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JULY 31, 2024

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DEKALB COUNTY SCHOOL DISTRICT

Comprehensive Financial Audit of E-SPLOST IV and E-SPLOST V

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July 31, 2024

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

Dear Dr. Horton,

Plante Moran has performed the procedures identified within the report below in accordance with RFP 23-543 – E-SPLOST Comprehensive Audit for DeKalb County School District (the "District"). The purpose of this audit was to assess the District's management and oversight of funds received via the E-SPLOST IV and E-SPLOST V referendums.

We were not engaged to and did not perform a financial statement audit, the objective of which would be the expression of an opinion on the District's financial statements. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Enclosed within this report is a summary of our findings, along with recommendations for the District to improve its controls, policies, procedures, and oversight in an effort to enhance governance of future E-SPLOST programs. Our team noted four areas of failure by the District to effectively govern the management of taxpayer funds, and we have aligned our recommendations to provide the District with an opportunity to enhance procedures and management oversight to reinforce the public's trust in the District's management of taxpayer funds.

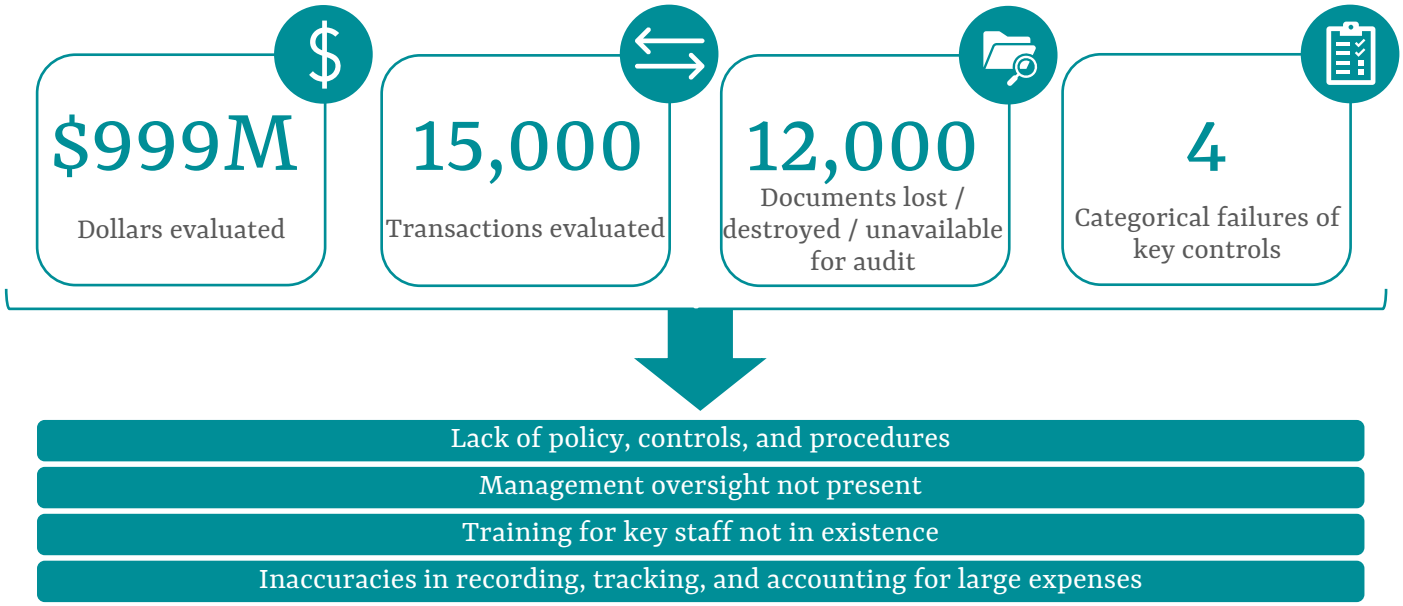
While we noted the issues enclosed within, we are encouraged by the District's commitment to remediation through the Miracles program. We trust the District in their remediation efforts, however, these actions should be validated and regularly monitored through routine internal audits.

We would like to thank District staff members for their support in providing documentation and clarification throughout this audit.

Sincerely,

Plante and Moran, PLLC

Results at a glance



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I. Executive Summary

Background

The DeKalb County School District (the "District") utilizes the "Education – Special Purpose Local Option Sales Tax ("E-SPLOST")" as a source of funds for District improvements. Use of this funding includes capital projects including but not limited to new school construction, existing school renovations, upgrades to school technology, procurement of musical instruments, and others as directed by the DeKalb County School Board and its Superintendent. The funding for E-SPLOST projects comes via a one-penny consumption tax funded by all purchases within DeKalb County, GA. On November 8, 2011, residents of DeKalb County voted in favor of approving the referendum related to E-SPLOST IV for a term of 60 months. On May 24, 2016, the residents of DeKalb County voted to further extend the E-SPLOST program via E-SPLOST V for an additional term of 60 months. For purposes of E-SPLOST capital project management, a joint effort of District management and a third-party project management team contracted by the District are responsible for overseeing the selection of vendors, execution of the contracted services, and quality of the construction.

During E-SPLOST IV and E-SPLOST V, the District underwent a major technology upgrade, replacing the legacy ERP system, CrossPointe, with a cloud-based system, Munis. This upgrade resulted in a change in procedures and documentation, which impacted the processes for procuring goods, recording E-SPLOST ledger expenses, and disbursing E-SPLOST-related funds.

Through our review, we identified 4 key themes that summarize our detailed findings:

1. There was a lack of policies, procedures, and controls governing the E-SPLOST program
2. A lack of management oversight and approval over the E-SPLOST program
3. District staff did not have the proper training to effectively execute a controlled E-SPLOST program
4. Multiple errors were noted in the recording, tracking, and accounting for large expenses

Audit Scope

Plante Moran was engaged to conduct a comprehensive audit of the expenditures related to E-SPLOST-IV and E-SPLOST V. The period of our audit included:

- E-SPLOST IV: July 1, 2012 – April 25, 2023
- E-SPLOST V: July 1, 2017 – August 15, 2023

During this period, 15,600 transactions totaling $999M were expended on E-SPLOST-related projects:

E-SPLOST Program	Count of Transactions	Total Expenses ($)
E-SPLOST IV	8,800	$605M
E-SPLOST V	6,800	$393M
Total	15,600	$999M

Summary Engagement Timeline

Q2 2023

- Engagement kick off and request for expense ledger and E-SPLOST IV and E-SPLOST V documentation sent to District
- Intial expense ledger with $200M variance provided
- E-SPLOST V testing begins for transactions recorded in Munis to analyze what the District purchased, whether it was received, and the authorization behind it

Q3 2023

- Control walkthroughs are executed. Testing of E-SPLOST V continues. Support for transactions recorded in CrossPointe not provided by District
- Reconciliation of $200M variance completed by PM, resulting in a completed expense ledger
- Review of vendor selection scorecards, change orders, and final inspection documents is executed

Q4 2023

- Forensic analysis begins with completed ledger and "risky" vendors identified
- Support for transactions recorded in CrossPointe not provided

Q1 2024

- District requests PM assistance in locating support for transactions recorded in CrossPointe. PM sends team to District facilities to retrieve documentation
- Identification of "risky" vendors completed.

Q2 2024

- PM completes retrieval of available documentation for entries recorded in CrossPointe. Testing of E-SPLOST V continues and testing of E-SPLOST IV begins to analyze what the District purchased, whether it was received, compliance with policy, and the authorization behind it.
- Request for extraction of all emails for employees potentially invovled in use of "risky" vendors sent to District. After 4 week delay, emails are sent to PM
- PM executes review of 5M emails for indication of potential fraud

Q3 2024

- PM delivers draft executive summary of findings and recomendations
- Forensic analysis completed
- Project accounting and management analysis completed
- Final report delivery

Procedures

Our team utilized multiple methods of review to analyze the E-SPLOST IV and E-SPLOST V processes:

Inquiry: We interviewed key process owners from the District as well as major vendors to understand their roles, responsibilities, and procedures related to E-SPLOST IV and E-SPLOST V.

Inspection: Our team inspected the documentation furnished by the district supporting transactions in which E-SPLOST IV or E-SPLOST V funds were utilized to determine the legitimacy, business purpose, accuracy, and approval process for the transaction. We also inspected documentation related to change orders, vendor selection, project tracking, and close-out.

Reperformance/Recalculation: For instances where payment of a service was determined based upon the percentage of completion, our team reperformed the calculation utilized to ensure its accuracy.

Analytics: After identifying the vendors paid with E-SPLOST IV and E-SPLOST V funds (explained further in Section III – Forensic Analysis), we performed data analytical tests on disbursements to those vendors.

Background Research: We identified employees at the District, as well as AECOM contractors, deemed "key" to the E-SPLOST IV and E-SPLOST V programs. Key employees were defined as:

- Individuals involved in vendor selection, contract negotiation, and/or other procurement and approval tasks, as identified through review of supporting documentation and organizational charts; or
- Employees with E-SPLOST-related wages over $100,000 during the scope period

We conducted background research on these individuals using a variety of tools, including Thomson Reuters CLEAR software[1], the Secretary of State Business Entity Search tools across multiple states, and internet research. When an individual appeared to own a business, we also researched that business. We compiled information regarding addresses associated with the key employees (and their businesses, if applicable).

Email Review: Leveraging information learned from our analytics, interviews, background research, and document inspection, we determined our scope for reviewing emails to include the activity of approximately 40 individuals. We extracted over 5M emails and attachments from the District's server in relation to these ~40 individuals.

Summary of Findings

Throughout the audit process, our team noted significant findings that either deviate from the stated policy or are based upon our professional judgment and indicate a lack of control over E-SPLOST IV and E-SPLOST V funds.

