MGT determined if the amounts per the documentation agreed to the financial records and whether the expenditures appeared to be allowable under SPLOST. Audit tests disclosed that for all construction related test items the amount per the supporting documentation agreed with the amount per the financial records and the expenditures appeared to be allowable under SPLOST.

## BIDDING AND CONSTRUCTION PROCESS

In addition to testing construction related transactions, MGT interviewed appropriate personnel and reviewed policies and procedures to gain an understanding of the bidding process. MGT found that there were no major changes to the GCPS bidding and construction process and practices between FY2021 and FY2022.

Gwinnett County Public Schools utilizes the design/bid/build construction delivery method for most of its capital improvement projects. Before any contractor is allowed to bid on a project, they are screened using a prequalification process. This typically involves ensuring that a contractor has the proper credentials and financial capability to complete a project. The prequalification requirements are laid out on the District’s website and also in the proposal requests for projects. The typical requirements are the standard AIA form 305A as well as proper insurance, bonding, and attendance at a pre-bid conference. This process is sufficient to ensure that contractors are sufficiently able to complete projects in a timely manner, and at a high level of quality.

Projects over \$100,000 are advertised on the District’s website for a 30-day time period. Bids are received and opened in a public opening attended by the project architect and all participating contractors. The bids are read aloud and recorded. The lowest responsive and responsible bidder is awarded the project and officially receives a contract once the Board approves the project and the bonds are verified.

Some projects are completed by contractors under unit price agreement contracts. Under these contracts, a contractor agrees to a certain rate for a specific type of work. These contracts are competitively bid similar to contracts for individual projects, and typically last three years. The District often uses these types of contracts for maintenance work such as painting, roofing, electrical, carpet replacement, etc. These types of contracts can be beneficial, as the District can utilize these agreements at specific rates when there is a high workload demand, such as during the summer when there is a heavy push to complete a large amount of work in a short time period.



On difficult and complicated projects, the District has utilized the construction manager at risk delivery method. In this method, the District advertises the project publicly and receive proposals from qualified firms. These proposals are independently scored by a team of professionals and the highest scoring firms are shortlisted to present their qualifications, project team, and project approach for the project. The highest scoring firm is selected as a construction manager at risk. The successful firm is approved by the Board at a regular scheduled meeting and awarded the project. This method is often beneficial to the District because the selected construction manager at risk is liable for any construction costs that exceed an agreed upon guaranteed maximum price.

The District also works diligently to ensure that projects are completed on time. Before a contractor is selected, they are screened through the process described above to ensure that the selected contractor has the ability to produce quality work in a timely manner. Many projects are bid well ahead of time, so the contractor has plenty of time to prepare. For new construction and addition projects, the District coordinates with the project contractors and architects on a daily basis in addition to a detailed monthly meeting to ensure that any potential issues are caught early, and there are no surprises. If a contractor does end up behind schedule on a project by 10 days or more, the District requires them to revise the work plan and provide a recovery schedule in order to complete the work by the deadline.

MGT personnel also obtained and reviewed bidding documentation (i.e., Advertisement for Bid, Bid Tabulation, and contracts) for the six projects construction related project tested to verify that the process is functioning as intended.

## CONCLUSION:

Based on the results of the audit procedures, MGT concludes that the bidding and construction process is managed effectively and is in-line with best management practices and industry standards. Construction spending also coincides with planned activities and as outlined in The Plan, aside from a few reasonable changes due to unforeseen conditions. Construction projects were completed and reported in the District's accounting records.

## TECHNOLOGY

As indicated above, SPLOST V funds can be used for the purpose of modernizing technology and making system-wide technology improvements in the District. As part of the audit, MGT inquired with appropriate personnel to gain an understanding of the technology function in the District. In response to audit inquiries, District personnel indicated that during FY2022, the District recorded technology expenditures into one of three project types and that each project type is used for a specific purpose. A description of each project type is provided below:

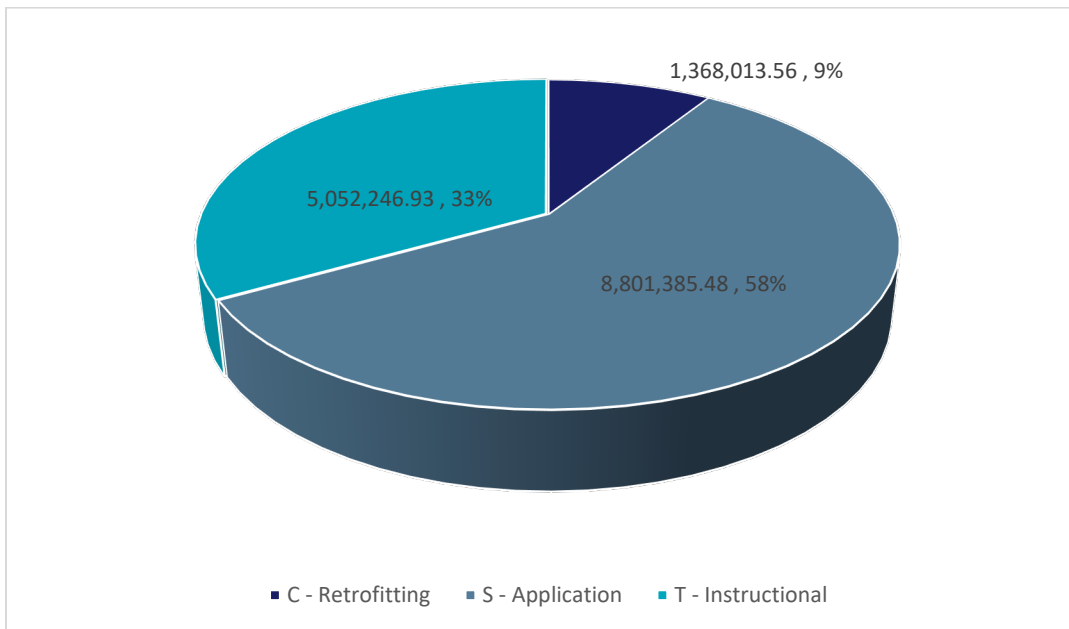
**C-Projects**-- this category of expenditures refers to projects related to new and retrofitting of schools. These include all information technology components related to wireless points of presence, technology devices, and supporting infrastructure to either bring a new school online or to retrofit an existing school, as well as the necessary infrastructure purchases, implementation, installation, upgrades or vendor fees for providing infrastructure related services throughout the District's school buildings.

**S-Projects**-- this category of expenditure refers to all application development costs associated with the development, maintenance licensing, or upgrades associated with district-level information technology and is either vendor provided, or district-developed applications.

**T-Projects**-- this category of expenditure refers to all costs associated with instructional technology or education program projects. This includes infrastructure purchases, implementation, installation, upgrades or vendor fees for providing infrastructure related services.

**Exhibit 11** below shows the total technology related expenditures by project type during FY2022.

**EXHIBIT 11**  
**FY2022 TECHNOLOGY RELATED EXPENDITURES BY PROJECT TYPE**



Source: Created by MGT from data provided by GCPS.

As illustrated by Exhibit 11, application technology related expenditures accounted for approximately 58% of total technology related expenditures during FY2022. While instructional and retrofitting related expenditures accounted for approximately 33% and 9% of total technology related expenditures, respectively.

District personnel also indicated that in addition to tracking technology related expenditures by project type, the District records technology related expenditures by account. **Exhibit 12** provides an overview of the expenditures by account for FY2022.

**EXHIBIT 12**  
**FY2022 TECHNOLOGY RELATED EXPENDITURES BY ACCOUNT**

ACCOUNT	ACCOUNT NAME	AMOUNT	PERCENTAGE
<b>300007</b>	Other Professional & Technical	\$11,638,272.92	76.46%
<b>432001</b>	Maintenance Technology Related	\$2,896.77	0.02%
<b>612000</b>	Computer Software	\$421,352.25	2.77%
<b>615000</b>	Expendable Equipment	\$514,139.28	3.38%
<b>615001</b>	Expendable Furniture	\$89,745.90	0.59%
<b>616000</b>	Expendable Computer Equipment	\$2,438,540.35	16.02%
<b>734000</b>	Computer Equipment	\$116,698.50	0.76%
<b>Total</b>		<b>\$15,221,645.97</b>	<b>100.0%</b>

Source: Created by MGT from data provided by GCPS.

After gaining an understanding of the three different types of technology related expenditures, MGT personnel selected 10 technology related purchases for testing. **Exhibit 13** provides an overview of the technology purchases selected for testing.

**EXHIBIT 13**  
**LIST OF AUDITED TECHNOLOGY EQUIPMENT FOR FY2022 SPLOST V FUNDED**

PROJECT ID	EXPENDITURE DESCRIPTION	COST
<b>S-110</b>	FRONTLINE TE,PO2021008490,INVINVUS144639,REQ0000536118 Frontline Educa	\$2,200,000.00
<b>T-900</b>	EMTEC INC,PO2021007730,INV9103674,REQ0000533170 GSMST StudentLaptops&A	\$970,404.00
<b>S-500</b>	IBM CORPORAT,PO2021002287,INVC21CJVD,REQ0000516521 PCR2105-eClass Cons	\$478,800.00
<b>C-494-005</b>	CDW GOVERNME,PO2022008827,INNV512397,REQ0000562777 JonesMS Chromebooks	\$153,000.00
<b>T-100</b>	DONALD CAMP ,,INV529051,BoardRoomReno	\$87,586.83
<b>C-494-005</b>	AREY JONES E,PO2022008521,INV0212063- IN,REQ0000562055 JonesMS Addition	\$51,765.00

<b>S-200</b>	MICROSOFT CO,PO2021008664,INV9490140295,REQ	\$35,899.50
<b>T-100</b>	EMTEC INC,PO2021010438,INV9104354,REQ	\$32,600.00
<b>S-200</b>	MYTHICS INC,PO2022002218,INV170929,REQ	\$25,688.70
<b>S-200</b>	TOP DRAWER S,PO2021008502,INVGCP51023,REQ	\$20,930.00

Source: Created by MGT from data provided by GCPS.

