Cherry Creek School District No. 5 | November 16, 2026

Operational Review Report



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November 16, 2026

Board of Education
Cherry Creek School District No. 5
4610 South Ulster Street, Suite 1001
Denver, CO 80237

Dear Board Members:

Plante Moran has completed an independent Operational Review of Cherry Creek School District No. 5 ("CCSD" or "District"), consistent with the agreed upon scope reflected in our master services agreement dated June 4, 2026. The review covered District-wide functions and select school and department level operations during the period from July 1, 2023 through June 30, 2026.

The Operational Review addressed five objectives established by the Board of Education related to governance and oversight, internal controls over segregation of duties and financial approvals, procurement compliance, hiring and promotion practices, and community and staff feedback mechanisms. Each objective is described in the Objective and Scope section of this report.

We were not engaged to, and did not perform, a financial statement audit, the objective of which would be to express an opinion on the District's presentation of financial information in accordance with accounting principles as promulgated by the Governmental Accounting Standards Board. Nor were we engaged to perform an audit of the District's overall internal control environment. Accordingly, we express no opinions on those subjects. Had additional procedures been performed, other matters may have come to our attention that would have been reported.

This report is solely for the information and use of District administration and the Board of Education and is not intended for use by anyone other than these specified parties. The conclusions in this report apply only to the objectives, processes, transactions, and periods included within the scope of the Operational Review.

We appreciate the cooperation and assistance provided by District management and staff throughout the review.

Sincerely,

Matthew Bohdan, CPA, CIA
Partner

Jamie L. Essenmacher

Jamie Essenmacher, CPA
Partner

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Executive Summary



Project Overview

The Cherry Creek School District No. 5 Board of Education ("Board") requested an independent Operational Review of District-wide functions and select school and department level operations. Through this engagement, Plante Moran evaluated five areas of District operations: (1) governance and culture; (2) finance and accounting; (3) procurement and contract management; (4) human resources and personnel practices; and (5) community and staff feedback and transparency. We performed our review in response to the District's Request for Proposal (RFP) 26-028, School District Operational Review.

We used the following recognized frameworks, standards, and leading practices to guide our approach and evaluation criteria:

- Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework (2013);
- Government Finance Officers Association (GFOA) Code of Ethics;
- Colorado Revised Statutes governing standards of conduct for public officers and employees (C.R.S. 24-18-104, 24-18-109, and 24-18-110); and
- The District's Board of Education policies, such as Policies AFCA (False Claims Act Protections), BC (School Board Member Conduct), DJ (Purchasing/Purchasing Authority), DJF (Purchasing Materials and Services), and GBEB (Staff Conduct).*

Objective and Scope

The Board established the following five objectives for the Operational Review:

1. Assess the adequacy and effectiveness of governance structures and oversight processes.
2. Evaluate the design and operating effectiveness of internal controls, relating to segregation of duties and financial approval processes.
3. Determine compliance with procurement policies, bidding requirements, and Board approval thresholds.
4. Evaluate the fairness, transparency, and consistency of hiring and promotion practices.
5. Evaluate transparency and accountability to community members and staff through accessible feedback mechanisms.

The scope period for the Operational Review included three school years:

1. Year 1: July 1, 2023 through June 30, 2024
2. Year 2: July 1, 2024 through June 30, 2025
3. Year 3: July 1, 2025 through June 30, 2026

* Note Board policy codes are filing codes from the classification system developed by the National Education Policy Network (NEPN) of the National School Boards Association (NSBA), which Colorado school districts commonly use to organize Board policies. The first letter identifies the policy section (for example, "D" for Fiscal Management and "G" for Personnel), and each added letter identifies a more specific topic within that section.

The review covered District-wide functions and select school and department level operations within the following process areas:

1. Governance and Culture
2. Finance and Accounting
3. Procurement and Contract Management
4. Human Resources and Personnel Practices
5. Community/Staff Feedback and Transparency

SCOPE EXCLUSIONS AND LIMITATIONS

The review was not a financial statement audit, nor was it a forensic audit, and did not provide an opinion on the District's financial statements or overall internal control environment.

1. Our conclusions are limited to the processes, controls, transactions, documentation, and periods included within the engagement scope.
2. Our procedures did not constitute an examination of every District transaction, contract, employee action, complaint, policy, or control.
3. We have excluded Personally Identifiable Information (PII) from our written reporting; however, we can provide this information to the District upon request.
    a. During the review, we also received direct statements from individuals we interviewed containing allegations of wrongdoing. Finding 2 summarizes the allegations made by category , and its recommendations address our recommended method for conveying this information to the District so as not to jeopardize the integrity of any subsequent investigation and/or implicate any individuals or companies of wrongdoing prior to the allegations being appropriately investigated.
4. During the course of our analysis, the District requested that we provide a mechanism for it to collect anonymous feedback from the public (i.e., a hotline). We worked with Ethics Suite to host the hotline, which included District-issued communications regarding its purpose and operation. Our scope was not to independently review and analyze all incoming information. However, to the extent information conveyed via the hotline was relevant to our scope, we reviewed and considered that information within our workplan.
    a. As of the date of this report, the District has not directly received a detailed listing of all reported items. Finding 1 addresses our recommended method for conveying this information to the District to reduce the potential for reporters to be individually identified, which was a key feature of the hotline as communicated by the District.
5. We performed data analytics on information from the District's Software systems, and multiple tests identified anomalies that warrant additional research. Using our judgment, we selected certain anomalies for further research within the time budgeted for this work. That research included reviewing emails, hotline submissions, and supporting documentation, and performing background research. Our scope

did not include an investigation, and our results do not establish whether any anomaly is problematic or who may be responsible. **Appendix D** describes the research we recommend for each test.

Methodology

Plante Moran performed procedures to address the five engagement objectives listed above. At a high level, our procedures included planning and data collection, walkthrough interviews, Board interviews, focus group facilitation, review of policies and supporting documentation, documentation of risks and controls, sample-based testing, data analytics, inspection of supporting evidence, evaluation of identified results, and monitoring of an independent reporting channel (i.e., hotline). Below outlines more details surrounding our procedures.