Finding Category	Finding Detail
1. Policies	Lack of enforceable policy to govern District processes

1 https://legal.thomsonreuters.com/en/products/clearF

2. Project Spend Tracking	Incomplete and inaccurate ledger of E-SPLOST transactions
3. Contract procurement, execution, and monitoring	Contracts were written in a manner that was not favorable to the District and resulted in the overpayment of additional soft costs and a lack of spending oversight
4. Records Retention	Documents to support the audit were not retained in accordance with District policy
5. Vendor Selection	Vendor selection teams were not appropriately split between AECOM and District personnel
6. Purchase approval	Purchases were initiated prior to approval of the purchase order
7. Expense Review	For expense items where documentation was available, significant exceptions were noted related to adherence to governing policies, rules, and regulations.
8. Internal Control	A suite of preventive and detective controls was not in place for the governance of E-SPLOST IV and E-SPLOST V funds
9. Change Orders	Original contracts of low value followed by significant change orders provide opportunity for procurement exploitation
10. Project Spending	Documentation to support a budget to actual analysis, and changes to budget was not retained
11. Final Inspection Documentation	Final inspection documentation was not retained to evidence the District reviewed the final condition and quality of work performed

II. Accounting and Project Management Findings and Recommendations

Finding #1 - Policies

Observation: The Policy and Procedures Manuals ("PPM") were not developed to align with District processes and were not communicated to District personnel. As a result, District personnel were unfamiliar with the PPM, and there was no policy being adhered to throughout the E-SPLOST IV and E-SPLOST V programs.

Background/Details: The District engaged URS Corporation (E-SPLOST IV) and AECOM Technical Services, Inc. (E-SPLOST V) to prepare a policy manual for each E-SPLOST program. These policies, referred to as the Program Procedures Manual ("PPM"), were intended to govern E-SPLOST spending and detail the policies and procedures to ensure the E-SPLOST program adheres to legal and regulatory requirements, as well as best practice processes.

Recommendation #1

Industry best practice is that District administration maintains a version-controlled policy to govern all E-SPLOST program spend.

The District should engage a third party to develop a policy and tracking mechanism for future E-SPLOST programs that considers input from District personnel while taking into account any legal or regulatory requirements. The policy should include the following attributes:

1. Responsibilities for job roles involved in E-SPLOST programs
2. Timelines for process completion
3. Decision-making authority limits
4. Process for communication of policy requirements to District personnel
5. Monitoring procedures to ensure compliance
6. Procedures for accurate document retention
7. Oversight procedures in establishing the budget, scope, and schedule to ensure quality, timeliness, and strong economics in project management (see Recommendation #3 for further details)

Suggested timeframe for implementation: Q1 FY 2025

DCSD Response: Management agrees with the Auditor's recommendation.

DCSD's plan is to take advantage of existing opportunities to leverage the current documentation available (i.e., the ACERM PPM, Kahua Workflows) to fast-track the development of comprehensive and integrated Standard Operating Procedures (SOPs). District personnel intimately involved in the E-SPLOST CIP have the accumulated knowledge to compile new SOPs and will employ additional review and input from a qualified third-party qualified consultant. Further, the District intends to implement consistent, periodic review and updating of the SOPs and continual communication of and training on the SOPs as well.

Expected Implementation Completion: Q3 FY2025

Finding #2– Project Spend Tracking

Observation: The District did not maintain a complete and accurate ledger of E-SPLOST-related transactions consisting of project, expense details, vendor, date, and amount. This issue appears to have occurred because of the conversion to Munis in 2018, as well as a lack of appropriate supporting documentation for journal entries.

Background/Details: The District provided "Spend and Budget Reports" for E-SPLOST IV and E-SPLOST V separately. These reports summarize the total spent by phase (pre-construction, admin, architect, etc.) through May 8, 2023, totaling $998M. However, the reports do not show the transaction details comprising these amounts.

When we requested the transaction details, we were provided various reports from CrossPointe and Munis, which totaled $1.233B, a variance of over $200M. Much of this variance was due to transactional data originally recorded in the legacy CrossPointe system being duplicated in Munis and/or imported into Munis without vendor details. These duplicates and lack of vendor detail were not easily identifiable for the purpose of tracking E-SPLOST project spend.

Additionally, during the implementation of Munis, some transactions were not coded to the appropriate GL account with a *project string,* which is the segment of a GL account number that connects the transaction to a specific project. The missing information caused Munis to inaccurately display/categorize certain expenditures in comparison to the Spend and Budget Reports. As a result, only 171 of the 261 projects listed on the initial transaction details provided to us reconciled to the Spend and Budget Reports, with a nearly $240M unreconciled variance remaining.

Through extensive research into both CrossPointe and Munis systems' transactional details, Munis Project Detail History reports, Munis Project Journal Inquiry reports, and review of supporting documentation, we constructed a detailed transaction ledger totaling $999,117,563[2], which agreed to the Spend and Budget Reports.

After reconciling totals by project, there remained hundreds of line items missing key pieces of information needed for analysis, such as vendor paid and payment amount, as many of the transactions were recorded via manual journal entries (i.e., batches) rather than individual disbursements through accounts payable. Through additional review of journal entry documentation and inquiries to District personnel, we identified the vendors paid for nearly all 15,000+ transactions included in the detailed listing.

There are 22 line items/journal entries totaling a negative $461,310.85, for which vendor details could not be identified. However, this amount is decreasing the total spend and, therefore, is likely the reclassification of costs between projects rather than unknown disbursements for which we have no details. Therefore, we have inherently tested the transactions/vendors related to these 22 line items.

These inconsistencies and omissions in maintaining a complete and accurate transaction listing pose significant challenges to the accurate tracking and management of E-SPLOST activities. They also resulted in significant additional time in our engagement, as, in order to comprehensively test E-SPLOST-related spending, we needed the detailed components of what was spent.

Recommendation #2

Industry best practice is to reconcile detailed subledgers to the general ledger on a monthly basis. All variances should be investigated and resolved within 30 days.

The District should craft and adhere to a policy that all sub-ledger systems must be reconciled to general ledger data monthly, with review from a member of management with the appropriate level of

[2] The $841,340 difference between the $998M in the Spend and Budget Reports and the $999M in our detailed transaction listing is a result of the timing between obtaining the Spend and Budget Reports and later creating a detailed transaction listing. We included the additional $841,340 of detailed transactions in our analysis.

knowledge and authority. Additionally, action plans should be developed to investigate and clear any variances within 30 days.

The District should also provide comprehensive training sessions, standard operating procedures, and ongoing support to personnel responsible for financial record-keeping duties. Employees should have the necessary knowledge and skills to effectively utilize the accounting system or software; Munis has the capability to track spending by project, which should be leveraged for future E-SPLOST projects. Training should cover topics such as data entry techniques, ledger reconciliation procedures, adequate journal-entry documentation, and error resolution protocols. The District should encourage open communication channels for employees to seek assistance or clarification on ledger-related matters.

Suggested timeframe for implementation: Q1-Q2 FY 2025

DCSD Response: Management agrees with the Auditor's observation and recommendation.

The conversion to Munis started in 2018 and was completed in 2024. During this time frame transactions ran through both the current Munis and legacy CrossPointe systems. Now that the conversion to Munis is complete, all revenue and expenditure details and the capital project subsidiary ledger are within one system. Management will develop policies and procedures to reconcile the capital project subsidiary ledger to the general ledger on a monthly basis as well as provide training and ongoing support to personnel responsible for financial record-keeping duties.

Expected Implementation Completion: Q2 FY2025

Finding #3 – Contract Execution and Monitoring

Observation: The District's contractual and financial processes for implementing capital improvements from procurement and planning through construction and close-out can be significantly improved from its current state. This includes procurement documentation, establishing and tracking the budget-to-actual costs from the planning phase through construction (including contingencies), and close-out activities.

Background/Details:

<u>Contract Forms</u>

We reviewed the construction management proposals, contracts, and Payment Applications for fifteen (15) capital projects (5 new construction and 10 renovations/additions) as part of E-SPLOST IV and E-SPLOST V. From our review of the procurement process, the District utilizes its own set of construction contracts and issues request for qualifications and proposals for individual projects in alignment with industry practices. For the new construction projects, the original contracts for pre-construction match the proposing firms' proposed fee for pre-construction services. We found instances of executed contract forms with blank line items related to fees and costs for construction services (i.e., Construction Manager (CM) fees, staffing, general conditions, insurance, etc.).

Under normal industry, standard documents such as AIA documents, EJCDC documents, or Consensus documents, a separate document called the "General Conditions of Construction" governs the processes associated with administering the construction process and outlines the "cost of work" and change orders/contingencies. Additionally, this document is incorporated into both the Architect Engineer ("AE") and CM/General Contractor ("GC") contracts as a "bridging" document to ensure that the separate obligations of the AE and CM under their respective contracts align to allow for the smooth administration of the work. In the Dekalb County School District contract documents, we observed that

there is no such bridging document, which could give rise to coordination issues during construction administration.

In addition, we observed in the CM Guaranteed Maximum Price (GMP) Lump Sum contracts that the scope of work was articulated by a general reference to the drawings, project manual, and addendum. The best practice is to provide more specificity of the project documents by including the dates published and the control version and/or having the AE provide their index of drawings and specifications (with dates of final issuance) for incorporation. This will help to avoid disputes over what version of the documents formed the basis of the contract.

Payment Applications

Observed multiple instances where the architect of record did not certify the Application for Payment. The architect's certification is a critical control as an independent representation of the architect's belief that the work has progressed to the point of the requested payment and that the work is in general conformance with the contract requirements. It also allows the review of change orders and an allocation as to the cause of such (field condition, error or omission, missing bid scope, Authorities Having Jurisdiction (AHJ) requested change, unforeseen conditions, etc.)

We did not observe any sworn statements included in payment applications. While not contractually obligated, the inclusion of sworn statements is a best practice requiring the CM/GC to attest that the contractors listed are the only contractors providing labor and materials and that the breakdown of costs is accurate.

Sworn statements allow the Owner to monitor the flow of costs among the CM/GC and subcontractors, secure appropriate waivers, and identify all potential claimants, secure appropriate waivers. An industry standard, AIA G907-2022, applies to this scenario.

While lien waivers/releases were included in some payment applications, not all payment applications included these documents. Without a supporting sworn statement, it is impossible to determine if all waivers and releases were provided.

Bonding/Insurances

Bonding of the prime CM/GC is required by GA law for public contracts. A CM on a cost-plus contract often requires their subcontractors to also provide a bond protecting the CM against a subcontractor's default at the Owner's cost. The CM is already responsible for the subcontractor's performance or lack of performance; no meaningful benefit to the Owner is provided by double bonding. Observed instances of double bonding being listed in the schedule of values, but no bond information was provided to substantiate the procurement of a bond.

