Cherokee County School District Risk Assessment and Internal Audit Plan

June 2026

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Transmittal Letter

June 23, 2026

Mary Elizabeth Davis, PhD
Superintendent of Schools
Cherokee County School District
1205 Bluffs Parkway, Canton, GA 30114

Dear Superintendent Davis,

Pursuant to the engagement letter dated February 13, 2026 between CRI Advisors, LLC (“CRI”, “we”, “our”) and the Cherokee County School District ("CCSD" or the "District"), and based on our understanding of the requirements of Georgia House Bill 845 (“HB 845”), as described in our Professional Services Proposal to the Cherokee County Board of Education (the “Board”) dated January 7, 2026, we are pleased to submit the District-wide Risk Assessment and Proposed Internal Audit Plan. This report is scheduled to be presented to the Board on July 23, 2026.

The primary objective of this consulting engagement was to perform a comprehensive, district-wide risk assessment and develop a multi-year internal audit plan based on the results. Our procedures included the following:

- Reviewing the District’s most recent risk assessments, strategic plan, mission, goals, recent audit reports, and relevant financial data
- Analyzing risk assessment questionnaires completed by Board members and key District stakeholders
- Conducting interviews with Board members and key members of District management
- Identifying key risk areas across the District
- Assessing and prioritizing identified risks based on likelihood and impact
- Developing a risk register and corresponding heat map
- Developing a list of potential internal audit projects aligned to identified risk levels

The successful completion of this project was made possible through the active participation and valuable input of the District, senior leadership, and management. We sincerely appreciate the time, insight, and cooperation provided by all individuals involved in the district-wide risk assessment and internal audit plan processes.

Respectfully submitted,

CRI Advisors, LLC

CRI Advisors, LLC

OVERVIEW

- Background
- Risk Assessment Scope, Purpose, and Methodology
- Heat Map
- Proposed Internal Audit Plan

BACKGROUND

BACKGROUND

The Cherokee County School District ("CCSD") is one of Georgia's largest public-school systems, serving more than 40,000 students across 40 schools and educational centers in metro Atlanta. The District operates under the governance of the Cherokee County Board of Education, which has established a clear strategic direction to guide district-wide priorities, decision-making, and accountability mechanisms. CCSD's strategic framework is designed to align governance, instructional quality, operational effectiveness, and District performance in support of sustained student achievement and community trust.

At the core of CCSD's strategic direction is a **Supportive Accountability Governance Model**, emphasizing the Board's role in setting clear expectations for student performance while ensuring appropriate monitoring, transparency, and resource alignment. The Board's strategic work is grounded in a defined set of core beliefs that affirm high expectations for all students, professional trust and support for employees, active family and community partnership, and the maintenance of safe, welcoming, and accountable school environments.

A central component of the strategic direction is the establishment of multi-year, measurable **student performance goals** in reading, English Language Arts, and mathematics across grades 3 through high school, informed by historical performance data, statewide benchmarks, and peer district comparisons. These goals cascade throughout the District via aligned school improvement plans, district-level key performance indicators, and a superintendent evaluation process that is explicitly tied to student outcomes. Progress toward these goals is monitored through regular reporting and public accountability practices overseen by the Board of Education.

The strategic direction also drives continuous improvement across instructional practices, governance policies, and operational systems, with an explicit focus on consistency, system alignment, and data-informed decision-making. Collectively, these elements provide the framework through which CCSD seeks to "Elevate the Excellence" academically, operationally, and organizationally throughout the District. This strategic context is a critical foundation for district-wide risk assessment and internal audit planning, as it defines the District's objectives, risk tolerance, and accountability expectations across all divisions.

Source: Derived from the CCSD's strategic direction webpage

RISK ASSESSMENT SCOPE, PURPOSE, AND METHODOLOGY

RISK ASSESSMENT SCOPE, PURPOSE, AND METHODOLOGY

Purpose

The purpose of this consulting engagement was to perform a comprehensive, district-wide risk assessment to identify and evaluate key risks that may impact CCSD's ability to achieve its strategic, operational, financial, and compliance objectives. The results of this assessment were then used to develop a risk-based, multi-year internal audit plan covering calendar years 2026 – 2028, designed to provide appropriate audit universe coverage and to focus on areas of highest risk and significance. We will review and update the risk assessment and internal audit plan annually, or more frequently, as risk factors and priorities change. During calendar year 2028, we will update our risk assessment and internal audit plan to extend to the contract end date of June 30, 2030.