1. **Focus group facilitation:** To hear directly from the people the District serves and employs, Plante Moran facilitated five in-person focus groups: three with community members and two with District staff. Interested community members and staff registered through an online intake form. Participants were randomly selected from within various factors and criteria shared through the intake form, such as age of student(s) attending school (i.e. elementary, middle, high), school(s) attended, staff role, and building or department location. By randomizing selections within each of these categories, this approach was designed to provide representation reflective of the full population of submissions we received, so that a broad range of voices and experiences were included in the conversation. Please note, focus group input reflects the perspectives of the individuals who chose to participate and may not represent the views of all District staff or community members. This input was used to identify themes and inform the focus of our testing procedures, and individual comments were not independently verified.
2. **Independent reporting channel (i.e., hotline):** As part of the Operational Review, Plante Moran partnered with Ethics Suite to provide an independent, web-based reporting channel through which District staff, families, and community members could confidentially and anonymously share concerns and feedback. This was performed at the District's request to give stakeholders a secure and anonymous means to raise concerns relevant to the review's objectives. Plante Moran monitored reports as they were received through the platform, and we considered relevant information in assessing risk and determining the focus of our testing procedures. The channel was publicly available on or about July 23, 2026 through September 2, 2026. A complete listing of reports received through the channel is available to the District upon request.
3. **Internal controls testing:** Through walkthroughs and review of Board policies, District procedures, and system information, we used our professional judgment to identify key risks in each in-scope process, the existing internal controls designed to address risks, and internal control gaps where no control was in place. We then performed sample-based testing of key controls, using system-generated reports from Oracle and other District systems and transaction-level documentation, to determine whether each control was designed appropriately and

operating effectively. We evaluated our testing against Board policies, District procedures, and the frameworks and leading practices described in the Project Overview. We have summarized the controls we identified and our testing conclusions in the Risk and Control Matrix in **Appendix C**.

4. **Segregation of duties (SOD) analysis:** We analyzed user role security configuration and privilege assignments in the District's Oracle environment to identify potentially incompatible duties that present segregation of duties risk(s). We developed recommendations to mitigate and/or resolve the identified conflicts, which included mapping compensating internal controls that would prevent or detect the risk(s) for each conflict identified. We describe additional details on our approach and results in **Appendix B**.

5. **Governance dashboard development**: We developed a governance and culture monitoring framework and proof-of-concept dashboard for the Board's consideration in **Appendix A**. The Board and District leadership may consider implementing a governance and culture monitoring framework and dashboard to assist the Board in overseeing ethics and culture risks on an ongoing basis. The proof-of-concept dashboard in **Appendix A** identified key indicators aligned to the District's risk profile across five areas: (1) the independent reporting channel, (2) employee and vendor conflict of interest disclosures, (3) internal whistleblower activity, (4) ethics and culture training completion, and (5) policy exceptions. District management in collaboration with the Board may define a responsible owner, an escalation threshold, and a Board reporting cadence for each key risk indicator. This dashboard would allow District leadership to report results to the Board at the defined cadence, allowing the Board to monitor trends, identify matters that require its attention, and hold management accountable for timely follow-up.

6. **Data analytics:** We performed multiple data analytic tests designed to identify anomalies related to areas within our scope. We selected these tests based on our knowledge of the District's risk gained from procedures 1 through 4. The information utilized, risks addressed, tests performed, analytical results, subsequent research (when applicable), and recommended next steps are outlined in **Appendix D**.

Based on the procedures performed, we concluded that the District's governance structures, financial internal controls, procurement practices, hiring and promotion practices, and feedback mechanisms were not designed or operating effectively with respect to all five review objectives. Further details regarding the specific objectives assessed and procedures performed can be found in the Approach section of this report.

Themes and Areas of Recognition

The themes outlined below reflect the most significant patterns that emerged across our work. They are informed by the testing procedures we performed and discussions with District personnel and other stakeholders. These themes highlight areas where the District has made progress and areas where opportunities exist to strengthen governance, internal controls, and transparency.

Area	Description
Areas of recognition: remediation underway	Before and during this review, District management recognized gaps in several of its own processes and began putting new policies, procedures, and practices in place. These efforts included: • Developing nepotism procedures and implementing a centralized relationship disclosure tracker, with a District-wide process for Human Resources to review disclosures, obtain required approvals, and issue written determinations and safeguards • Planning employee and vendor conflict of interest disclosure procedures, with involvement from the Chief Financial Officer, Procurement, Legal, and Human Resources • Drafting a District-wide Travel Guidebook and related guidance to set consistent expectations for travel and employee expenses • Implementing a Salesforce workflow that routes contracts to the Legal Department for review and approval before signature Because many of these efforts began late in, or after, the scope period, please note that the related findings remain open until the new processes are finalized, communicated to staff, and operating consistently and effectively.
Board policies need to be completed, updated, and reviewed regularly	Board policies set the direction for how District leadership and staff carry out the Board's expectations. We noted three distinct types of gaps: • **Missing or narrow guidance:** We did not identify a District-wide employee code of conduct. Although policies on nepotism, conflicts of interest, and misconduct reporting exist, they contain gaps in key areas and are not robust enough to ensure accountability or consistent understanding. • **Outdated policies:** The Board Member Code of Ethics was last revised in 1992, and some of the District's more than 350 Board policies date to the 1990s. Given the significant changes in people, processes, technology, and the overall legal, educational, and demographic landscape, these policies are no longer fit for purpose.