Instead of a subcontractor bond, some CMs attempt to secure a subcontractor default insurance ("SDI") policy or provide self-insurance. As with a subcontractor bond, SDI is a protection measure for the CM provided at the Owner's cost with no meaningful benefit being provided to the Owner. Observed instances of CMs seeking payment for SDI policies without backup, demonstrating any policy was procured.

Cost Plus Contracts

Upon reviewing the contracts and payment applications, we observed instances of large change orders ranging from $5,000,000 up to $22,942,000. These change orders are part of the construction management process of bidding out the individual trade contracts and assigning these to the engaged

Construction Manager. Included with the change orders are costs associated with the CM fee, staffing, general conditions, and insurance.

It is best practice to have contractual terms governing the use of the contingency (e.g., specifying a procedure for the use, the allowable uses, and a drawdown schedule for the return of unused contingency to the Owner over the duration of the Project). Did not observe adequate contingency controls within the cost-plus contracts relative to the original budget to actual costs, cause of the contingency, reallocation of unused contingency, etc.

It is best practice to maintain an Owner Contingency within an overall project budget; observed instances where the Owner Contingency was held within the CM Guaranteed Maximum Price. This is not a preferred practice given:

1. If the Owner Contingency is within the GMP, there is a lack of contingency controls, and the CM is entitled to charge a related fee
2. If outside the CM contract, Owner contingency can be used for other contracts and costs at the owner's discretion

Recommendation #3

Industry best practices are to review and update procurement processes to align with current market trends and conditions. For this recommendation, the District should conduct a comprehensive overview of its procurement of Construction Management services in alignment with its contract documents and incorporate industry "best practice" processes relative to defining the following;

- Construction Management Fees (Overhead & Profit)
- Staffing for pre-construction and construction services
- General conditions, insurance, and contingency use.

In addition, bridging documents and more specificity of the project bidding documents, including the dates published, control version, and/or having the AE provide their index of drawings and specifications (with dates of final issuance) for incorporation.

Included in the contract review process, the District should conduct a comprehensive overview of the Payment Application process to ensure that multiple departments are reviewing, receiving, and approving the applications for payment, including the application of the proper CM costs, including fees, staffing, general conditions, contingency use, allowance use, and insurances and that multiple departments received and retain these records accordingly.

Suggested timeframe for implementation: Q1-Q2 FY 2025

DCSD Response: Management agrees with both the Auditor's observation and recommendation.

DCSD will contract and leverage input from a qualified third-party qualified consultant to work with the District's Office of Legal Affairs to develop a framework within the newly developed Standard Operating Procedures (see Finding #1 response) to ensure that the District's construction management function meets the best industry standards – particularly in the consideration and approval of various elements of total project expenditures with the goal of minimizing final project cost and creating project budget savings wherever possible. The District's Office of Legal Affairs will also work with DCSD Finance to ensure that the capabilities of Munis' contract management module, which is already in use, are also deployed to those ends.

Expected Implementation Completion: Q3 FY2025

Finding #4 – Records Retention

Observation: The District did not maintain records in an organized and auditable manner. Additionally, the District failed to appropriately maintain records in accordance with the DeKalb County School District Records Retention Schedule, dated 2013.

Background/Details: E-SPLOST-related records prior to conversion to the Munis ERP system, if retained, were maintained in paper form and stored in a disaggregated fashion at several District locations. 61,454 documents were requested to complete detailed testing of the expenses. The requested documents consisted of invoices, evidence of approval, evidence of payment, and evidence of payment terms for each expense. Requests for the District to produce documentation, if fulfilled, often took 90 days or more.

To alleviate the delay in the District providing documentation for transactions not recorded in Munis, the District requested Plante Moran staff conduct physical searches of District locations for documentation. Our team expended 1,000 hours physically searching District property for documentation to complete our procedures.

Per Section 10 – "Property" of the retention schedule, records related to capital construction must be maintained for 11 years after the completion of the project. There are 11,938 documents that have been confirmed by District managers as either lost or destroyed and unable to be audited. Details regarding the documents confirmed lost or destroyed are in the table below:

E-SPLOST Program	Documentation Type	Count Confirmed Lost or Destroyed (by expense line item)
IV	Invoices	1,873
IV	Payment Approval	1,963
IV	Payment Support	2,339
IV	Purchasing Terms	4,375
V	Invoices	250
V	Payment Approval	290
V	Payment Support	23
V	Purchasing Terms	825
Total		**11,938**
Instances of all documentation being lost or destroyed		**1,234**

Through testing procedures, our team learned the District did not communicate the need to retain records to team members, as many individuals were unaware of the required retention policies. Additionally, District management did not execute a monitoring program to ensure records were retained in accordance with applicable policies.

Recommendation #4

Industry best practice is to adopt and adhere to a records retention policy that is monitored and enforced by management.

The District should develop and deploy a records retention training program for all District personnel. This training includes the following:

1. Awareness of governing policies in place from a District and regulatory standpoint
2. Instruction that multiple retention timelines may apply to a single document. In these instances, the longest of the applicable timelines applies
3. Best practices for storage contemplating security, structured folders, and searchability
4. Procedures for effective disposal

Additionally, the District should develop and execute a management monitoring program to inspect the effectiveness of the District's records retention policy on a monthly basis. Monitoring should focus on selecting key documents within each department on a rotating schedule to evaluate whether these documents have been retained or not retained in accordance with applicable policies. This will allow future audits of E-SPLOST expenditures to be executed in a timely, efficient manner and improve the District's adherence to the DeKalb County School District Records Retention Schedule.

Suggested timeframe for implementation: Q1 – Q2 FY 2025

DCSD Response: Management agrees with the Auditor's observation and recommendation.

DCSD Management has charged the Division of Information and Instructional Technology (DIIT) with developing and promulgating the District-wide Records Retention Policy that is in compliance with the Georgia Records Retention schedule which is authored and overseen by the Georgia Secretary of State. DIIT is also spearheading the effort to digitize all existing paper records that have not surpassed the retention date so that they remain accessible for auditing and litigation purposes.

Expected Implementation Completion: Retention Schedule Q2 FY2025; Digitization Q1 FY2026

Finding #5 – Vendor Selection

Observation: Selection committees to determine vendors to provide services paid for with E-SPLOST funding were not comprised of sufficient and adequate team members, as recommended by the policy. Of 328 vendor scoresheets analyzed, we noted that 68% did not have the appropriate split between DCSD personnel and third-party project management personnel.

Background/Details: The District utilized selection committees to determine vendors to provide services paid for with E-SPLOST funding. Per the PPM, the following guidelines for selection team compositions are recommended:

1. E-SPLOST IV
    a. Two DCSD team members
    b. Two third-party project management team members
2. E-SPLOST V
    a. Three DCSD team members
    b. Two third-party project management team members

In our analysis, we noted the following:

1. Overall findings:
    a. 99% of scoresheets had four or more evaluators on the selection committee
    b. Of the scoresheets that had four or more evaluators, 57% of the committees had the appropriate split between DCSD and AECOM members
2. E-SPLOST IV
    a. 2 of 243 score sheets had less than 4 evaluators

    b. 104 of the 241 score sheets had more DCSD team members than third-party project management team members

3. E-SPLOST V
    a. 48 out of 85 score sheets had less than 5 evaluators
    b. 4 out of 85 score sheets had more third-party project management team members than DCSD team members. In all 4 instances, contracts were awarded to Evergreen Construction

Additionally, we noted the following trends:

Several vendors were selected more often than others:

1. Centennial Contractors—selected for **12.0%** of the total scoresheets analyzed
2. Gardner Spencer Smith Tench & Jarbeau—selected for **6.6%** of the total scoresheets analyzed
3. Construction Works—selected for **6.2%** of the total scoresheets analyzed

Several evaluators were commonly a part of the selection committee:

1. Director of Design and Construction, DCSD—evaluated **19.1%** of scoresheets analyzed
2. CIP Deputy Program Director, AECOM—evaluated **5.9%** of scoresheets analyzed
3. Contract Compliance Specialist, DCSD—evaluated **5.5%** of scoresheets analyzed
4. CIP Project Manager, AECOM—evaluated **5.2%** of scoresheets analyzed
5. Construction Manager, DCSD—evaluated **5.1%** of scoresheets analyzed

Our team requested the rating criteria detail of each scoresheet by each evaluator; however, these were not retained by the District in accordance with the DeKalb County School District Records Retention Schedule, dated 2013, therefore limiting our procedures able to be performed. On the final evaluation forms evaluated, the final score for the proposing vendors was recorded. The scoring rubric was not consistent throughout the E-SPLOST IV and V selection meetings. While the criteria vendors were scored on varied on the final evaluation forms, proposing vendors were typically scored on project approach, scheduling, cost, and previous experience.

Recommendation #5

Industry best practice is to ensure a fair, equitable, knowledgeable, and neutral representation of evaluators for all public bids. Additional best practices include retaining score sheets, including evaluation details for all public bids.

The District should implement a monitoring program for the Procurement Department to ensure representation on selection committees is in line with policy and best practices. This monitoring program should include an objective review prior to vendor evaluation to ensure the individuals assigned to the selection committee are in alignment with applicable policies. A component of the vendor selection process should include a certification from the Procurement Department that the selection committee was aligned with applicable policies. The District should also implement a standard scoring rubric and ensure the full evaluation scoresheets are retained for audit purposes.

Additionally, on at least a semi-annual basis, the Internal Audit Department should execute reviews of the Procurement Department's adherence to these policies by selecting a sample of vendor evaluations to validate that the selection committee representation is appropriate.

Suggested timeframe for implementation: Q2-Q3 FY 2025

DCSD Response: Management agrees with the Auditor's observation and recommendation.

DCSD will contract and leverage input from a qualified third-party qualified consultant to assist with development and implementation of the recommended monitoring program designed to provide assurance to the Procurement Department that representation on selection committees is in line with policy and best practices. Internal Audits & Compliance is also charged with reviewing vendor evaluations to ensure compliance with the Procurement Vendor Selection policy.

Expected Implementation Completion: Q3-Q4 FY2025

Finding #6 – Purchase Approval

Observation: The District did not have a process for ensuring purchase orders were created and approved prior to the purchase being made and invoice being generated by the vendor. In instances in which a purchase order was not available for audit, District administration indicated an accounting transmittal form could be leveraged. In total, 3,677 transactions (23%) did not have a purchase order or transmittal form that documented all approvals as required by policy.