Scope

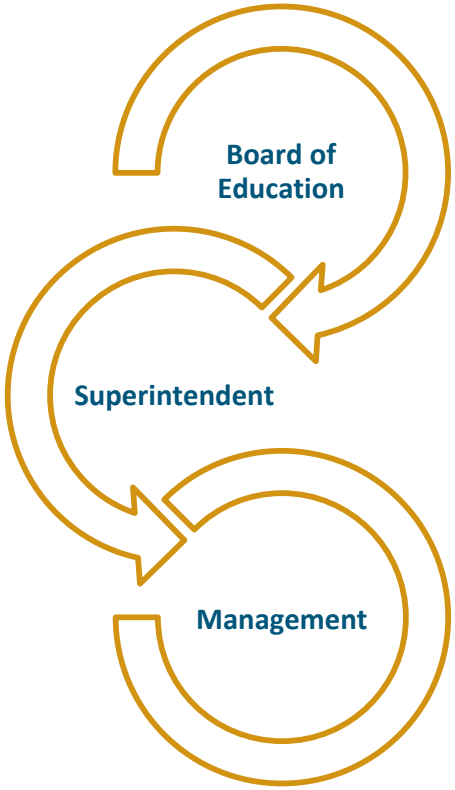
The scope of our work included all major divisions, departments, and operations across CCSD. The assessment considered both internal and external risk factors and incorporated input from the Board of Education, senior leadership, and key personnel. Our procedures were designed to identify and prioritize risks at both the entity and process levels and to evaluate risks across the key impact categories: strategic, operational, financial, regulatory, technology, safety, reputational, and fraud.

RISK ASSESSMENT SCOPE, PURPOSE, AND METHODOLOGY

Methodology

The district-wide risk assessment was designed to systematically identify, evaluate, and prioritize risks that could impact CCSD's ability to achieve its strategic objectives and deliver services effectively. Our methodology aligns with leading practices in internal auditing and risk management and provides a structured foundation for developing the internal audit plan.

Our approach incorporated both qualitative and quantitative techniques and included the following key phases:



1. **Planning and Scoping**

   Defined the scope of the risk assessment to include all major divisions, departments, and functional areas. Established risk categories, assessment criteria, and scoring methodology to ensure consistency across the District.

2. **Information Gathering**

   Collected relevant data through multiple sources, including:

   - Review of prior audit reports, strategic plans, budgets, organizational charts, and operational data
   - Risk assessment questionnaire developed and distributed to Board members, management and key personnel
   - Interviews and workshops with division / department leadership *(see details on subsequent pages)*
   - Consideration of external factors such as industry trends, regulatory changes, and environmental risks

RISK ASSESSMENT SCOPE, PURPOSE, AND METHODOLOGY

Methodology (*Continued)*

2. Information Gathering *(Continued)*

Interviews Conducted

The district-wide risk assessment process included input from key leadership across the District to ensure a comprehensive and well-informed evaluation of risks. Interviews were conducted with members of the Board of Education, the Superintendent, and senior leadership to gain insight into strategic priorities, operational challenges, and emerging risk areas.

The following individuals participated in interviews as part of this process:

- **Board of Education Members**
  - Chair
  - District 1
  - District 2 and Vice Chair
  - District 3
  - District 4
  - District 5
  - District 6
- **Superintendent**

RISK ASSESSMENT SCOPE, PURPOSE, AND METHODOLOGY

Methodology *(Continued)*

2. Information Gathering *(Continued)*

Interviews Conducted *(Continued)*

- **Chief of Staff**
- **Communications**
  - Chief Communications Officer
- **Academics and Accountability**
  - Chief Academic and Accountability Officer
  - Accountability, Executive Director
  - Academics, Executive Director
  - Special Education Instructional Services, Executive Director
  - Special Education Compliance, Executive Director
- **Financial Management**
  - Chief Financial Officer
  - School Nutrition & Procurement Services, Executive Director
  - Legal Compliance, Executive Director
  - Payroll Operations, Executive Director
- **Human Resources**
  - Chief Human Resources Officer
  - Employee Resources, Executive Director
  - Strategic Talent Management, Executive Director
- **Safety and Security**
  - Chief of Police
- **School Leadership and Operations**
  - Chief School Leadership & Operations Officer
  - School Leadership, Assistant Superintendent, River Ridge & Sequoyah
  - School Leadership, Assistant Superintendent, Etowah & Woodstock
  - School Leadership, Assistant Superintendent, Cherokee & Creekview
- **Support Services**
  - Chief Support Services Officer
  - Capital Planning & Facilities, Executive Director
  - Transportation, Executive Director
- **Technology and Information Services**
  - Chief Information Officer
  - Business Information Services, Executive Director
  - Student Information Services, Executive Director

RISK ASSESSMENT SCOPE, PURPOSE, AND METHODOLOGY

Methodology *(Continued)*

3. **Risk Identification**

   Identified risks at both the divisional and process levels to develop the audit universe. Risks were documented based on input received and categorized according to defined impact areas (*defined within the 'Heat Map' section*), to ensure comprehensive coverage across the District.