Area	Description
	• **No review cadence:** The District has no formal schedule or assigned ownership for reviewing Board policies, which have historically been updated in response to external events rather than on a planned cycle. In addition, we observed that District practice did not always follow Board policies, including for contract change orders, sole-source purchases, and purchase approval levels. Without complete, current Board policies, District leadership and staff do not have clear direction for carrying out the Board's expectations, practices may vary across schools and departments, and the Board has a weaker basis for holding the District accountable.
Internal controls need to be strengthened in both design and operation	We identified internal control weaknesses across Finance and Accounting, Human Resources, and Procurement, as well as in District governance processes: • **Design gaps:** Some key risks have no control in place, such as central monitoring of student activity funds, approval limits for contingency funds, monitoring for split purchases, and vendor performance monitoring. In governance areas, disclosure and complaint processes exist, but criteria, certifications, investigation timelines, and monitoring requirements are not defined. Oracle access also allows certain individuals to perform incompatible duties. • **Controls not operating as designed:** Where controls were designed, testing found that many were not operating consistently, were bypassed, or lacked evidence of performance, review, or approval. Examples include self-approved journal entries, unreviewed vendor record changes, invoices paid without a purchase order, and purchases not approved at the level Board policy requires. These weaknesses increase the risk that errors, unauthorized transactions, or misuse of District resources can occur without detection (or timely detection), and they limit the District's ability to determine that its processes are operating effectively and as designed.
Concerns that are raised need a clear owner and path to resolution	The District's governance framework depends on two steps: staff, families, and community members raising concerns, and someone with clear authority deciding what happens next. We found that the first step is generally in place, but the second often is not. A pattern appears in the District's ongoing processes whereby employee complaints are tracked without defined procedures for investigation and closure (Finding 6). Relationship and conflict of interest disclosures lack a consistent

Area	Description
	review and approval step (Findings 4 and 5). There is also no independent route for the district to investigate and resolve concerns involving Human Resources, Legal, or senior leadership. When concerns are collected but no one is accountable for acting on them, issues that need attention may go unaddressed. Staff and community members also have limited assurance that raising a concern leads to action. Establishing a Board-designated committee under a written charter, as recommended in Finding 1, would give the District an independent body to oversee these matters. That committee could also fill the broader oversight role described in the Three Lines Model theme below.
Adopting the Three Lines Model to strengthen independent oversight	Colorado school districts are not required to maintain an internal audit function. However, many larger public entities use one, along with a Board audit committee, to give their governing boards objective, ongoing assurance related to financial reporting, operations, and compliance. Based on our inquiries, the District has no internal audit function, audit committee, or other objective function that periodically determines whether controls are designed appropriately and operating effectively and that reports to the Board. Given the District's size, the complexity of its operations, and the nature of the findings in this report, the Board may benefit from establishing a formal internal audit function. The Institute of Internal Auditors' (IIA) Three Lines Model, formerly known as the Three Lines of Defense, is a widely recognized framework that clarifies who manages risk and who provides independent assurance: • **Governing body (Board of Education):** Accountable to the community for oversight. It sets expectations, oversees management, and decides how independent assurance is provided. • **First line (operational management and staff):** School and department leaders and staff who carry out daily operations, such as purchasing, payroll, hiring, and cash handling. They own and manage risk by designing and performing controls. • **Second line (management oversight functions):** Functions such as Finance, Legal, Human Resources, compliance, and risk management. They set guidance and procedures, provide expertise, and monitor and challenge whether first-line controls are working.

Area	Description
	• **Third line (internal audit):** An independent function that gives the Board objective assurance and advice on whether governance, risk management, and internal controls are effective. It typically reports functionally to the Board or an audit committee and administratively to the Superintendent. Many findings in this report reflect gaps in the first and second lines, such as reviews that were not performed or documented, and a lack of monitoring. Clarifying first- and second-line responsibilities would address many of these gaps directly. For the third line, the Board should consider establishing an internal audit function suited to the District's size and resources, either staffed in-house, outsourced, or co-sourced to a qualified provider. To be effective, the function should: • Operate under a Board-approved charter that sets out its objectivity, authority, and reporting relationship to the Board or an audit committee; • Follow a risk-based audit plan, approved by the Board or audit committee, that includes follow-up on corrective actions from this report; • Be led by individuals with relevant professional qualifications and experience, such as the Certified Internal Auditor (CIA), Certified Public Accountant (CPA), Certified Fraud Examiner (CFE), or Certified Government Auditing Professional (CGAP) designations, who have not recently held operational roles in the areas they would audit; and • Perform its work in line with the IIA's Global Internal Audit Standards. This would give the Board objective, ongoing assurance that controls are designed and operating effectively and that corrective actions from this report are implemented and sustained.

Overview of Findings

Below is a summary of the review findings. Detailed information on the priority ratings can be found in the Summary of Findings and Recommendations section.

Process Area	Findings
Governance and Culture	8
Finance and Accounting	16
Procurement and Contract Management	10
Human Resources and Personnel Practices	4
Total	**38**

No.	Finding Summary	Category	Page	Priority
1	The District has not designated an independent body to receive, evaluate, and act on reports involving Board members or District leadership	Governance and Culture	21	**High**
2	Direct allegations involving Board members and District leadership require independent evaluation	Governance and Culture	23	**High**
3	The District does not have a Code of Conduct that sets ethics expectations for all employees	Governance and Culture	25	**High**
4	Employee relationships that create nepotism risk are not consistently disclosed, reviewed, or safeguarded	Governance and Culture	26	**High**
5	Procedures to disclose and review employee and vendor conflicts of interest are not defined	Governance and Culture	28	**High**
6	Employees do not have an independent way to report misconduct, and complaints are not handled under defined procedures	Governance and Culture	30	**High**
7	The Board Member Code of Ethics has not been updated since 1992, and Board policies are not reviewed or updated on a regular schedule	Governance and Culture	32	**High**

No.	Finding Summary	Category	Page	Priority
8	The District has not set training requirements for ethics, conflicts of interest, or reporting misconduct	Governance and Culture	33	High
9	Student activity fund receipts and spending across schools are not monitored centrally	Finance and Accounting	34	High
10	Use of budget contingency funds is not governed by documented approval limits	Finance and Accounting	35	High
11	Formal travel and employee expense policies and procedures were not in place during the scope period	Finance and Accounting	36	High
12	Staff can approve their own accounting journal entries under $100,000	Finance and Accounting	38	High
13	Positions can be added or changed outside the approval process without confirming budget, and these changes are not monitored	Finance and Accounting	39	High
14	Staff can approve their own chart of accounts changes, and accounts were closed without evidence that their balances were cleared	Finance and Accounting	40	High
15	Changes to vendor records, including bank account changes, are not reviewed or monitored	Finance and Accounting	41	High
16	Invoices, including one for $1.5 million, were paid without a purchase order	Finance and Accounting	42	High
17	Oracle access allows individuals to perform incompatible duties	Finance and Accounting	43	High
18	Payroll is released without proper evidence of review	Finance and Accounting	44	High
19	District does not retain complete approval evidence for opening bank accounts	Finance and Accounting	45	High
20	Spending is not monitored for purchases split to avoid bidding and Board approval thresholds	Procurement and Contract Management	46	High
21	Vendor performance on significant contracts is not formally monitored	Procurement and Contract Management	47	High
22	Monthly audits of purchasing card expense reports could not be shown to have been performed	Procurement and Contract Management	48	High