Background/Details: Through inquiry with District personnel, it was noted that in instances where a purchase order was not available, and an invoice was due to be paid, the District utilized "after the fact purchase orders," in which the individual requesting payment of the invoice would approve the purchase of the goods after delivery and invoicing had already occurred.

Recommendation #6

Industry best practice is to employ a suite of internal controls to ensure the approval of a purchase order prior to any purchase made with District funds.

The District should ensure that the related purchase order policy and procedures are clear and enforced so that purchases are not made without a fully approved purchase order from Munis.

Suggested timeframe for implementation: Q1 FY 2025

DCSD Response: Management agrees with the Auditor's observation and recommendation.

DCSD's legacy ERM CrossPointe system was not capable of creating or managing "blanket" POs covering entire projects despite that it has been a standard practice in business for years. DCSD employed the use of "after the fact" purchase orders created for each individual invoice associated with a particular project. The practiced continued after the transition to Munis, although no longer necessary.

DCSD has now stopped the use of "after the fact" purchase order processing in the ESPLOST program as Munis has the capability to create and manage "blanket" purchase orders that are created for the entire budgeted cost of the project and liquidated as project invoices are approved and paid. Furthermore, the internal workflow within Munis ensures that necessary approvals are recorded before payment requests can be properly approved and verified utilizing the 3-way match, which is a best practice for final approval requirement for payment of purchases.

Expected Implementation Completion: Q1 FY2025

Finding #7 – Expense Review

Observation: Upon completion of a comprehensive review of the E-SPLOST IV and V expenses, there are significant discrepancies that raise concerns regarding the current accounting, expense tracking, and approval practices. Our testing revealed instances of errors in accounting entries that were not corrected, improper approval processes, and a lack of adequate documentation to support the expenditures.

Background/Details: Plante Moran was engaged to execute detailed testing overall E-SPLOST IV and E-SPLOST V expense transactions. Note: Our review of E-SPLOST V transactions was as of May 2023 and may not include all E-SPLOST V transactions as of the date of this report. We intended to rely upon District personnel to provide expense ledger detail from CrossPointe and Munis; however, due to the District's inability to provide a complete and accurate ledger, our team re-constructed a ledger of E-SPLOST IV and E-SPLOST V expense detail.

Through our analysis, we identified the projects and expenses within the E-SPLOST IV and E-SPLOST V funds through May 8, 2023. For brevity purposes, the accompanying table below summarizes the projects in which less than 25% of the project expenses were testable due to documentation retainage. Additionally, the table's final row presents a cumulative count of expenses and spending for projects with over 25% of testable expenses. Note that this represents a selective overview of the audited projects and expenses. A complete list is available upon District request.

Fund	Project	Project Title	Scope of work	Count of expenses	Total amount expensed	% of expenses testable	Effective? (Y/N)
IV	000-34	Program Revenue and Bond Payments	SPLOST Support	16	$40,286,910	0%	N
IV	137-34	Terry Mill (canceled)	SPLOST Support	1	$270	0%	N
IV	138-34	Warren Tech (cancelled)	SPLOST Support	1	$270	0%	N
IV	305-34	Chamblee MS – Capital Renewal: Electrical	Facility Upgrades	1	$439	0%	N
IV	328-34	Southwest DeKalb HS – Capital Renewal: Roofing	Facility Upgrades	1	$342,477	0%	N
IV	407-34	Clifton ES – Capital Renewal – Code Requirements: Kitchen Equipment, HVAC	Facility Upgrades	3	$49,090	0%	N
IV	600-34	Safety/Security System Upgrades FY 2013	Safety/Security System Upgrades	3	$1,375,471	0%	N

Fund	Project	Project Title	Scope of work	Count of expenses	Total amount expensed	% of expenses testable	Effective? (Y/N)
IV	610-34	Safety/Security system Upgrades FY 2014	Safety/Security System Upgrades	21	$917,248	0%	N
IV	640-34	School Bus Purchase	School Buses	45	$11,219,567	7%	N
IV	700-34	Infrastructure Refresh	Technology Equipment and Infrastructure	592	$7,648,100	6%	N
IV	710-34	Technology Equipment	Technology Equipment and Infrastructure	1073	$25,231,314	3%	N
IV	900-34	Chamblee HS: Replacement (COPS Repayment)	Major Projects	48	$48,739,312	0%	N
IV	903-34	DCSD Staff	SPLOST Support	11	$7,583,648	0%	N
V	109-35	Life Safety Set-aside	Set aside funds for other fire and life safety improvements, which could include enhancements to fire alarm systems, emergency lighting, and other life safety improvements to support our partnership with the DeKalb Fire Marshal's office	2	$1,050	0%	N
V	531-35	Portables	Purchase new portable classrooms to replace outdated units and for enrollment increases	15	$2,436,169	13%	N
V	603-35	DCSD Salary	Salary for District employees in support of the E-SPLOST program	534	$4,760,928	0%	N
All other projects in E-SPLOST IV and E-SPLOST V				13,290	$848,525,299	25%-100%	N

Audit Approach

Our team utilized the following testing steps during our review of the transactions:

Test Step	Procedure	Occurrence of Test
#1	Ensure the amount per the vendor invoice agrees with the amount recorded in the general ledger	Performed on all expenses
#2	Ensure the amount per the vendor invoice and general ledger agrees to the amount per the check paid	Performed on all expenses
#3	Ensure the vendor per the vendor invoice and recorded in the accounting system, agrees to the vendor name listed on the check	Performed on all expenses
#4	Ensure the amount recorded in the general ledger for the expense does not exceed the amount per the purchase order	Performed on all expenses
#5	Ensure there was adequate segregation of duties between the initiator of the purchase order, the approver of the purchase order, and the receiver of the purchase order	Only performed for expenses recorded in Munis due to CrossPointe not having the functionality of recording the individual responsible for initiating, approving, and receiving
#6	Ensure the expense appears reasonable relative to the applicable E-SPLOST project	Performed on all expenses
#7	Ensure the pay application contains appropriate signatures per District policy	Due to the limitations noted above regarding Test Step #5, Test Step #7 was utilized for transactions recorded in CrossPointe to ensure appropriate approval of the expense was obtained prior to payment of the invoice.

As a result of our testing, we noted the following exceptions related to the test steps above:

E-SPLOST IV

Finding	Count of Deficiencies	Total of Deficiencies
Documentation confirmed lost (invoice, purchase approval, purchase terms, and/or evidence of payment)	3,664	$125,223,671
Expense was improperly recorded and was not corrected	13	$132,346
Evidence of appropriate approval for the expense was not available	1,548	$118,753,558
Unable to substantiate the use case for the expense	34	$14,685,162
PM did not receive documentation to support appropriate testing in a timely manner	135	$104,037,499
Total	**5,394**	**$362,832,236**

E-SPLOST V

Finding	Count of Deficiencies	Total of Deficiencies
Documentation confirmed lost (invoice, purchase approval, purchase terms, and/or evidence of payment)	207	$7,610,229
Expense was improperly recorded and was not corrected	18	$512,034
Evidence of a 3-way match being performed was not available	155	$6,616,589
Unable to substantiate the use case for the expense	9	$8,906,277
PM did not receive documentation to support appropriate testing in a timely manner	587	$97,693,503
The Purchase Order was created after the invoice was created and billed	2,285	$137,452,339
Total	**3,261**	**$258,790,971**

Recording of expenses to the general ledger was performed via manual entry. This presented an opportunity for human error during the expense entry process. A lack of management oversight and effective controls resulted in errors not being identified. During our detailed testing, we noted the following deficiencies as identified in the tables above as it relates to "Expense was improperly recorded and was not corrected":

1. An invoice in the amount of $1,365 was approved for payment by the District for the same services as another invoice for $1,365; however, the invoices contained different invoice numbers. The invoice was paid to the vendor twice.
2. Five invoices with the same invoice numbers and the same services were paid to the vendor twice. The invoices paid twice total $3,850. The invoices were processed by the District and paid twice on separate checks.
3. There were four expenditures in E-SPLOST IV and one expenditure in E-SPLOST in which there was a discrepancy in the amount invoiced from the vendor and the amount paid to the vendor. The total difference between the invoice amount and amount paid was $25,393 for E-SPLOST IV and $114.15 for E-SPLOST V.
4. There were two invoices totaling $17,000 in E-SPLOST IV and fifteen invoices totaling $493,175 in E-SPLOST V that were recorded to incorrect projects and were not corrected.
5. For E-SPLOST V, two invoices were over the approved purchase order amount resulting in $7,782 being expensed over the approved amount.
6. In E-SPLOST IV, there was an invoice recorded and paid $200 over the vendor invoice amount.

As part of our procedures, we reviewed the codification related to E-SPLOST funds as governed by Georgia's constitution and statutory law. Specifically, E-SPLOST funds are regulated under Article VIII, Section VI, Paragraph IV of the Georgia Constitution, which provides the legal framework for the collection and allocation of these funds for educational purposes. The Official Code of Georgia Annotated (O.C.G.A.) further details the administration of these funds through §§ 48-8-121 to 48-8-122 and §§ 48-8-

140 to 48-8-141, ensuring that the district adheres to the stipulated guidelines for capital outlay projects. Additionally, the definitions and applications of capital outlays and educational facilities are outlined in O.C.G.A. § 20-2-260(b)(3) and § 20-2-260(b)(5), respectively, with Rule 160-5-4-.04 providing further clarification on the definition capital outlays respective to public schools.

Our procedures included using professional judgement to determine if the scope and work performed falls within state guidelines, reviewing the transparency of reporting to the public, and ensuring maintenance and operations costs of the District were excluded from E-SPLOST IV and V expenditures. Due to incomplete retainage of documentation, our team could not validate the full extent of funds to ensure compliance with regulations and guidelines, as well as compliance with established District standards and practices for the capital expense program. Additionally, due to the lack of retained documentation, we could not validate the E-SPLOST IV and V expenses, excluding the District's maintenance and operations costs. Our team was able to obtain the annual reports for fiscal year 2013 through fiscal year 2023 as required per O.C.G.A. § 48-8-122. However, due to incomplete retainage of documentation, our team could not validate that the reporting within the annual reports is a complete and accurate representation of project spend.

Recommendation #7

Industry best practice is to maintain an effective process for recording expenses through consistent adherence to a defined policy and procedure and execute a strong, ongoing administrative monitoring procedure.