As part of audit testing, MGT personnel reviewed supporting documentation (e.g., invoices and file copies of the checks) stored within the District’s records and to determine if the amounts per the documentation agreed to the financial records and whether the expenditures appeared to be allowable under SPLOST. MGT also selected 14 laptops and Chromebooks purchased during FY2022 to verify the equipment was in the District’s possession. For these 14 laptops and Chromebooks, MGT agreed the Asset Tag ID number per the District’s records to the Asset Tag ID attached to the individual equipment.

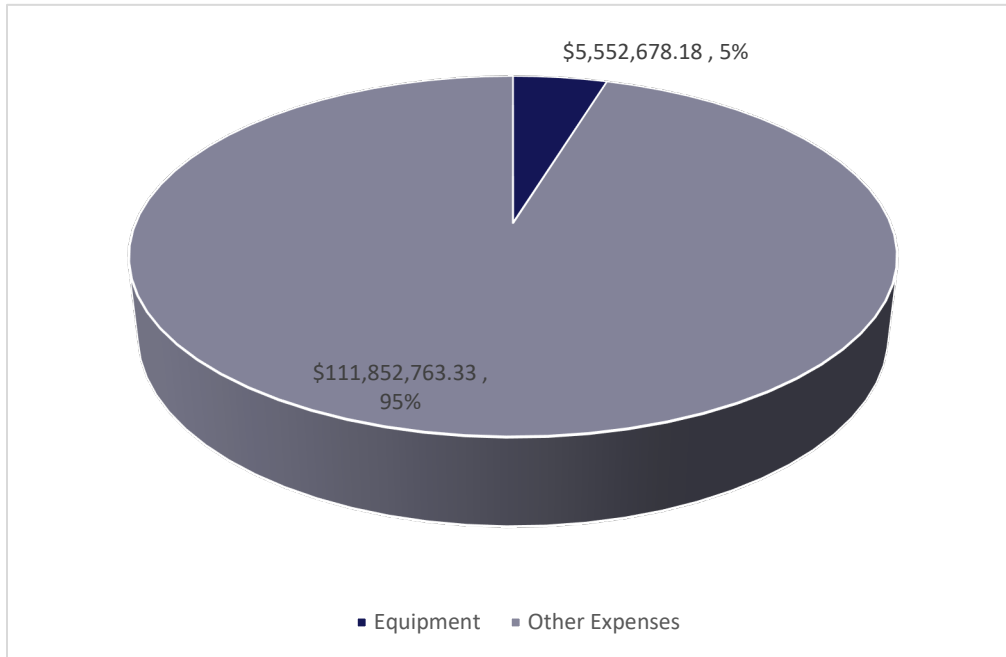
### CONCLUSION:

Audit tests disclosed that for all IT related items tested the amount per the supporting documentation agreed with the amount per the financial records and the expenditures appeared to be allowable under SPLOST. Additionally, the technology related assets tested were in the District’s possession.

## EQUIPMENT

The District uses a variety of equipment to support daily operations and support the provision of education to the youth of Gwinnett County. **Exhibit 14** shows equipment as a percentage of total expenditures.

**EXHIBIT 14**  
**FY2022 SPLOST V EQUIPMENT EXPENDITURES AS % OF TOTAL EXPENDITURES**



Source: Created by MGT from data provided by GCPS.

SPLOST V funds for equipment expenditures totaled \$5,552,678.13 and made up approximately 5% of total SPLOST V spending for FY2022. As part of the audit process, MGT personnel selected 10 equipment related purchases made in FY2022 for audit testing. **Exhibit 15** lists the equipment selected for testing.