No.	Finding Summary	Category	Page	Priority
23	Contracts are signed without consistent legal review	Procurement and Contract Management	49	High
24	The District cannot show that purchasing cards are deactivated when employees leave	Procurement and Contract Management	50	High
25	Contract change orders are not brought to the Board as policy requires	Procurement and Contract Management	51	High
26	Sole-source purchases were made without required justification or approval	Procurement and Contract Management	52	High
27	Purchases made without competitive bidding lacked required justification, approval, and Board notification	Procurement and Contract Management	53	High
28	Purchases were not approved at the level required by policy, and competitive bid support is not retained	Procurement and Contract Management	54	High
29	Hiring and promotion decisions are not independently reviewed for favoritism, and interview panel members are not trained	Human Resources and Personnel Practices	55	High
30	Employee pay rates and offer-letter salaries are not supported by documented review and approval	Human Resources and Personnel Practices	56	High
31	Some balance sheet accounts are reconciled only once a year, and reconciliation reviews are not consistently documented	Finance and Accounting	57	Moderate
32	The weekly review of position overlaps was not in place for most of the scope period	Finance and Accounting	58	Moderate
33	Monthly budget-to-actual reviews are not documented	Finance and Accounting	59	Moderate
34	Purchasing card approvals and cardholder training could not be shown for cards issued	Procurement and Contract Management	60	Moderate
35	Job postings were closed early without approval, including postings where candidates were already being considered	Human Resources and Personnel Practices	61	Moderate
36	Interview and reference check documentation could not be shown for hires tested	Human Resources and Personnel Practices	62	Moderate

No.	Finding Summary	Category	Page	Priority
37	Lack of timeliness in completing bank account reconciliation reviews	Finance and Accounting	63	Low
38	No evidence that school deposits are recorded and reconciled by independent personnel	Finance and Accounting	64	Low

Detailed Results



Approach

Plante Moran's approach involved analyzing the District's policies, procedures, practices, and controls against the five objectives defined in the engagement scope. The table below summarizes each objective and the corresponding procedures performed.

1. **Effective:** Indicates the evidence provided to Plante Moran demonstrates the controls or processes tested are operating as intended and achieving the desired outcomes.
2. **Ineffective:** Indicates the evidence provided to Plante Moran demonstrates the controls or processes tested are not operating as intended or are not achieving the desired outcomes.

No.	Objectives	Procedures	Results
1	**Assess the adequacy and effectiveness of governance structures and oversight processes.**	1. Reviewed the District's governance and ethics policy framework, including employee conduct, nepotism and relationship disclosure, conflict of interest, whistleblower and anti-retaliation, Board conduct, policy maintenance, and compliance training requirements. 2. Conducted walkthroughs with process owners responsible for governance, legal, human resources, communications, ethics, and related oversight activities. 3. Conducted interviews with Board of Education members to understand their governance and oversight expectations and areas of concern. 4. Inspected relationship disclosure and complaint tracking records. 5. Evaluated the design of reporting, escalation, approval, monitoring, and training processes. 6. Compared documented practices with applicable Board policies, District directives, and identified authoritative frameworks.	**Conclusion:** **Ineffective** **Related Findings:** Findings 1, 2, 3, 4, 5, 6, 7, 8
Basis for conclusion: Key elements of the District's governance and ethics framework were missing, outdated, or only recently established, including a District-wide Code of Conduct, defined conflict of interest and complaint-handling procedures, ethics training requirements, and a current Board Member Code of Ethics. As a result, employees and Board members may not have clear expectations, and the District has a limited basis for identifying conflicts, addressing concerns, and holding individuals accountable.			

No.	Objectives	Procedures	Results
2	**Evaluate the design and operating effectiveness of internal controls, relating to segregation of duties and financial approval processes.**	1. Conducted walkthroughs of key finance and accounting processes. 2. Documented risks and relevant controls within the Risk Control Matrix. 3. Reviewed financial controls over accounts payable, accounts receivable, budgeting, cash management, financial close and reporting, payroll, employee expense, and position control. 4. Inspected available transaction support, approval evidence, reconciliation documentation, system records, and review evidence. 5. Evaluated segregation of duties, approval requirements, independent review, supporting documentation, and retention of evidence. 6. Performed sample-based testing and control design assessments where documentation was available. 7. Analyzed user role and privilege assignments in Oracle against segregation of duties conflicts matrix and evaluated compensating controls for the conflicts identified (see Appendix B).	**Conclusion:** **Ineffective** **Related Findings:** Findings 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 31, 32, 33, 37, 38
Basis for conclusion: Key financial controls were not designed, not performed, or not evidenced, including self-approved journal entries and chart of accounts changes, unreviewed vendor and bank account changes, invoices paid without a purchase order, and payroll released without evidence of review. Oracle access allows individuals to perform incompatible duties. As a result, errors, unauthorized transactions, or misuse of District funds could occur without timely detection.			

No.	Objectives	Procedures	Results
3	**Determine compliance with procurement policies, bidding requirements, and Board approval thresholds.**	1. Reviewed Policy DJ, Policy DJF, Policy DJG, related procedures, and procurement control documentation. 2. Conducted walkthroughs covering requisitions, bidding, sole-source purchases, contracts, legal review, delegated authority, Board approval, vendor onboarding, vendor changes, purchasing cards, and change orders. 3. Inspected procurement, contract, purchase order, vendor, and purchasing card information made available during the review. 4. Evaluated controls over competitive sourcing, contract approvals, purchasing thresholds, aggregate vendor spend, change orders, legal review, sole-source exceptions, vendor conflicts of interest, and vendor monitoring. 5. Performed sample-based testing across procurement and contract management controls.	**Conclusion:** **Ineffective** **Related Findings:** Findings 5, 15, 20, 21, 22, 23, 24, 25, 26, 27, 28, 34
Basis for conclusion: Purchases were not consistently approved at the levels Policy DJ requires, including four purchases over $250,000 without evidence of Board approval; sole-source and non-competitive purchases lacked required justification; change orders were not brought to the Board as required; and we did not identify monitoring for split purchases or vendor performance. As a result, significant spending can occur without competition or the Board oversight that District policy requires.			