4. **Risk Evaluation and Scoring**

   In alignment with industry best practices, each identified risk was evaluated by its **likelihood** of occurrence and magnitude of **impact** on CCSD's ability to achieve its objectives. An **inherent risk rating** was first established, representing the level of risk in the absence of any controls or mitigation strategies. Based on this evaluation, a **residual risk rating** was determined to reflect the level of risk remaining after considering the effect of these controls and mitigation efforts. This approach enables a consistent and structured assessment of risk across CCSD, supports prioritization based on residual exposure, and aligns risk evaluation with the District's risk appetite and tolerance levels.

5. **Risk Prioritization**

   Risks were ranked based on their overall risk scores to identify high-risk areas, which are the priority for internal audit coverage.

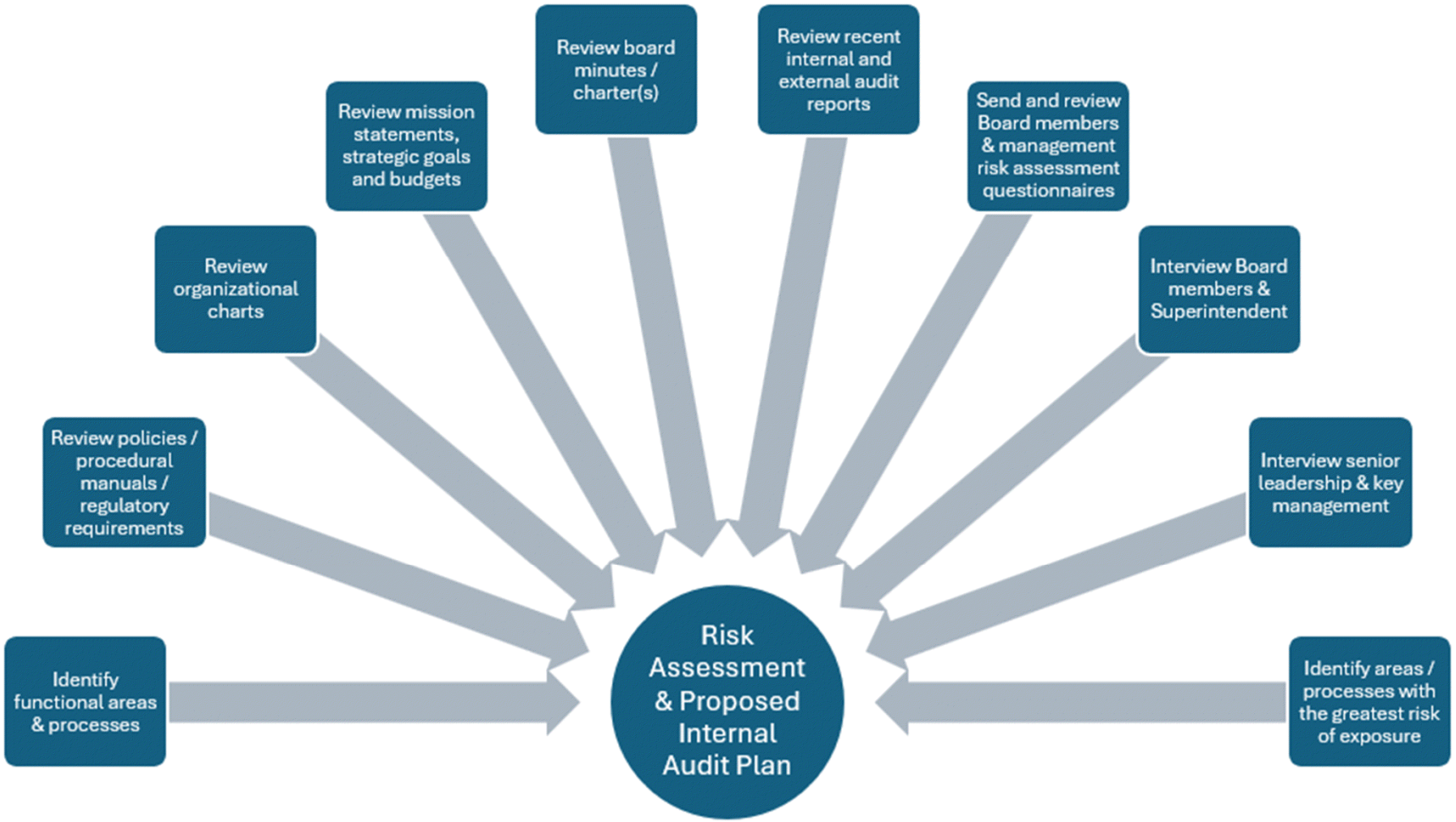
6. **Validation and Review**

   Preliminary results were shared with management for validation to ensure accuracy and completeness. Adjustments were made as necessary based on feedback received.

7. **Development of the Internal Audit Plan**

   The finalized risk assessment results were used to develop a multi-year internal audit plan, emphasizing high-risk areas while maintaining appropriate coverage across all divisions and functional areas.

RISK ASSESSMENT SCOPE, PURPOSE, AND METHODOLOGY



RISK ASSESSMENT SCOPE, PURPOSE, AND METHODOLOGY

Likelihood of Risk

For each functional area and business process within the audit universe, we evaluated the operational and control environment to assess the likelihood of risks impacting the District. This assessment considered a range of qualitative factors that may increase or decrease the probability of risk occurrence.

Key factors considered in determining likelihood included:

- Volume of transaction processing
- Existence and adequacy of current District policies and written procedures
- Recent or ongoing changes in procedures, systems, or applications
- Adequacy of staffing levels
- Complexity of work performed and staff training, experience, and competency
- Degree of reliance on highly technical or specialized skill sets
- Reliance on manual systems or processes
- Opportunity for fraud or misuse of resources
- District changes, including senior leadership, management, or staff turnover
- District culture and employee morale

Processes exhibiting higher complexity or multiple risk factors were assessed as having an increased likelihood of risk occurrence. Conversely, processes supported by strong controls, stable environments, and well-trained personnel were assessed as having a lower likelihood.

