



Gaston County Schools Executive Summary August 18-19, 2026

HIL Consultants met with the Interim Chief Finance Officer and Assistant Finance Officer to discuss the finance department goals and objectives for the coming months. The superintendent joined the discussion to assess the ERP software's current status and identify next steps for the district's finance applications. Before moving to another platform, district leadership and the Gaston Board of Education must be confident the transition can be implemented successfully.

HIL continued working with staff to reconcile salary related deductions such as retirement, payroll deductions and health insurance for 10-month employees. Finance information was reviewed and compared with the DPI June 30, 2026, reports. Staff will continue to work to reconcile the differences with HIL's assistance.

Staff received the reconciliation of August employer portion of State health insurance premiums for 10-month employees amounts to reimburse Local funds from State, Federal, and Child Nutrition funds. The reconciliation compared the employer portion paid in May with the amount paid in July with reports provided by staff. The difference owed reflects premiums for 10-month employees who were not paid in July, but whose premiums were due by August 1. Over \$1.4 million is due back to Local funds.

HIL reviewed the draft 2026–2027 budget and costing reports and will continue reviewing them remotely, providing feedback as needed. The Restart budget template was also reviewed to help the district maximize transfers from State allocations for the benefit of both the district and the Restart Schools. HIL Consultants will continue working with staff to finalize the 2026-2027 budgets and State resources.

The following observations and recommendations are based on our on-site visit. We are available to provide additional information or support.

Observations:

- Communication and funding resource coordination appear misaligned among payroll, HR, and finance.
- The pooled cash accounts continue to create challenges during the current month-end closeout. HIL is working with staff to develop a more user-friendly procedure.

Recommendations:

- Engage as soon as possible a technology consultant with expertise to assess the current ERP system and recommend steps for a smooth transition.
- Review finance department operations to identify process improvements and strengthen internal controls.
- The district should develop an accounting procedures manual especially for critical procedures. HIL can provide an example of a procedures manual and assist with implementation.
- HIL recommends updated training for all finance staff and as needed, revised job duties to maximize staff capacity.
- The district should provide on-going mentoring to the Assistant Finance Officer through the first year of employment as referenced in HIL's Engagement Letter.
- HIL recommends maintaining regular communication with the independent auditor to ensure the audit is completed by the required deadline. The district should strive to have the audit presented to the Board no later than the December meeting in order to meet the December 31, 2026, NC Local Government Commission deadline.
- Analyze the balance sheet on a monthly basis, the DPI DART reports on a monthly basis and make corrections needed.
- Assign a staff member to reconcile monthly payroll deductions, including state health insurance billings.
- The district should establish a process to accurately track summer Health Insurance costs by funding source for all 10-month employees who do not receive June and July paychecks.