No.	Objectives	Procedures	Results
4	**Evaluate the fairness, transparency, and consistency of hiring and promotion practices.**	1. Reviewed hiring, compensation, posting, reference-check, relationship-disclosure, separation, and position-control processes. 2. Conducted walkthroughs with Human Resources and related process owners. 3. Inspected employee, requisition, position, separation, and relationship-disclosure records made available during the review. 4. Evaluated standardized interview practices, posting-duration requirements, compensation approval, reference verification, reporting relationships, conflicts of interest, and employment separation controls. 5. Performed sample-based testing across Human Resources controls.	**Conclusion:** **Ineffective** **Related Findings:** Findings 4, 29, 30, 35, 36
Basis for conclusion: We did not identify an independent review of hiring and promotion decisions, interview panel members are not trained, postings were closed early without approval (in some cases with candidates already in the hiring process), interview and reference documentation was not available for the hires tested, and pay rates outside the salary schedule lacked documented approval. As a result, the District cannot demonstrate that hiring, promotion, and pay decisions are fair, consistent, and free from favoritism.			

No.	Objectives	Procedures	Results
5	**Evaluate transparency and accountability to community members and staff through accessible feedback mechanisms.**	1. Reviewed employee reporting channels, whistleblower protections, anti-retaliation provisions, complaint tracking, escalation procedures, and status reporting practices. 2. Evaluated whether employees had access to alternative reporting channels when concerns involved their primary reporting channel. 3. Reviewed available information concerning complaint intake, investigation tracking, resolution, and communication. 4. Facilitated five in-person focus groups, three with community members and two with District staff. 5. Partnered with Ethics Suite to provide an independent reporting channel through which staff, families, and community members could confidentially and anonymously submit feedback for consideration within our assessment.	**Conclusion:** **Ineffective** **Related Findings:** Findings 1, 6
Basis for conclusion: We did not identify an independent or anonymous channel for employees to report misconduct. Complaints were tracked without written procedures for intake, investigation, timelines, or communicating outcomes. As a result, concerns may go unreported or unresolved, staff and community members have limited assurance that the concerns they raise are considered, and the public has limited visibility into how the District is governed.			

Summary of Findings and Recommendations

Our observations below are based on corroborative inquiry with District personnel, inspection of documentation, and testing of controls. Where a finding states that a policy, procedure, process, or control does not exist, was not in place, or was not documented, that statement is based on our inquiries of District personnel and the documentation the District provided in response to our requests during the review. In response to our observations, recommendations are included for the District's consideration on how to resolve gaps where internal controls or processes assessed were not in place, were not designed appropriately, or were not operating effectively, or where opportunities exist to reduce risk to the District and achieve the desired outcomes.

Each recommendation was rated high, moderate, or low based on priority in terms of impact on the process, internal controls, or efficiency of operations.

1. **High Priority:** Indicates the finding requires immediate attention, and the recommendation may have a significant impact on risk mitigation.
2. **Moderate Priority:** Indicates the finding should be addressed within a defined implementation period, and the recommendation may have a meaningful impact on risk mitigation.
3. **Low Priority:** Indicates the finding represents an opportunity to strengthen controls.

The following table summarizes the findings identified through the review.

High Priority	Moderate Priority	Low Priority	Total Findings
30	6	2	38

The tables on the following pages outline each detailed finding and the related recommendations.

1	The District has not designated an independent body to receive, evaluate, and act on reports involving Board members or District leadership	Priority:	High

Category: Governance and Culture / Independent Reporting and Oversight

Finding Summary

As part of the Operational Review, Plante Moran supported the establishment of an independent reporting channel administered through Ethics Suite. District staff, families, and community members could use the channel to submit information confidentially and anonymously. Plante Moran administered the intake process and received 147 reports through the channel, some of which contain allegations concerning members of the Board of Education and senior District leadership.

Consistent with the scope of the Operational Review, Plante Moran reviewed the reports to determine whether information received was relevant to the objectives of our review and, where appropriate, considered that information in designing and performing our procedures. We were not engaged to independently investigate or resolve each allegation submitted through the reporting channel, and we have not reached conclusions regarding allegations that were not otherwise established through our Operational Review procedures.

A significant issue remains regarding disposition of the reports. Some reports contain allegations concerning individuals within the District's existing leadership and governance structure, including members of the Board and senior District leadership. As of the date of this report, the District has not identified to us an independent individual or body authorized to receive the unredacted reports, evaluate the allegations, and determine what investigation or other action, if any, is appropriate. The Operational Review Process Committee identified in materials associated with the reporting channel was not functioning during the relevant period.

Accordingly, Plante Moran has not delivered the complete, unredacted reports to the Board or senior leadership of the District. Providing reports concerning Board members or senior District leaders to individuals who may themselves be the subject of, involved in, or responsible for overseeing matters raised in those reports could create actual or perceived conflicts in determining how the allegations should be evaluated and addressed.

This finding does not express a conclusion regarding the validity of any allegation received through the reporting channel. Rather, it identifies a governance and oversight gap: the District presently lacks a designated independent mechanism for receiving and determining the appropriate disposition of allegations involving members of the Board or senior District leadership.

Recommendation

1. The Board should establish or designate an independent body authorized to receive and oversee the disposition of reports and other allegations involving Board members, the Superintendent, or other senior District leaders. The body should be structured so that individuals who are the subject of an allegation, or who may have a conflict concerning the matter, do not participate in decisions regarding its evaluation, investigation, or resolution.

1	The District has not designated an independent body to receive, evaluate, and act on reports involving Board members or District leadership	Priority:	High
	2. The independent body should engage qualified independent counsel or other appropriate professionals, as necessary, to evaluate the information received and determine the nature and scope of any further investigation. Once that structure is established, Plante Moran should provide the body or its designated counsel the reports and other information necessary for that evaluation, subject to appropriate safeguards for confidential and identifying information.		