The District should implement a robust internal control system to prevent and detect errors in a timely manner, enhance the expense approval workflow, and communicate the record retention policy to District personnel to ensure thorough documentation for all transactions. Implementing a policy disallowing after-the-fact purchase orders will protect the District from being responsible for expenses that are not approved prior to the expense occurring.

Additionally, retraining of staff on financial policies and procedures will be crucial to prevent recurrence of such issues. The District should ensure team members are trained on how to effectively review invoices for specific services. Team members should track long-term projects for services previously invoiced and ensure services are not invoiced multiple times. These steps will not only rectify the current deficiencies but also strengthen financial management practices for the future.

The District's adherence to the state's codifications will demonstrate its commitment to following the legal requirements for the betterment of its educational facilities and the community it serves.

Suggested timeframe for implementation: Q1 FY 2025

DCSD Response: Management agrees with both the Auditor's observation and recommendation.

DCSD has now stopped the use of "after the fact" purchase order processing in the E-SPLOST program since Munis has the capability to create and manage "blanket" purchase orders that are created for the entire budgeted cost of the project and liquidated as project invoices are approved and paid. By leveraging the approval workflow function and reporting capabilities of Munis, as well as obtaining technical assistance from a qualified third-party consultant, new Standard Operating Procedures to ensure that DCSD's construction management function corrects residual deficiencies and strengthens ongoing expense tracking and reporting in the E-SPLOST program.

Expected Implementation Completion: Q1-Q2 FY2025

Finding #8 – Internal Controls

Observation: As part of our procedures to review the oversight and management of E-SPLOST funds, our team reviewed the internal controls that were in place or not in place during the E-SPLOST program. We noted 18 key controls per the PPM that should have been in place. During our review of the adequacy of the design of each control, we noted that 7 of the 18 controls were not designed to effectively provide oversight and management of E-SPLOST funds.

Background/Details: Our team met with AECOM and District personnel with a responsibility over E-SPLOST processes. Our meetings consisted of interviewing the identified individuals to understand their roles, responsibilities, and processes in ensuring accurate reporting, oversight, and management of E-SPLOST funds. Management indicated the root cause for the design deficiencies was due to the lack of communication of the policy and procedures manual. Detailed below are the 7 controls where our team noted ineffective design:

Control ID	Control Description	Detail of Design Deficiency
SPLOST.01	All Project-level Schedules are monitored continually and updated at least monthly to reflect current project status.	For the selected project (Indian Creek Elementary School), evidence of approval of the change to the project schedule does not exist, and subsequent master schedules did not show an indication of the updated expected completion date.
SPLOST.04	No less than quarterly, the PMT shall reconcile the Proliance Cost Data with the District's Munis accounting data.	The process of reconciliation is not a true reconciliation. Any missing entries in Proliance are hardcoded with data from Munis. The reconciliation document for May 2022 for E-SPLOST IV shows a variance of $75M. Per discussions with the District, true-up entries are made to agree Munis to Proliance.
SPLOST.06	The Program Master Schedule is monitored continually and updated at least monthly to reflect the current program status and is communicated to District stakeholders.	Evidence of communication of the Program Master Schedule to District stakeholders on a monthly basis (inclusive of project timelines) was unable to be provided by the District for the selected project (DeKalb Early College Academy - Security Vestibules).

Control ID	Control Description	Detail of Design Deficiency
SPLOST.08	For large projects ($15M - $20M), the PMT PM will submit the Project Schedule to the District for their review and approval/disapproval by the conclusion of the Planning Phase. The District will review and approve/disapprove the Project Schedule within two weeks after submittal.	For the selected project (Dunwoody Chamblee Elementary School), evidence of approval/disapproval of the project schedule was not retained.
SPLOST.14	A minimum of two (2) DCSD employees and one (1) PMT member must be in attendance when the bids/ proposals are opened and logged in. The Proposal Receipt Log must be signed by all three (3) attendees, and signify by signing the bid evaluation form that the bids were received and opened according to the state law and board policies. The Selection Committee rotates with each solicitation. For awards, the Review Committee signs the recommendation of the award, the PMT Program Director and DCSD Director of Design & Construction sign the recommendation as a reviewer, and the Executive Director of Facilities Management signs the recommendation as an approver. The signed package is submitted to the DCSD Legal Department for review and approval. If the award recommendation is over $50,000 for Process for General Construction, then the contract requires DCSD Board of Education approval. If the award recommendation for Process for Design is over $100,000, then the contract requires DCSD Board of Education approval.	Per discussion with management, detailed scoresheets showing the names and scores of each evaluator were not retained.
SPLOST.16	The Project Management Team (PMT) Project Manager (PM) will review/monitor the contractor's schedule and confirm that the Architect/Engineering (A/E) is performing its contractual responsibilities.	For the selected project, (Druid Hills MS) Plante Moran was not provided a certificate of substantial completion and punch list.

Control ID	Control Description	Detail of Design Deficiency
SPLOST.18	At a minimum of each month, the PMT compares the revenues received by the District from primarily the E-SPLOST receipts and GaDOE reimbursements versus the obligations that the District has agreed to through executed contracts. Any excess funds are frozen and remain in a DCSD bank account.	The District was unable to provide evidence of review for excess funds being frozen.

Recommendation #8

Industry best practice is to employ a suite of preventive and detective controls that aid in reducing the risk of misstatement or fraud. These controls can leverage the capabilities of the ERP system, with manual controls layered in as an extra line of defense.

The District should develop a control framework for future E-SPLOST programs, with a focus on establishing and communicating policies and procedures to District and AECOM personnel. Additionally, regular monitoring and periodic testing should be implemented to ensure that all controls are functioning as intended. For those controls that continue to operate ineffectively, require remedial training of the control owners consisting of a review of desktop procedures and affirmation of understanding of the requirements to effectively operate controls.

A draft control framework the District should consider for implementation is included below:

Control ID	Control Frequency	Control Description
SPLOST.01	Monthly	All Project-level Schedules are monitored continually and updated at least monthly to reflect current project status.
SPLOST.02	Weekly	The Project Manager Team (PMT) Project Managers (PMs) provide a weekly status report on each of their active projects to the Deputy Program Director for transmittal to the District on Wednesday by 2:00 PM each week.
SPLOST.03	As Needed	Changes to the project/program budget are managed by the PM and approved by the District.
SPLOST.04	Quarterly	No less than quarterly, the PMT shall reconcile the Proliance Cost Data with the District's Munis accounting data. This should be reviewed and approved by the District's accounting team.
SPLOST.05	As Needed	For all invoices, the PMT Project Administrator shall date stamp the invoice and distribute the invoice to the appropriate PMT Project Manager. The PMT Project Manager shall complete the DCSD Accounting Transmittal. The Project Manager reviews the accounting transmittal for accuracy, signs, and dates, and returns it to the PMT Project Administrator.
SPLOST.06	Monthly	The Program Master Schedule is monitored continually and updated at least monthly to reflect current Program status.
SPLOST.07	Quarterly	The Program Master Schedule is revised as directed by the District and approved by the Board of Education quarterly.

Control ID	Control Frequency	Control Description
SPLOST.08	As Needed	For large projects ($15M+), the PMT PM will submit the Project Schedule to the District for their review and approval/disapproval by the conclusion of the Planning Phase. The District will review and approve/disapprove the Project Schedule within two weeks after submittal.
SPLOST.09	As Needed	If the Contractor's schedule update shows a substantial completion date of 30 or more days beyond the contract completion date or any milestone completion date, the contractor will submit a proposed Recovery Schedule showing how it plans to recover the lost time. The PMT PM will evaluate the Recovery Schedule and forward recommendations for any schedule modification to the District. Any resulting proposed changes to the Program Master Schedule require District approval.
SPLOST.12	As Needed	Approval for intent to advertise is approved by the DCSD Legal Department prior to listing.
SPLOST.13	As Needed	The DCSD Procurement Specialist posts the solicitation on the DCSD website and notifies by email all vendors known to the District to be interested in submitting for the solicitation. If pre-qualified vendors are available, the DCSD Procurement Specialist will select three vendors to submit proposals for the work in question.
SPLOST.14	As Needed	A minimum of two (2) DCSD employees and one (1) PMT member must be in attendance when the bids/ proposals are opened and logged in. The Proposal Receipt Log must be signed by all three (3) attendees and signify by signing the bid evaluation form that the bids were received and opened according to the state law and board policies. The Selection Committee rotates with each solicitation. For awards, the Review Committee signs the recommendation of the award, the PMT Program Director and DCSD Director of Design & Construction sign the recommendation as a reviewer, and the Executive Director of Facilities Management signs the recommendation as an approver. The signed package is submitted to the DCSD Legal Department for review and approval. If the award recommendation is over $50,000 for Process for General Construction, then the contract requires DCSD Board of Education approval. If the award recommendation for Process for Design is over $100,000, then the contract requires DCSD Board of Education approval.
SPLOST.15	As Needed	Upon approval, the contract package is returned to the DCSD Contract Specialist, who transmits the contract package to the DCSD Office Specialist of Executive Assistant to the COO, who will sign the transmittal form and forward the documents for signature by the DCSD Superintendent and Board of Education Chairperson (as appropriate).
SPLOST.16	As Needed	The PMT PM will review/monitor the contractor's schedule and confirm that the A/E is performing its contractual responsibilities. For all projects, on a monthly basis, the PMT PM will document their review of the contractor's schedule.
SPLOST.17	As Needed	Budget reallocations taken from program contingency over $100,000 are approved by the Board of Education.
SPLOST.18	Monthly	At a minimum of each month, the PMT compares the revenues received by the District from primarily the E-SPLOST receipts and GaDOE reimbursements versus the obligations that the District has agreed to through executed contracts. District accounting staff will review and approve the reconciliation.
SPLOST.19	As Needed	At the conclusion of each project, the PMT will conduct a walkthrough validating the conditions of the completed project and affirm such on the closeout checklist.

Control ID	Control Frequency	Control Description
SPLOST.20	As Needed	A 3-way match is performed by the District's accounts payable department to ensure what was ordered by the District matches what was received and invoiced.
SPLOST.21	Continuous	Munis enforces segregation of duties within the procurement and disbursement cycle to ensure those with procurement abilities do not have disbursement abilities.
SPLOST.22	As Needed	All vendor contracts are reviewed by the District's Chief Legal Officer and a subject matter expert for the goods/services being procured.