**EXHIBIT 15**  
**SPLOST V FY2022 EQUIPMENT AUDITED**

PROJECT ID	EXPENDITURE DESCRIPTION	COST
C-999-009	GEORGIA SPEC,PO2022006824,INV20508-3,REQ0000557561 ISC BUILDING 100/20	\$206,223.52
C-536-001	H E HODGE CO,PO2022006848,INV22196R,REQ	\$148,163.00
C-536-001	BLACKSTOCK'S,PO2022008587,INV3682100,REQ0000562313 SECKINGER/STORAGE/S	\$91,683.16
C-999-009	ERNIE MORRIS,PO2021009611,INV426280- 0,REQ0000539572 Replacement Lab Ch	\$40,965.60

<b>C-999-009</b>	RICOH USA IN,PO2022001281,INV1089203344,REQ0000543706 COPIERS/MAXWELL	\$35,191.99
<b>C-999-009</b>	RICOH USA IN,PO2021010412,INV1088936899,REQ	\$24,379.67
<b>C-125-009</b>	JIREH SUPPLI,PO2021007331,INV0137259-IN,REQ	\$17,067.90
<b>C-999-009</b>	RUSSELL VENT,PO2022000052,INV19045,REQ0000540883 C.Spikes/Furniture Re	\$4,194.51
<b>C-999-009</b>	RICOH USA IN,PO2022007152,INV1092614868,REQ0000559054 COPIERS/RIVERSID	\$3,849.13
<b>C-999-009</b>	PROMAXIMA MA,PO2021009348,INV119710,REQ	\$2,780.00

Source: Created by MGT from data provided by GCPS.

The equipment purchases included tables, chairs, lockers, shelving, copiers, band equipment, and gym equipment. Per District policy, all assets with a cost greater than \$999.99 should be tag with an Asset ID Tag for tracking purposes. For these transactions, MGT reviewed supporting documentation stored within the District records, including the invoices, copy of file checks, and Asset ID Tag number when individual items cost over \$999.99 to determine if the amounts per the documentation agreed to the financial records, the assets were in the District's possession and properly tagged, and the expenditures appeared to be allowable under SPLOST. MGT's procedures disclosed the following:

- ◆ 100% (5 out of 5) copiers included in the equipment transactions were in the District's possession.
- ◆ 80% (4 out of 5) copiers included in the equipment transactions were tagged with an Asset ID Tag.
- ◆ 100% (3 out of 3) office desks included in the equipment transactions were in the District's possession.
- ◆ 100% of the band equipment and gym equipment tested were in the District's possession.

MGT staff inquired with appropriate personnel about the copier that was not properly tagged with an Asset ID Tag. Per District staff, The Purchasing Department forwarded the Asset Tag to the applicable school for placement on the asset. However, the school staff member to whom the Asset Tag was forwarded to was not sure which asset the tag was associated with and did not attach the asset tag to the appropriate asset.

Absent proper procedures to ensure that all applicable assets are tagged appropriately increases the risks that an asset is untagged and the potential that a missing asset is not properly identified on-time.

## CONCLUSION

Based on the results of the audit procedures, MGT concludes that tax proceeds are disbursed in a fiscally responsible manner. However, there is opportunity for improvement by enhancing procedures to ensure that all equipment purchased by the District at a cost greater than \$999.99 is properly tagged as stated in the District's policy.

## RECOMMENDATION

MGT recommends that the District enhance procedures to ensure that all assets with a value over \$999.99 are properly tag with an Asset ID Tag. Procedures can include following-up with the schools to ensure that assets were properly tagged and/or conducting random inventory audits.

# MANAGEMENT RESPONSE



December 31, 2022

MGT of America Consulting Group  
Attn: Mr. Ricardo Cepin, CPA, CFE  
Manager  
4320 W. Kenney Blvd, #2118  
Tampa, FL 33609

RE: 2022 SPLOST V Audit

Dear Mr. Cepin:

Please find Management's Response to the below recommendation.

## RECOMMENDATION

MGT recommends that the District enhance procedures to ensure that all assets with a value over \$999.99 are properly tag with an Asset ID Tag. Procedures can include following-up with the schools to ensure that assets were properly tagged and/or conducting random inventory audits.

## MANAGEMENT'S RESPONSE

The Property staff will conduct follow-up visits or reach out to school staff to ensure that assets are properly tagged. Property staff will also double check for asset tags during routine inventory visits.

Sincerely,

LaWanda Hankins  
Executive Director  
Budgets, Financial Reporting, & Treasury Services  
Gwinnett County Public Schools

### Gwinnett County Board of Education

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2022 Chairperson  
District V

**Steven B. Knudsen**  
2022 Vice Chair  
District II

**Karen Watkins**  
District I

**Dr. Mary Kay Murphy**  
District III

**Everton Blair, Jr.**  
District IV

**Dr. Calvin J. Watts**  
Superintendent

**The Mission of Gwinnett County Public Schools**  
*is to pursue excellence in academic knowledge, skills, and behavior for each student, resulting in measured improvement against local, national, and world-class standards.*

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[www.gcpsk12.org](http://www.gcpsk12.org)

It is the policy of Gwinnett County Public Schools not to discriminate on the basis of race, sex, religion, national origin, age, or disability in any employment practice, educational program, or any other program, activity, or service.



Gwinnett County Public Schools is a Learning 2025 Demonstration District.