2	Direct allegations involving Board members and District leadership require independent evaluation	Priority:	High

Category: Governance and Culture / Independent Reporting and Oversight

Finding Summary

Apart from the reports submitted through the independent reporting channel, individuals interviewed or otherwise contacted during the Operational Review made allegations concerning members of the Board of Education, senior District leadership, and other District personnel. We documented 28 distinct allegations, which fall within the following general categories:

- Board conduct and violations of open government laws
  - Board deliberation and communication outside public meetings; release of information to the media outside official channels; Board officers acting without the full Board; integrity of a senior leader's performance evaluations and reporting structure
- Construction, procurement, and budget issues
  - Capital project cost information presented to the Board and related scope changes ; disclosure of staffing growth and related spending; spending directed by an individual Board member; contracts and payments structured to stay below Board approval threshold
- Improper compensation
  - Pay for senior leaders outside a defined approval process; District payment of one administrator's education costs; positions created for rehired retirees and their alleged use to retaliate against an employee
- Conflicts of interest
  - Payments to an employee's family member, and pressure on an employee who raised the issue; an employee-owned business serving District families; capital work at a school outside policy
- Inappropriate personnel and hiring decisions
  - Job postings shortened or targeted to preselected candidates; executive appointments without a posting; salary placement; relatives in the same reporting line; personal relationships between Human Resources leaders and employees whose employment they can influence; title and pay decisions affecting a leadership team member
- Specific instances of improper workplace conduct and retaliation by District leadership
  - Disclosure of an employee's medical information; intimidation and bullying; withholding a former employee's final pay to discourage a legal claim; threats and retaliation against employees who raised concerns; inaction when misconduct was reported

These allegations are statements made to Plante Moran by the individuals interviewed or contacted. They have not been tested through a complete investigation, including interviews of the individuals who are the subjects of the allegations, interviews of other relevant

2	Direct allegations involving Board members and District leadership require independent evaluation	Priority:	High

witnesses, and review of potentially relevant records. Accordingly, we have not determined whether the allegations are substantiated and express no conclusion regarding their accuracy, validity, or legal significance.

Where an allegation related to the objectives of the Operational Review, we considered the information in designing and performing our procedures. In certain instances, our procedures identified transactions, personnel actions, or control deficiencies relating to the same general subject matter as an allegation. Those independently identified matters are addressed, as applicable, in the findings and recommendations elsewhere in this report. The identification of a related transaction, action, control deficiency, or hotline report does not, by itself, substantiate the allegation.

A number of the allegations concern conduct or decisions attributed to current or former Board members or senior District leaders. For the reasons discussed in the preceding finding, the District has not identified to us an independent individual or body authorized to receive the detailed allegations, evaluate them, and determine whether further investigation or other action is appropriate. Providing the allegations to an individual who is the subject of an allegation, is alleged to have participated in the underlying conduct, or is responsible for supervising an implicated individual could create an actual or potential conflict in determining the allegation's disposition.

To protect the integrity of any subsequent evaluation or investigation, this report does not identify the individuals who provided the information, the individuals who are the subjects of the allegations, or other details that could identify the persons involved. Plante Moran has retained the detailed information underlying this summary for delivery to an appropriately authorized independent body or its counsel.

Recommendation

Consistent with the preceding finding, the Board should establish or designate an independent body authorized to receive and oversee the evaluation of these allegations. Once that body and its independent counsel, if any, have been designated, Plante Moran should provide them with the detailed allegations and related information in its possession.

The independent body, with advice from its counsel or other qualified professionals, should determine the appropriate disposition of each allegation, including whether it warrants investigation, referral to another authority, consolidation with a related matter, or closure without further action. No person who is the subject of an allegation, allegedly participated in the underlying conduct, or otherwise has a conflict should participate in that determination.

3	The District does not have a Code of Conduct that sets ethics expectations for all employees	Priority:	High

Category: Governance and Culture / Employee Conduct

Finding Summary

We requested, but did not receive, a single Code of Conduct that applies to District employees, including senior leaders. Existing guidance (Policy GBEB - Staff Conduct) addresses professional conduct, professional boundaries, and interactions with students, but does not set specific expectations for gifts, vendor relationships, outside employment, use of District resources, or financial conflicts of interest. Without clear District-wide standards, employees may not know what is expected of them and the District has a weaker basis for holding employees accountable for inappropriate actions.

Recommendation

1. Adopt a District-wide Code of Conduct that applies to all District employees, including the Superintendent, Chief Officers, administrators, teachers, and support staff. The Code should consolidate the conduct expectations currently spread across Policy GBEB and department-specific handbooks.
2. At a minimum, the Code should set expectations for: ethical behavior and integrity; gifts and hospitality, consistent with state law; vendor relationships; outside employment and activities; use of District resources; financial conflicts of interest and the obligation to disclose them; the obligation to report suspected fraud, waste, or misconduct of any kind (not only False Claims Act matters); protection from retaliation for good-faith reports; and consequences for violations.
3. Use the Code to set the expectations. The procedures that put these expectations into practice are addressed in related findings: relationship disclosures and nepotism safeguards (Finding 4), conflict of interest disclosure and review (Finding 5), and reporting channels and complaint handling (Finding 6).
4. Require every employee to acknowledge the Code at hire and annually, and retain completed acknowledgements in the HR system.
5. Assign Human Resources, with General Counsel, as owner of the Code, and review it at least every three years or sooner if state law changes.

4	Employee relationships that create nepotism risk are not consistently disclosed, reviewed, or safeguarded	Priority:	High

Category: Governance and Culture / Nepotism and Relationship Disclosures

Finding Summary

Policy GBEB prohibits employees from directly or indirectly supervising an immediate family member or a romantic partner, and requires both employees to notify Human Resources within 10 working days when such a relationship arises. However, during the scope period the District had not defined the full range of relationships that must be disclosed, required an annual certification, or established how disclosures are reviewed, approved, documented, and safeguarded. A central tracker and approval process was not in place until May 2026, near the end of the scope period. All four disclosures we tested had documentation gaps, and we did not identify a consistent process to detect and manage relationships that employees do not disclose. As a result, the District cannot show that related employees are not supervising, evaluating, or setting pay for one another.