Suggested timeframe for implementation: Q2 FY 2025

DCSD Response: Management agrees with both the Auditor's observation and recommendation.

DCSD will leverage the technical capabilities of Munis associated with workflow and document verification, as well as contract a qualified third-party consultant to develop a framework within the E-SPLOST program that addresses internal controls. Additionally, Internal Audits & Compliance has begun the process of developing an Enterprise Risk Management (ERM) framework that will institute preventive and detective controls to reduce the risk of material misstatement or fraud within the District's business functions.

Expected Implementation Completion: Q3-Q4 FY2025

Finding #9 – Change Orders

Observation: During our review of the District's E-SPLOST IV and E-SPLOST V processes it was noted 689 change orders with a total value of $126.8M were recorded. We noted 30 instances of change orders over $100,000 when the base contract value was less than $1M. For the 30 instances, the total value of the base contracts was $8M. After the change orders were applied, the total contract value including change orders was $111.5M.

Background/Details: Throughout the construction process, changes in scope, conditions, costs, etc., occur that require an amendment to the originally contracted price. In these instances, a change order is issued and establishes a new contracted price and term for the project.

As part of our comprehensive audit of E-SPLOST expenses, we focused on analyzing the construction change order process. Our objective was to assess the effectiveness, compliance, and adherence to established policies within this area. Our team requested the contract associated with the project, the specific change order details, evidence of approval of the change order, and any relevant supporting documentation for each of our selections.

Through discussions with DCSD staff, along with a review of policies and procedures in section 7-CON-0030 2.0 in the PPM, we noted approvals from the Superintendent and the Legal Department are required for each change order. Additionally, included in the justification for the change order there is required to be:

1. Contractor documentation showing the necessary updates
2. Estimated costs
3. Valid reasoning for the change order
4. Approval from the Superintendent, and if the change exceeds $100,000, the Board of Education Chair
5. Approval from the Legal Department

Audit Approach and Sample Selection

We began our analysis by gathering the entire population of change orders executed during E-SPLOST IV and V, totaling 689 change orders with a total value of $126.8M. We selected 30 change orders with a total value of $97.7M. This represents 77% of the total dollar value of E-SPLOST IV and E-SPLOST V change orders. We made our selections for further analysis based on the following criteria:

1. Risk Assessment: We evaluated transactions based on the change order amount relative to the contract value. Change orders that resulted in at least a 10,000% increase in the original contract price were selected. 8 change orders were selected based on this criterion.
2. Change Order Volume: Projects with at least 20 executed change orders were deemed significant and included in our sample. 15 change orders were selected based on this criterion.
3. Change Order Amount: Projects that approached the $100,000 threshold were chosen. According to PPM section 7-CON-0030 1.3, change orders exceeding $100,000 must receive board approval. 4 change orders were selected based on this criterion.
4. Vendor Change Order Volume: Vendors that constituted at least 10% of all E-SPLOST IV and E-SPLOST V project change order requests were selected for testing. 3 change orders were selected based on this criterion.
5. Project Significance: We sorted the change orders based on the highest total expenditure amount for each of the specified criteria and selected projects with the highest spending.

Audit Findings

In our audit of 30 samples, 2 samples lacked evidence of a review by the Legal Department. However, our primary concern centered around large change orders approved on initially small contracts. In our sample of 30, we identified 8 instances where the initial contracts underwent significant increases in total contracted amount and scope. These instances are described below:

Project Name/Number	Change Order Title	Original Contract Amount	Change Order	Percent increase
Indian Creek ES – 223-423	Indian Creek ES GMP-1 (Site Work)	$50,000	$5,000,000	10,000%
Indian Creek ES – 223-423	Indian Creek ES Component GMP #2	$50,000	$11,700,000	23,400%
Indian Creek ES – 223-423	Indian Creek ES Final GMP - CO #3	$50,000	$19,850,000	39,700%
McNair MS Replacement – 505-422	Change Order #03 - Final GMP	$35,000	$22,942,113	65,500%
McNair MS Replacement – 505-422	GMP - Phase II - Structure Package	$35,000	$9,098,879	26,000%
McNair MS Replacement – 505-422	GMP - Phase I - Site Package	$35,000	$3,000,000	8,500%
Doraville United ES – 222-423	Gilbane - Change Order #01 Early Release Package No. 1	$20,500	$5,000,000	24,400%

Doraville United ES – 222-423	Gilbane - Change Order #03 CKNES GC	$20,500	$15,378,262	75,000%

This finding identifies the opportunity for contractors to exploit the procurement process. Contractors have an opportunity to secure approval for a small contract amount during the vendor selection process, then inflate costs significantly using change orders. This practice undermines the competitive bidding process and is a way for vendors to manipulate the bidding process by appearing to be cost-effective to the District.

Recommendation #9

Industry best practice is to maintain an owner contingency within the overall budget and ensure strong controls exist within.

Additionally, the District should implement oversight procedures during the procurement process. This could include a cap on the percentage increase allowable through change orders, regular audits of contract amendments, and a review process by an independent committee. Additionally, training for District officials on the identification and prevention of such exploitative practices by contractors may help to ensure the integrity of the competitive bidding process.

Suggested timeframe for implementation: Q2 FY 2025

DCSD Response: Management agrees with the Auditor's recommendation.

The District's "Standard Form of Construction Management Contract" dictates the use of "Exhibit M" for the submittal and approval of 'partial' (or 'component') GMPs. DCSD Management states that the Change Orders observed by the Auditors are not technically Change Orders, but rather constitute the "Exhibit M" under the Guaranteed Maximum Price proposals approved as part of the larger, total contract for construction.

Similar to the DCSD Response to Finding #3, DCSD will contract and leverage input from a qualified third-party qualified consultant to work alongside SPLOST Management and the Office of Legal Affairs to develop a framework within the newly developed Standard Operating Procedures (see Finding #1 response) to ensure that the District's construction management function meets the best industry standards – including consideration and adjustments to contract structure and language, as well as the approval process for elements of total project expenditures in a manner that puts DCSD at the best possible advantage. The District's Office of Legal Affairs will also work with DCSD Finance to ensure that the full capabilities of Munis' contract management module, which is already in use, are also deployed to those ends.

Expected Implementation Completion: Q3-Q4 FY2025

Finding #10 – Project Spending

Observation: For 15 E-SPLOST IV and 2 E-SPLOST V completed construction projects, the total expenditures surpassed the budgeted amount approved by the Board.

Background/Details: The Board approved the initial scope and budget for each project, with the stipulation that any subsequent modifications to the scope or budget over $100,000 must be approved by the Board. While there is a program contingency fund for unexpected increases in project costs, these modifications may encompass alterations to the project's scope or even the discontinuation of other projects.

We noted a consistent theme of fluctuating project budgets, incomplete retainage of change orders, and the inability of the District to provide a comprehensive record of all contracts and change orders related to E-SPLOST IV and E-SPLOST V expenses. Despite these issues, we noted the Operations team's monthly financial reports stored within District drives have consistently shown that the E-SPLOST IV and E-SPLOST V funds remain within the limits of the State's financial contributions.

During our review of project spend, we noted the following projects spent more than the approved budget amount:

E-SPLOST IV Completed Projects

Total Amount Approved per Budget File	$120,012,466	
Total Amount Expended	$123,801,093	
Difference	$3,788,627	Spent over budget

Project	Budget Amount	Expensed Amount	Overspend:
108. Eldridge Miller ES - ADA	$747,374	$777,416	$30,042
115. Jolly ES - ADA	$777,934	$820,513	$42,579
134. Woodward ES - ADA	$540,143	$544,550	$4,407
139. Eagle Woods Academy Renovation	$2,075,324	$2,093,864	$18,540
211. Buck Godfrey Stadium	$2,031,078	$2,126,726	$95,648
304. Cedar Grove MS - Capital Renewal	$2,480,727	$2,507,511	$26,784
314. International Student Center	$564,226	$624,641	$60,415
336. Wadsworth ES - Capital Renewal	$305,774	$343,189	$37,415
403. Brockett ES - Capital Renewal	$1,758,703	$2,748,030	$989,327
417. Kittredge ES - Capital Renewal	$329,195	$350,648	$21,453
505. McNair MS Replacement	$40,731,144	$40,782,170	$51,026
506. Peachcrest ES Replacement	$20,959,041	$21,356,984	$397,943
507. Pleasantdale ES Replacement	$26,830,843	$28,307,843	$1,477,000
512. Henderson MS Renovation/Addition	$19,312,027	$19,827,166	$515,139
519. Portable Classrooms	$568,933	$589,843	$20,910
Total	**$120,012,466**	**$123,801,094**	**$3,788,628**

E-SPLOST V Completed Projects

Total Amount Approved per Budget File	$31,542,166	
Total Amount Expended	$31,720,045	
Difference	**$177,879**	**Spent over budget**

Project	Budget Amount	Expensed Amount	Overspend:
201. Cross Keys High School	$143,045	$310,973	$167,928
221. John Lewis Elementary School	$31,399,121	$31,409,071	$9,950
Total	$31,542,166	$31,720,044	$177,878

Our team reviewed the change orders available to support the amount spent over the initially approved budget amount. Due to incomplete retainage of contracts and change orders and the inability to obtain a

comprehensive record of all contracts and change orders related to E-SPLOST IV and E-SPLOST V expenses, we noted 3 of the 17 projects with overspend had evidence of change orders to support approval of the additional expenses:

Project	Expensed Amount	Total of Contracts and Change Orders	Difference
108. Eldridge Miller ES - ADA	$777,416	$1,107,561	$330,145
314. International Student Center	$624,641	$767,208	$142,567
519. Portable Classrooms	$589,843	$592,645	$2,802

While the projects above were over the approved initial budget assigned to the project, the total spend of the E-SPLOST IV and V funds did not exceed the approved fund budget of $636.9M for E-SPLOST IV and $630.3M for E-SPLOST V.

Upon reviewing the status of projects and the current amount paid to date in the Monthly Status Reports and comparing them with the expense ledger for E-SPLOST IV and E-SPLOST V expenses, it has been observed that while the ledger generally concurs with the status and current expenses reported in the monthly reports, discrepancies were identified. Specifically, there were projects that incurred expenses during a month yet were not listed in the respective Monthly Status Report, and there are also instances where expenses attributed to projects are not accurately captured in the current expenses paid to date.