RISK ASSESSMENT SCOPE, PURPOSE, AND METHODOLOGY

Inherent Risk

For each division in the *audit universe*, we considered a variety of inherent risks that may impact CCSD.

RISK TYPE	DESCRIPTION
Strategic	The result of internal and external events that may make it difficult, or even impossible, for the District to achieve its objectives and strategic goals. This includes environmental risks such as political, economic, natural, and manmade disasters.
Operational	The result of ineffective processes and the possibility of not achieving District strategies or objectives. Includes the risk of losses caused by flawed or failed processes, policies, systems, or events that disrupt District operations.
Financial	Loss, waste, or inefficient use of financial resources. Encompasses the accuracy of financial reporting, financial sustainability and viability of the District, and safeguarding of financial assets.
Regulatory	Non-compliance with laws, rules, and regulations. Includes the risk of legislative, executive, or regulatory actions that could adversely impact the District's ability to carry out its mission.
Technology	Failure of applications or equipment, data loss or corruption, or other IT resource breakdowns due to human error, malware, viruses, cyberattacks, or natural disasters. Includes risks related to unauthorized access to facilities, networks, and systems, and failure to preserve the confidentiality and integrity of records.
Safety	Threats to the safety and well-being of staff, teachers, students, and the public. Includes risks associated with District functions and the ability to monitor and protect against threats such as theft, unauthorized access, and terrorism.
Reputational	Negative public opinion resulting from an event, which could impact the District's ability to attract new teachers or students and retain existing ones.
Fraud	Asset misappropriation, circumvention of regulatory or compliance requirements, inaccurate reporting, and other intentional acts.

RISK ASSESSMENT SCOPE, PURPOSE, AND METHODOLOGY

Residual Risk

Residual risk represents the level of risk that remains after management has implemented control activities and other risk responses. From an internal audit perspective, residual risk provides a more realistic view of the District's exposure, as it reflects not only the nature of the underlying risk but also the effectiveness of the control environment in mitigating that risk. Evaluating residual risk is critical for determining whether risks are being managed in accordance with the District's defined risk appetite and for identifying areas where additional action may be warranted.