Recommendation

Policy: Update Policy GBEB, or adopt a standalone nepotism policy, to define the following.

1. Covered relationships: immediate family (for example, spouse or domestic partner, parent, child, sibling, grandparent, grandchild, and in-law and step relationships), household members, current or recent romantic or dating relationships, and financial or business relationships with another employee.
2. Covered employment actions: hiring and selection (including serving on interview panels), direct and indirect supervision, performance evaluation, pay and promotion decisions, discipline, and approval of time or expenses.
3. Disclosure requirements, building on the existing 10-working-day notification in Policy GBEB: who must disclose (all District employees, including the Superintendent and Chief Officers, and applicants), when (at application or hire, within 10 working days of a relationship arising or a change in role, and annually), and to whom (Human Resources).
4. Approval authority: Human Resources reviews every disclosure; the Superintendent approves any permitted arrangement between employees; and the Board approves any arrangement involving the Superintendent or positions that report directly to the Board.
5. Required safeguards and consequences: for any permitted arrangement, an alternate supervisor for evaluation, pay, promotion, and discipline decisions, and recusal from hiring panels; and consequences for failing to disclose.

Procedures

6. Annual certification: each year, require every employee to certify in the HR system either that they have disclosed all covered relationships or that they have none. This annual "yes" or "no" certification captures relationships that began or changed during the year and creates a record that each employee was asked.

4	Employee relationships that create nepotism risk are not consistently disclosed, reviewed, or safeguarded	Priority:	High

7. Written determinations: for each disclosure, issue a written determination that records the relationship, the approver, the required safeguards, and the date safeguards take effect. Maintain the Relationship Disclosure Tracker as the single register of all disclosures and determinations.
8. Complete and document the four scope-period disclosures that lack documentation, and confirm that safeguards are in place.

Monitoring

9. Confirm safeguards are followed: at least annually, for each relationship on the register, confirm that the related employee's performance evaluation, pay changes, and promotions were approved by the designated alternate supervisor rather than the related employee. This addresses the risk that safeguards exist on paper but are not followed in practice.
10. Detect undisclosed relationships: at least annually, compare employee records in Oracle (for example, shared home addresses, emergency contacts, and last names) to reporting lines to identify possible related employees in the same reporting chain who are not on the register, and follow up on each match. This addresses the risk that relationships are never disclosed, because the current process relies entirely on self-reporting.
11. Allow anyone to report suspected nepotism or favoritism through the independent reporting channel recommended in Finding 6.

5	Procedures to disclose and review employee and vendor conflicts of interest are not defined	Priority:	High

Category: Governance and Culture / Conflict of Interest

Finding Summary

Board members must disclose conflicts under Policy BC, but the District did not provide, and we did not identify, procedures requiring employees to disclose outside financial interests or employment that could conflict with their District duties (employee conflicts of interest), or to disclose relationships with vendors that do business with the District (vendor conflicts of interest). We also did not identify an annual certification, a defined review or approval step, or a record of disclosures. As a result, the District cannot show that conflicts are identified and managed before they influence hiring, purchasing, or contract decisions.

Recommendation

Expectations for avoiding and disclosing conflicts should be set in the Code of Conduct (Finding 3). The steps below put those expectations into practice.

Employee conflicts of interest

1. Require each employee to complete a conflict-of-interest disclosure at hire, annually, and whenever a new conflict arises. The disclosure should cover financial interests in businesses that do or seek to do business with the District, outside employment and paid activities, board or officer roles in outside organizations, and gifts received from vendors.
2. Require Human Resources, with General Counsel, to review each disclosure, decide whether a conflict exists, and document the decision and any mitigation (for example, recusal from specific decisions, reassignment of duties, or divestment) in a central register.

Vendor conflicts of interest

3. Require every employee involved in a purchase or contract (requesters, evaluation committee members, Buyers, and approvers) to certify for each solicitation or contract award that they have no personal or financial relationship with the vendors involved, or to disclose the relationship before participating.
4. When a vendor relationship is disclosed, require a vendor conflict of interest disclosure and decision memo, reviewed by both Strategic Sourcing and Human Resources, retained in Salesforce and linked to the vendor record, documenting whether the employee may participate and under what conditions.
5. Add a vendor attestation to new vendor setup and bid documents requiring vendors to disclose any relationship with District employees or Board members.

Monitoring and training

6. At least annually, compare vendor master records (owner names, addresses, and bank accounts) to employee records to identify undisclosed employee-vendor relationships, and follow up on each match.

5	Procedures to disclose and review employee and vendor conflicts of interest are not defined	Priority:	High
	7. Include conflict of interest requirements in required training for staff and principals, as contemplated by Policy DJG, and retain completion records. 8. Assign ownership: General Counsel for the employee process, the Director of Strategic Sourcing for the vendor process, and Human Resources for maintaining the central register.		

6	Employees do not have an independent way to report misconduct, and complaints are not handled under defined procedures	Priority:	High

Category: Governance and Culture / Reporting Channels and Complaint Handling

Finding Summary

We did not identify an independent or anonymous channel for employees to report misconduct, or written guidance on where to go when a concern involves Human Resources, Legal, the Board, or senior leadership. Policy AFCA provides reporting protections only for False Claims Act matters. Complaints are tracked in a spreadsheet, but there are no written procedures defining how complaints are received, who investigates, how quickly, how cases are closed, or how complainants are informed. As a result, concerns may go unreported, be handled by the people they involve, or remain unresolved.

Recommendation

The obligation to report misconduct and protection from retaliation should be set out in the Code of Conduct (Finding 3), with Policy AFCA cross-referenced to it. The steps below establish the reporting mechanisms and complaint-handling procedures.

Reporting channels

1. Establish an independent, confidential reporting channel (for example, an externally managed hotline and web portal) available to employees, parents, and community members, with an option to report anonymously.
2. Publish written guidance listing all reporting options, and stating that concerns involving Human Resources, Legal, the Superintendent, or Chief Officers may be reported directly to the independent channel or to a designated Board member or committee.
3. Route reports involving Human Resources, Legal, or senior leadership away from the function involved. Assign oversight of the program to a role independent of the functions most often the subject of complaints, with periodic reporting to the Board or a Board committee.