A total of $45.2M was recorded in CrossPointe as expenses throughout 2017, however, these expenses were absent from the Monthly Status Reports until January 2018. This oversight challenges the transparency expected by stakeholders, given the program's approval by voters in May 2016. Furthermore, there were discrepancies in project expenditure reporting for E-SPLOST IV project 412. In December 2016, $446,806 was expensed to date, but only $219,320 was reported. Although the correct amount of expenses paid to date was initially reported in November 2016, it was errantly reduced in subsequent reports and was not corrected until May 2017.

These discrepancies indicate that the Monthly Status Reports do not fully reflect the actual financial activities, indicating a need for a more thorough reconciliation process to ensure accuracy and transparency in financial reporting. Additionally, we noted only 5 of the Monthly Status Reports between fiscal years 2019 and 2023 are accessible to the public on the District's C.I.P. website, therefore limiting the transparency of the program to the community.

Our team performed an analysis of the physical technology purchases. In our analysis, we compared the unit prices of physical technology purchases made by the District against the prevailing market rates. The review showed that the items were acquired with either neutral or favorable terms when compared with the market rates for the same item.

Recommendation #10

Industry best practice is to maintain a detailed accounting ledger by project, with the supporting documentation behind it, in an organized fashion. This provides the opportunity to not only re-trace the project from inception to completion but also allow trends or anomalies to be detected and acted upon.

The District should implement procedures to ensure changes to project budgets are captured to allow continuous monitoring of project spending to the approved project budget. Additionally, the District should ensure the comprehensive contract management system that is being implemented in Tyler

Technologies Munis system identifies all contracts and change orders related to E-SPLOST expenditures so the District is aware of its financial obligations, timelines, and deliverables. The District should also implement a more thorough expense reconciliation process to ensure the monthly reporting of project status and expenses to date is complete and accurate for full transparency to District stakeholders. Finally, the District should implement a periodic internal audit of the contracts and change orders to ensure proper approval is obtained.

Suggested timeframe for implementation: Q2 FY 2025

DCSD Response: Management agrees with the Auditor's recommendation.

DCSD Management has already leveraged Munis' contract management system and project ledger to maintain a detailed accounting ledger by project, with the supporting documentation behind it, in an organized fashion. This will allow for a more thorough expense reconciliation process to ensure the monthly reporting of project status and expense.

Expected Implementation Completion: Q3 FY2025

Finding #11 – Final Inspection Documentation

Observation: The final inspection documents for E-SPLOST IV and E-SPLOST V construction projects were not maintained to provide them in a timely manner for audit purposes.

Background/Details: In the final stages of a construction project, District and AECOM personnel obtain and complete the final inspection documents. The final inspection documents include the Substantial Completion Form, evidence of project completion such as a Certificate of Occupancy or Certificate of Completion, and Consent to Surety of Final Payment.

The Substantial Completion Form is a critical document that signifies the near completion of the project. The form lists any incomplete work along with estimated costs to finish those tasks, serving as a formal acknowledgment between the contractor and the District of the final work to be completed.

Additionally, evidence of Certificate of Occupancy or Certificate of Completion is necessary to demonstrate that the work has been performed according to the contract specifications, is satisfactory to the District's requirements, and that the building is transitioned to the District for its intended use.

Finally, the Consent to Surety of Final Payment is an assurance from the bonding company that they are aware of and approve the amount of the final payment of the contractor. The document assures the bonding company that they will fulfill the contractor's obligations if the contractor cannot complete the payment to any unpaid subcontractors, suppliers, or laborers. This document protects the District's financial interests and ensures the project's successful closure.

Together, these documents form a comprehensive close-out process, intending to safeguard the District's investment and confirm the integrity and completion of the construction project.

<u>Audit Approach</u>

We began our approach by identifying the E-SPLOST IV and V construction projects that were completed based on the listing of all projects provided to us by District personnel. 114 projects were identified for E-SPLOST IV and 8 projects were identified for E-SPLOST V.

Our team utilized the following testing steps during our review of the transactions.

Test Step	Procedure
#1	Ensure the project scope approved by the Board agrees to the scope on the Substantial Completion Form
#2	Ensure the Substantial Completion Form was fully executed
#3	Ensure any work that was incomplete at the time of the Substantial Completion Form was estimated on the form
#4	Ensure there was evidence of project completion, such as a Certificate of Occupancy or Certificate of Completion, and was approved by an appropriate individual
#5	Ensure a Consent to Surety of Final Payment was issued and approved

We noted of the 122 completed E-SPLOST IV and V construction projects, full support of the 3 requested documents (Substantial Completion Form, Certificate of Occupancy/Completion, and Consent to Surety of Final Payment) was able to be provided for 28 projects, all within E-SPLOST IV. The remaining documentation was not able to be provided by District personnel in a timely manner, therefore, we could not conclude if the documentation was completed and furnished to relevant parties.

Recommendation #11

Industry best practice is to establish a close-out checklist, with a final review of the checklist and supporting documentation (and the storage of this documentation) performed by those charged with management of the capital program.

The District should establish a systemic approach to maintaining the crucial closeout documentation for complete projects. The documentation should be easily accessible to individuals with appropriate roles and responsibilities. Additionally, implementing a periodic internal audit of the Final Inspection Documents ensures the documentation meets the requirements and is ready for external consideration.

Suggested timeframe for implementation: Q2 FY 2025

DCSD Response: Management agrees with the Auditor's recommendation.

DCSD Management will leverage the document retention capabilities of Munis, the current Records Digitation project, and the implementation of a District-wide document retention schedule and policy to ensure that all relevant documentation, including Final Inspection Documentation, are available for any future Financial or Legal audit, assessment, or review.

Expected Implementation Completion: Q3 FY2025

Responses to questions fielded from Board Members and Community Advisors:

Throughout our engagement, multiple questions were asked by DCSD Board Members and E-SPLOST Citizen Oversight Committee Members. Those questions and the responses are below:

Question #	Question Asked By	Question	Plante Moran Response
Question #1	Board Member Hill	The BOE initiated this audit because they wanted to confirm: Is what the BOE approved what actually happened?	Our team reconciled the Board-approved projects to actual reported expenditures on E-SPLOST IV and E-SPLOST V projects. Additionally, we met with the E-SPLOST Program Manager (AECOM) to review current processes and procedures relative to contracts, pay applications, and reporting. From our observations, it appears that DCSD received the $999M in capital improvements between E-SPLOST IV and V and was reported to the DCSD Administration on a monthly basis from AECOM.
Question #2	Board Member Hill	Does any of your work help explain why E-SPLOST V is approximately 50% expended even though we are well into the collection of E-SPLOST VI?	PM reviewed design and construction schedules with AECOM for E-SPLOST V and confirmed the Capital Improvement in Process (CIP) amounts. E-SPLOST V expenditures were slowed between 2019 and 2022 due to the realignment of DCSD priorities as well as the impact from COVID. To date, E-SPLOST V projects in process total approximately $85M to $95M, which equates to a E-SPLOST V expenditure of 75% at this time. An analysis of E-SPLOST VI projects and expenditures is outside the scope of our engagement.
Question #3	Board Member Hill	Do you have concerns that the issues exist in E-SPLOST VI?	While we noted significant issues with regard to governance and oversight in E-SPLOST IV and E-SPLOST V, we are encouraged by the District's commitment to remediation through the Miracles program. We trust the District in their remediation efforts, however, these actions should be validated and regularly monitored through routine internal audits.
Question #4	Board Member Hill	Does it concern you that E-SPLOST reporting is not timely or accurate?	Yes, due to the fact the District was unable to produce a detailed ledger of expenses and the related support.

Question #	Question Asked By	Question	Plante Moran Response
Question #5	Board Member Hill	Have you ever experienced this in other districts? Maybe a better way to ask the question is on a scale of 1-10, how "serious" would you consider these problems? 1, 5, 7?	Yes, but not to this extent. These are serious deficiencies over governance and oversight of taxpayer funds. The lack of key controls over the E-SPLOST program gives rise to the seriousness of our findings.
Question #6	Board Member Hill	Do you suspect fraud, waste, or abuse?	We performed an extensive analysis involving analytics and research to narrow the population from $1B of spend to 23 flagged vendors. We subsequently performed an exhaustive review of invoices and emails to understand the facts and circumstances surrounding the reasons that led to 16 of the vendors being flagged, and in our review did not identify evidence of fraud waste or abuse related to those vendors. However, there were seven vendors for which we were unable to make a determination as to their appropriateness due to the lack of information available for review.
Question #7	Board Member Hill	Was there any work you wish you had been able to perform but it was outside of the scope of work?	Yes, we wish we had the opportunity to provide real-time remediation and coaching to District team members. Once issues were found, we wish we had been able to develop policies, procedures, controls, templates, etc., that would provide District team members with the skills and tools to remediate the identified issues. This would then provide a roadmap for standing up a governance and monitoring function that allows real-time reporting to prevent and detect material deviations from best practices and policies.
Question #8	E-SPLOST Citizen Oversight Committee Member Major	Do you have a dollar value tied to the documents that could not be found	There was $274M in expenses that we were unable to fully test due to missing documentation.
Question #9	E-SPLOST Citizen Oversight Committee Member Allen	How many transactions were there where no documentation at all was available	There were 1,234 transactions with a value of $22.6M where no documentation was available to test.

Question #	Question Asked By	Question	Plante Moran Response
Question #10	E-SPLOST Citizen Oversight Committee Member Major	Regarding change orders, were you not able to find them, or do they just not exist?	Construction change orders were tracked in the third-party engineering firm's system. They were supposed to be maintained digitally on District drives; however, our team was unable to locate all change orders even after requesting assistance from District personnel.