Key factors considered in determining residual risk included:

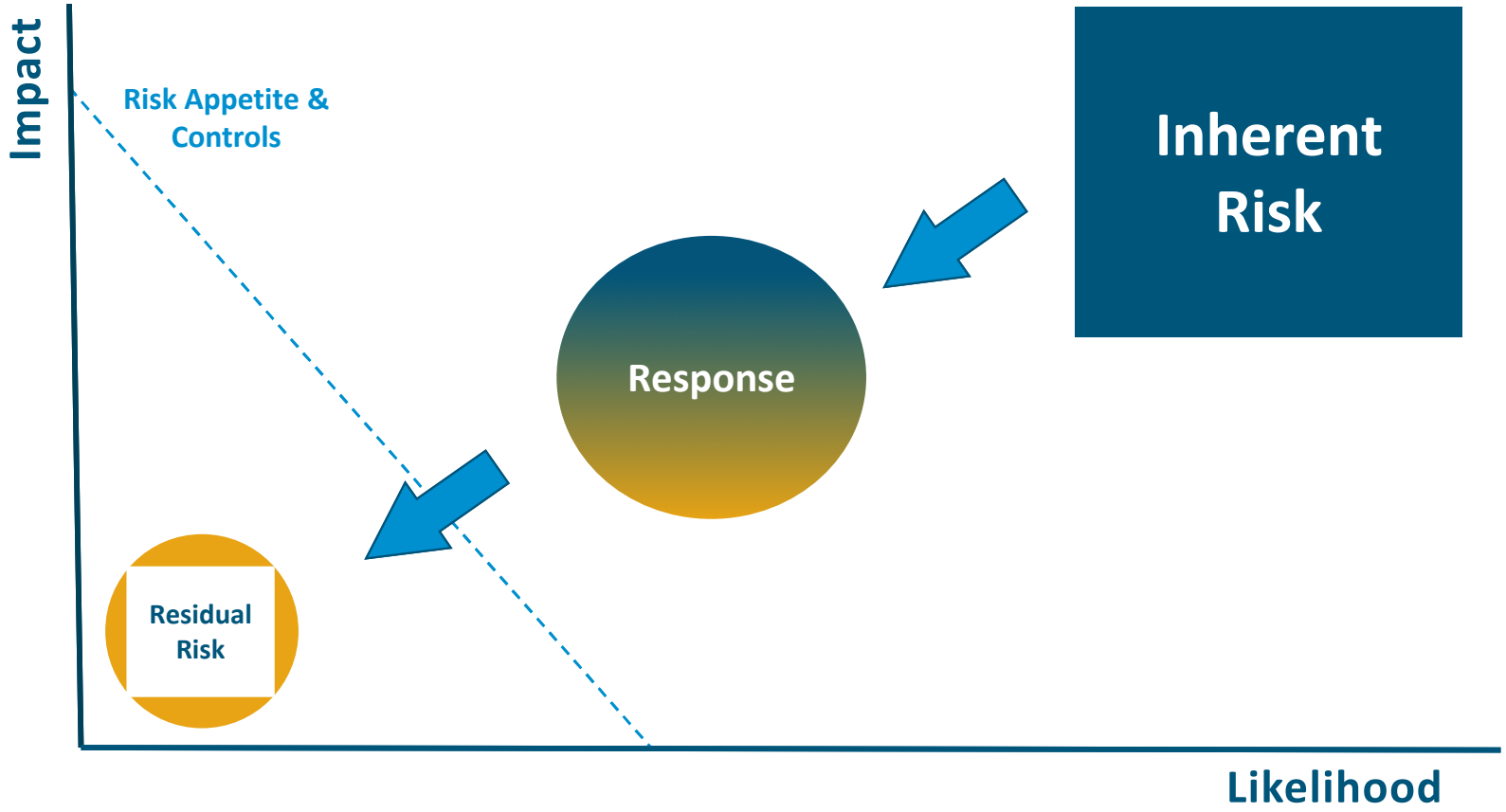
- Design adequacy and operating effectiveness of controls, as well as the consistency with which those controls are executed
- Likelihood of occurrence and magnitude of impact, adjusted to reflect the presence of controls
- Level of management oversight and monitoring
- Degree of process complexity
- Volume and nature of transactions
- Potential for human error or management override
- Changes in the regulatory environment, technology dependencies, and reliance on third parties

Residual risk ratings are used by internal audit to prioritize audit coverage and focus attention on areas of heightened exposure. Risks with higher residual ratings may indicate gaps in control design, inconsistent execution, or emerging risks not fully addressed by existing mitigation strategies. Conversely, lower residual risk levels suggest that controls are appropriately designed and operating effectively. This evaluation supports risk-based internal audit planning, informs recommendations for control enhancements, and provides management with actionable insight into whether current risk responses are sufficient or require strengthening.

RISK ASSESSMENT SCOPE, PURPOSE, AND METHODOLOGY

Overall Risk Assessment

For each functional area and business process in the *audit universe*, we assessed the overall risk – combining our understanding of the magnitude of impact over inherent risk, residual risk, and the likelihood of the risk.

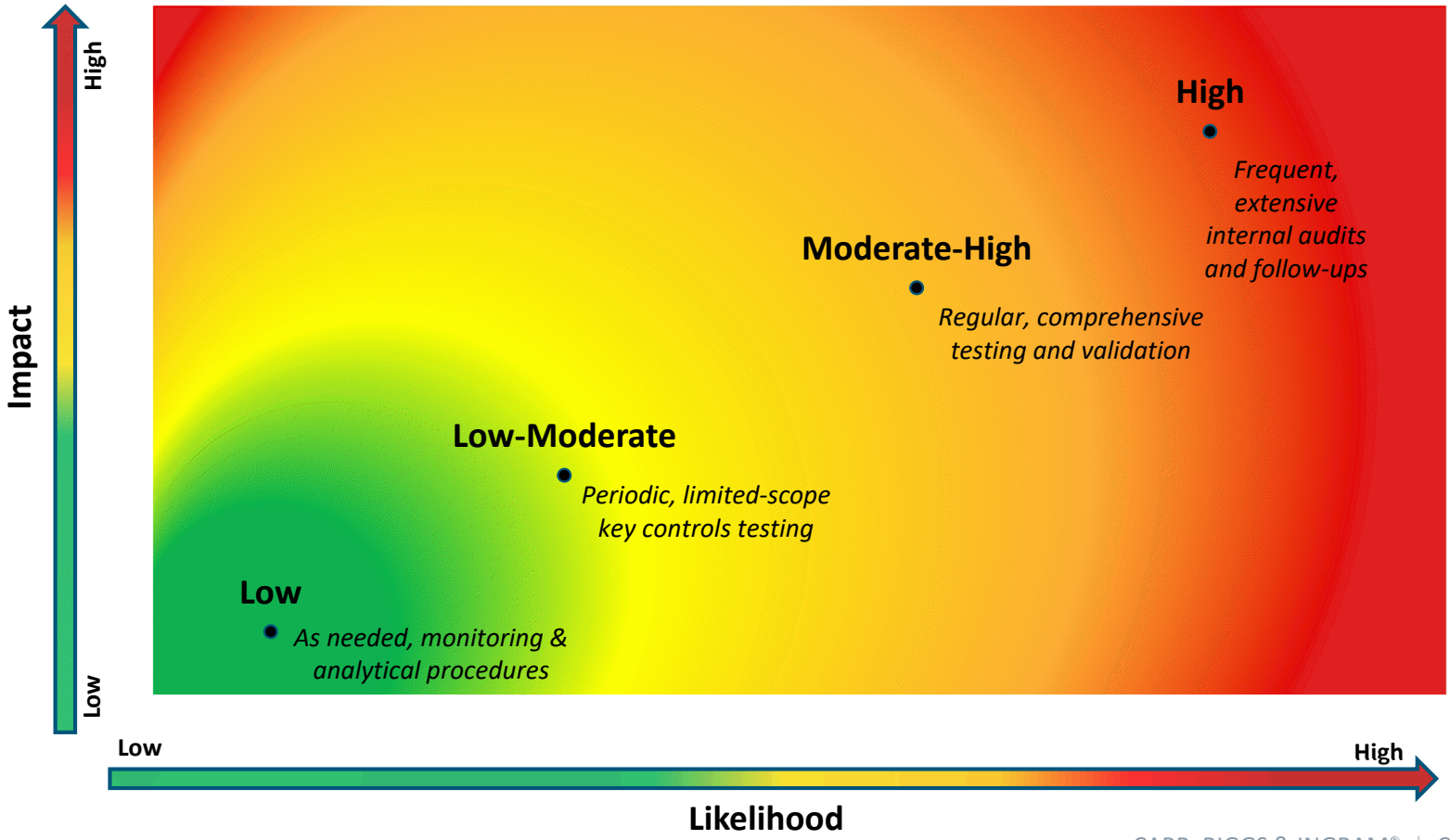


HEAT MAP

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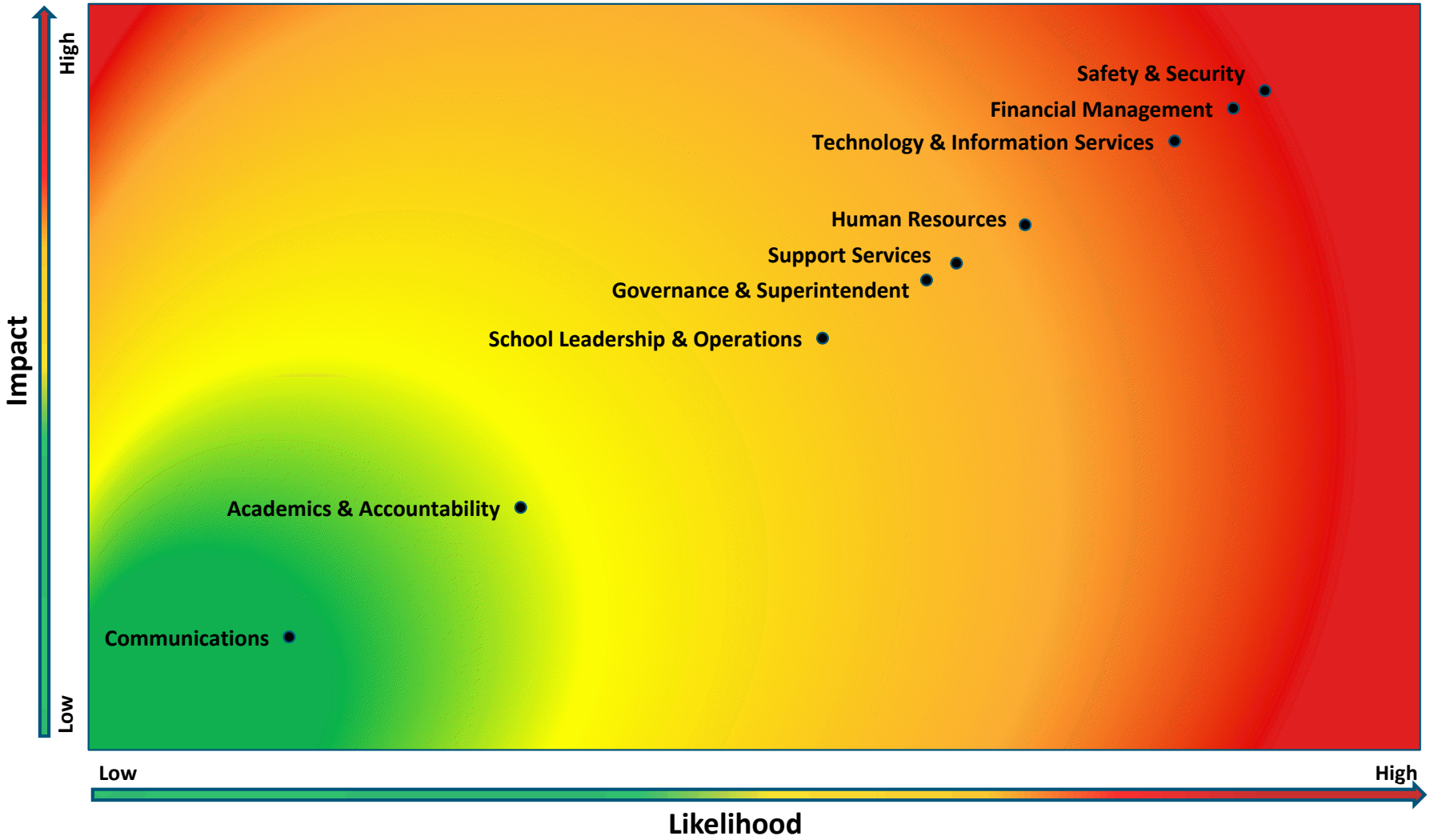
Using the results of the overall risk assessment, we developed heat maps to visually represent the CCSD's risk exposure across divisional areas and business processes. These heat maps illustrate the relative significance of identified risks based on their residual risk score. This analysis enabled the identification of the highest risk areas and processes, which were then prioritized for consideration in the development of the proposed internal audit plan.

Risk Ratings Definitions



HEAT MAP

Current Risk Exposure by Division



Risk assessments are inherently subject to change. Based on our professional experience, the relative risk exposure by division illustrated above aligns with benchmarks and profiles typically observed in similarly sized school districts.

PROPOSED INTERNAL AUDIT PLAN

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On November 12, 2025, the Georgia House delegation (the “Delegation’’) representing Cherokee County provided the Superintendent of Schools with the contact information for CRI, the sole nominee identified by the Delegation for the position of internal auditor, as established under HB 845. The following day, the Superintendent, Chief of Staff, and Chief Financial Officer held an introductory meeting with CRI representatives to begin developing a scope of work for the engagement.