III. Appendix

III. Appendix

Plante Moran was engaged to perform a comprehensive audit of E-SPLOST IV and E-SPLOST V in accordance with RFP 23-543 – E-SPLOST Comprehensive Audit. While the scope of our engagement followed the District's guidance and at times included items outside of the scope per the RFP, the District requested answers to the questions below. These answers, our procedures, impediments to our procedures, and any related findings to the District's requested answers are noted below:

No.	RFP Requirement	RFP Response	Procedures	Impediments and Conclusion	Finding No.
1	Did DCSD spend E-SPLOST IV and E-SPLOST V funding in accordance with established rules and guidelines, including standards and practices of the DCSD capital program and all local state and federal guidelines.	Plante Moran will select a sample of spending expenses for each project and compare spending details to the provided established rules guidelines.	Plante Moran tested all expenses for E-SPLOST IV and E-SPLOST V where support was available. Where we were not limited by the availability of documentation to test, we reviewed the support to compare to established rules and guidelines.	Due to the District's lack of retained documentation, Plante Moran was not able to verify that all funds were expended in accordance with established rules and guidelines, including standards and practices of the DCSD capital program and all applicable local state and federal guidelines. Documentation support received indicated numerous departures from District policy. Additionally, the District's lack of documentation retained for audit prohibited our	#7

No.	RFP Requirement	RFP Response	Procedures	Impediments and Conclusion	Finding No.
				team from auditing the full extent of funds.	
2	Do the expenses match the established budget for each project? Compare "as built" vs. "as planned."	Plante Moran will obtain the total expense spending amount for each project and perform an actual to budget analysis to verify expenses were either under or at the established budget provided by DCSD. Plante Moran will inspect each project build expectation as set by DCSD and compare project build expectations against project build completion or current status as documented in the Monthly Status Report for the Capital Improvement Programs	Plante Moran inspected the documentation available for each expense item to determine their relevance to the scope of the related project. Plante Moran reviewed the financial reports provided by AECOM to the District on a monthly basis. Plante Moran requested and reviewed where available, the project closeout checklists for completed projects for E-SPLOST IV and E-SPLOST V. Plante Moran reconciled the Monthly Status Reports to the reconstructed ledger for expenses through the date of each Monthly Status Report.	Based on the information provided by the District, we were able to confirm expenses match the established budget for each project to a material extent. These financial reports were provided by AECOM to DCSD on a monthly basis providing sufficient documentation to demonstrate that a material portion of the funds disbursed were in alignment with the scope of planned projects. Where documentation was available, we noted $23m in expenses, the nature of the expense was unable to be agreed to the scope of the project. The District did not maintain completed closeout documentation for each project, limiting our ability to conclude the District effectively	#10, #7

No.	RFP Requirement	RFP Response	Procedures	Impediments and Conclusion	Finding No.
				monitored "completed" vs. "planned". Not all monthly status reports were available on the District's C.I.P. website. Projects listed as "not active" in the monthly status reports had costs assigned to them	
3	What did DCSD buy, and was spending performed in compliance with what DCSD said it was going to do? This includes a review of whether the end project (or work-to date) matches the contract; whether the contract matched the DeKalb County Board of Education (BOE) authorization and whether the BOE authorization matches what was stated in the E-SPLOST referendum. This should include but not be limited to scope, cost and schedule.	Plante Moran will obtain and inspect each project contract to verify it matches the DeKalb County Board of Education (BOE) authorization thresholds as provided by DCSD. Plante Moran will obtain and inspect the E-SPLOST referendum to verify the BOE authorization stated matched the referendum provided. Plante Moran will obtain and inspect the total expense spending detail for each project to verify spending was in	Plante Moran inspected the documentation for every expense for each project where documentation was available to compare the nature of the expense to the approved spending plan.	The District was unable to provide all requested contracts and expense support. Where documentation was available, we noted $23m in expenses, the nature of the expense was unable to be agreed to the scope of the project.	#7

No.	RFP Requirement	RFP Response	Procedures	Impediments and Conclusion	Finding No.
		compliance with the approved and signed contract as provided by DCSD.			
4	Have the capital improvement projects utilizing E-SPLOST funds been managed according to DCSD Board Policy regarding budget allocation, procurement, contract and change order execution, expenditures, and reporting?	Plante Moran will obtain the population of capital improvement projects that have utilized E-SPLOST funds. Plante Moran will verify funds have been managed according to the DCSD Board Policy regarding budget allocation, procurement, contract, and change order execution, expenditures, and reporting.	Plante Moran created a detailed population of capital improvement projects that utilized E-SPLOST funds in the form of a ledger of E-SPLOST transactions and tested, when the documentation was available, the compliance of the expenditures with DCSD Policy regarding budget allocation, procurement, disbursement, change order management, interim reporting, and financial accounting.	The District was unable to furnish a detailed population of all capital improvement-related expenses utilizing E-SPLOST funds, necessitating Plante Moran's involvement in the creation of the detailed expense ledger. Exceptions were identified throughout all process areas (budget allocation, procurement, disbursement, change order management, interim reporting, and financial accounting) leading us to conclude that projects were not managed according to Board Policy.	#1-#11
5	Were tax funds expended efficiently and	Plante Moran will determine spending	Plante Moran reviewed the contracts the District entered into	For 5,000 expense line items, the District was	#3, #4

No.	RFP Requirement	RFP Response	Procedures	Impediments and Conclusion	Finding No.
	economically, so as to secure to DCSD the maximum possible benefit from the tax dollars collected?	efficiency and economic requirements as established by DCSD and compare those requirements against tax fund expenditures to verify they meet or exceed established requirements.	with its vendors, when contracts where available.	unable to produce purchasing terms/contracts. We observed multiple instances of inefficient spending especially relative to soft costs (i.e. CM fee discrepancy, staffing, general conditions, insurances, etc.)	
6	Were sales tax proceeds disbursed in a fiscally responsible manner?	Plante Moran will determine fiscally responsible disbursement requirements as established by DCSD and compare sales tax proceed disbursements for all projects against these requirements to verify they meet or exceed expectations.	Plante Moran tested all expenses for E-SPLOST IV and E-SPLOST V that where support was available to be tested. We tested for compliance with applicable rules, regulations, policies, and overall best practices.	Sales tax proceeds were not disbursed in a fiscally responsible manner. Plante Moran noted a lack of internal controls within the disbursement function of the District. Instances of duplicate payments, unsupported payments, and a lack of justification for expenses were found.	#7, #8
7	Were adequate administrative controls established to ensure the proper management of the	Plante Moran will review established administrative controls against best practices to determine if adequate	Plante Moran established an expected control framework based on applicable rules, regulations, policies, and industry best practices. We met with District	We noted a significant lack of controls in throughout the District's management of E-SPLOST IV and E-SPLOST V funds.	#8

No.	RFP Requirement	RFP Response	Procedures	Impediments and Conclusion	Finding No.
	sales tax proceeds received by DCSD?	controls were established. Plante Moran will compare project spending and management against established administrative controls to verify sales tax proceeds received by DCSD were properly managed.	personnel and AECOM to understand their procedures to execute the stated controls and evaluate whether the expected controls were in place and adhered to throughout E-SPLOST IV and E-SPLOST V.	Controls were either not in place, or if in place, were not operating to the level we would expect for a $1B capital improvement program.	
8	Were DCSD's construction project expenditures comparable to other School Districts' building construction program expenditures in the metro Atlanta area?	Plante Moran will obtain and inspect comparable metro Atlanta area School District building construction program expenditures and compare those program expenditures to DCSD's construction project expenditure to determine whether spending was in line with expectations and industry standards.	Plante Moran reviewed several other large education sector projects in the metro Atlanta area.	For SPLOST IV and V, DCSD utilized a Construction Manager at Risk (CMr) approach with a guaranteed maximum price (GMP) in addition to a "prototype" approach for new construction projects. The District's cost per square foot range is within expectations for the time period and geographic region.	N/A
9	Were DCSD's technological expenditures reasonable	Plante Moran will obtain and inspect the	We met with DCSD individuals and noted no cost-based analysis was	The District did not perform a cost-based	N/A

No.	RFP Requirement	RFP Response	Procedures	Impediments and Conclusion	Finding No.
	considering the volatile market environment for these products?	population of DCSD's technological expenditures and evaluate expenditures for alignment with criteria agreed upon between Plante Moran and DCSD, including but not limited to: • Number and listing of comparable providers of product • Inspection of cost-based analysis performed by DCSD prior to expenditure • Timeline requirement for technological expenditure based on type and need of product	performed prior to the initial E-SPLOST IV and E-SPLOST V spendings. Plante Moran performed a cost vs. market analysis on the District's behalf In our analysis we found the district was paying at or below market price for technology purchases. Based on the documentation we reviewed we did not identify outside of industry standards related to a timeline for technology expenditure. Due to the District paying at or below market price for their purchases, we deemed further investigation of alternative providers low risk.	analysis, and a material portion of documentation related to IT purchases was destroyed prior to our audit, limiting our ability to review all technology purchases. Based on the documentation we were able to review, the District was paying at or below market price for IT purchases.	
10	Has the investment of the sales tax proceeds received by DCSD been conducted in a sound fiscal manner?	Plante Moran will evaluate applicable investment activity for alignment with DCSD investment policy. We will provide DCSD with a report summarizing	Plante Moran established an expected control framework based upon applicable rules, regulations, policies, and industry best practices. We met with District personnel and AECOM to understand their procedures to	Plante Moran noted the District lacked internal control over the management of sales tax proceeds, characterized by instances of unfavorable contracts,	#1-#11

No.	RFP Requirement	RFP Response	Procedures	Impediments and Conclusion	Finding No.
		investment allocation and detail transactions that were executed in a fashion inconsistent with DCSD investment policy.	execute the stated controls and evaluate whether the expected controls were in place and adhered to throughout E-SPLOST IV and E-SPLOST V.	significant lack of controls, unauthorized document destruction, and lack of internal communication within the District	
11	Is the public reporting of E-SPLOST funds accurate and complete?	Plante Moran will obtain the population of public reported E-SPLOST funding and compare this funding against receipt of E-SPLOST amounts to verify public reporting of funds are accurate and complete.	Plante Moran was required to invest a significant amount of time to reconstruct an itemized ledger which reconciled to/comprised the monthly reports provided to the public	It is our understanding that the District created Weekly Budget Reports/Budget & Spend Reports, which were used to create a monthly report to the public called "Financial Report for the E-SPLOST Capital Improvement Program". We leveraged these reports to identify the total spend for -ESPLOST projects. However, when trying to obtain an itemized listing of the individual expenses with vendor-level detail that comprise this ledger, the District was unable to produce such information (ex. General ledger transactions were posted as journal entries without	#2

No.	RFP Requirement	RFP Response	Procedures	Impediments and Conclusion	Finding No.
				vendor information, especially as batches were used to convert data from Cross Point to Munis). In addition, we are unable to validate the accuracy of the transaction detail given the significant number of missing/destroyed documents.	