During meetings held on December 2, December 5, and December 17, 2025, the parties discussed the requirements of HB 845 in detail and how those requirements would be incorporated into an engagement contract. Discussions also addressed the project scope, timeline, deliverables, and related matters. Following these discussions, the Board reviewed the proposed scope of work and associated costs and authorized the Superintendent and staff to proceed.

On January 21, 2026, the Board Chair and Vice Chair met with members of the Delegation to confirm that the proposed scope of work developed by CRI met the Delegation's intended objectives. Representative Ridley subsequently provided confirmation via email on February 12, 2026. In addition, representatives from CRI and CCSD met on January 16, 2026, to finalize contract language. The contract was formally executed on February 13, 2026.

Because the contract for internal audit services was not executed until February 13, 2026, internal audit activities did not commence until March 2026. Accordingly, the internal audit plans have been organized by calendar year for the years ending December 31, 2026, December 31, 2027, and December 31, 2028, and are presented on the following pages.

The risk assessment and internal audit plan will be reviewed and updated annually, or more frequently as circumstances, risks, and priorities warrant. During calendar year 2028, the risk assessment and proposed internal audit plan will be updated to extend through the contract end date of June 30, 2030.

Quarterly internal audit plan status reports will be submitted throughout each calendar year, beginning with the second quarter of calendar year 2026. These reports will be presented to the Board and provided to the Delegation at the first Board meeting following the end of each quarter. For calendar year 2026, this Risk Assessment and Internal Audit Plan Report will serve as the initial quarterly update. In addition, an annual internal audit status report will be submitted to the Board and provided to the Delegation at the first Board meeting following the close of each calendar year.

PROPOSED INTERNAL AUDIT PLAN: *CALENDAR YEAR 2026*

DIVISION	DIVISION RISK	INTERNAL AUDIT PROJECT
Governance & Superintendent	**Moderate-High**	➢ **Annual Budget Approval and Amendment Approvals**
Financial Management	**High**	➢ **Budget Development** *(Included within the above 'Annual Budget Approval and Amendment Approvals' project)* ➢ **Purchasing Cards: Issuance** ➢ **Purchasing Cards: Activity and Reconciliation** ➢ **Purchasing Cards: Deactivation** ➢ **Competitive Procurement: Solicitation to Purchase Order** ➢ **Non-competitive Procurement: Solicitation to Purchase Order**
Support Services	**Moderate-High**	➢ **Operational Transportation: Inventory** ➢ **Operational Transportation: Fuel** ➢ **Capital Planning** ➢ **Construction Management** ➢ **Construction Project Closeout**
Total Internal Audits for Calendar Year 2026:		**11**

PROPOSED INTERNAL AUDIT PLAN: *CALENDAR YEAR 2027*

DIVISION	DIVISION RISK	INTERNAL AUDIT PROJECT
Governance & Superintendent	Moderate-High	➢ Budget to Actual Monthly Monitoring ➢ Policy Development ➢ Personnel Actions & Succession Planning
Financial Management	High	➢ Competitive & Non-Competitive Procurement: Purchase Order to Invoice ➢ Invoice to Payment
Human Resources	Moderate-High	➢ Recruiting and Retention ➢ Employee Investigation
Safety & Security	High	➢ Security: Building Access
Support Services	Moderate-High	➢ Operational Transportation: Routes ➢ Compliance Transportation: Buses & Driver Requirements
Technology & Information Services	Moderate-High	➢ IT Governance ➢ Cybersecurity: Phase 1
Total Internal Audits for Calendar Year 2027:		12

PROPOSED INTERNAL AUDIT PLAN: *CALENDAR YEAR 2028*

DIVISION	DIVISION RISK	INTERNAL AUDIT PROJECT
Communications	Low	➢ Americans with Disabilities Act Compliance
Financial Management	High	➢ Contract Compliance: Consulting and Professional Services ➢ Public Records Requests & Retention ➢ Timekeeping
Human Resources	Moderate-High	➢ Executive Travel and Reimbursable Expenses ➢ Contract Compliance: Teachers
Safety & Security	High	➢ Background Checks: District Employees ➢ Background Checks: Non-District Employees
School Leadership & Operations	Low-Moderate	➢ Student Discipline Policy Compliance
Support Services	Moderate-High	➢ Operational Transportation: Work Orders
Technology & Information Services	Moderate-High	➢ Access Controls and Identity Management ➢ AI Data Security ➢ Business Continuity Plan
Total Internal Audits for Calendar Year 2028:		13