Complaint-handling procedures

4. Adopt a written complaint-handling procedure that defines: how complaints are received and logged; how they are categorized and assigned; who investigates and how conflicts are avoided when a complaint involves the investigator's own function; target timelines (for example, acknowledgement within a set number of business days and completion of the investigation within a set number of days, with documented extensions); and when and how the complainant is informed of the outcome.
5. Track every complaint in a single case log that records the date received, category, assigned investigator, actions taken, outcome, and close date.
6. Require a second-level review (for example, by General Counsel or an independent reviewer) before a case is closed, to confirm the investigation was complete and the outcome is supported.

Oversight

7. Report complaint statistics (volume, categories, time to resolution, and open cases) to the Board or a Board committee at least semi-annually, without identifying individuals. Please refer to Appendix A for an example governance and culture monitoring framework.

6	Employees do not have an independent way to report misconduct, and complaints are not handled under defined procedures	Priority:	High
	8. Monitor for retaliation by reviewing employment actions (for example, discipline, transfers, and pay changes) affecting complainants for a defined period after a report.		

7	The Board Member Code of Ethics has not been updated since 1992, and Board policies are not reviewed on a regular schedule	Priority:	High

Category: Governance and Culture / Board Ethics and Policy Maintenance

Finding Summary

The Board Member Code of Ethics was last revised in 1992, and we did not identify a schedule for reviewing the more than 350 Board policies. Policies have historically been updated in response to external events, rather than on a planned cycle. As a result, Board and District guidance may not reflect current law, governance expectations, or practice.

Recommendation

1. Update the Board Member Code of Ethics to address current expectations, including annual ethics training, annual written acknowledgement, disclosure of related-party relationships, obligations to report concerns, consequences for violations, and use of technology. Align it with Policy BC so the two documents do not conflict.
2. Adopt a written Board policy review schedule with an assigned owner (for example, General Counsel) and a staff lead for each policy section. Given the Legal team's limited capacity, identify the resources needed to complete the first review cycle, for example, reallocating staff time, using outside policy support services, or phasing the work by risk (see item 4).
3. Review policies on a rolling cycle: ethics, conflict of interest, nepotism, fiscal, procurement, and personnel policies at least every three years, and all other policies at least every five years, so that the full manual is reviewed within five years. Also review affected policies whenever state or federal law changes.
4. Prioritize the first cycle by revision date, starting with policies not updated in more than ten years, including the Board Member Code of Ethics.
5. Track each policy's last review date, next review date, owner, and status in a central log; report progress to the Board at least annually; and retain evidence of Board approval of each update.

8	The District has not set training requirements for ethics, conflicts of interest, and reporting misconduct	Priority:	High
	Category: Governance and Culture / Compliance Training		

Finding Summary

Employees complete required training through the Pathway of Purpose platform at onboarding and annually, covering topics such as cybersecurity, harassment prevention, safety, and student safeguarding. However, the District has not set specific training requirements on ethics topics such as conduct expectations, conflicts of interest, nepotism, reporting misconduct, and protection from retaliation, and Board members have no ethics training requirement. Without targeted training, employees and Board members may not understand the expectations they are—and should be—held to.

Recommendation

1. Add required annual training on the Code of Conduct (Finding 3), nepotism and relationship disclosures (Finding 4), conflicts of interest (Finding 5), and how to report misconduct and protection from retaliation (Finding 6). This training can be added to the existing Pathway of Purpose platform.
2. Require role-based training for higher-risk roles, for example, Buyers, budget managers, hiring managers, and interview panel members, at hire and at least every two years.
3. Require Board members to complete ethics and governance training within a set period after taking office and annually after that.
4. Require employees to acknowledge completion, and define escalation for non-completion (for example, a second notice, then referral to the employee's supervisor and Human Resources, with completion considered in performance evaluations).
5. Report completion rates by department to District leadership or the Board at least annually, and retain training assignment and completion records.

9	Student activity fund receipts and spending across schools are not monitored centrally	Priority:	High
	Category: Finance and Accounting / Accounts Receivable		

Finding Summary

Schools collect and spend student activity funds (Fund 23). Per the Colorado Department of Education, Fund 23 is a fund for school-sponsored student activities, such as clubs, athletics, yearbook, field trips, class fundraisers, and money raised for other student groups. We did not detect consistent, reliable processes to collect and monitor receipts and spend in these funds across schools. Because this cash is handled by many people at many locations, unauthorized or unsupported spending at the school level could go undetected.

Recommendation

1. Assign the Controller as owner of student activity fund oversight.
2. Assign cash collection and bank deposit responsibilities to different individuals.
3. Where segregation of duties is not feasible, require two people to count and sign off on cash before deposit.
4. Process fees, fundraisers, and event tickets through an online payment platform where possible to limit the amount of cash on site.
5. Use prenumbered receipts or ticket logs, restrictively endorse checks upon receipt, and deposit funds intact by the next business day or when cash on hand exceeds a set threshold. Store undeposited funds in a locked location.
6. Require an approval form for each fundraiser that includes projected revenue and costs, and compare actual deposits against these projections.
7. Each quarter, run a data-analytics review of Fund 23 receipts and spending across all schools, for example, looking for spending without supporting documentation, payments to employees, unusual vendors, round-dollar or split transactions, and schools whose deposit patterns differ from prior periods.
8. Review a rotating sample of schools each year to test that receipts are deposited intact and spending is approved and supported.
9. Report results to the Controller, document exceptions and follow-up to resolution, and retain evidence each quarter.
10. Consider setting budgets at the school or activity level so spending can be compared to plan.

10	Use of budget contingency funds is not governed by documented approval limits	Priority:	High
	Category: Finance and Accounting / Budgeting		
	Finding Summary		
	We requested, but did not receive, documentation of who may approve the use of contingency funds or payroll costs above budget, or at what dollar levels, and approvals are not consistently retained. Without defined approval limits and evidence, contingency funds could be used without appropriate authorization or visibility.		
	Recommendation		
	1. Have the CFO and the Financial Planning and Analysis (FP&A) Executive Director draft (and have the Board approve) an authority matrix that sets dollar approval levels for the use of contingency funds and for payroll costs above budget, including when Board notification or approval is required. 2. Have the Board approve and publish the matrix within a Board policy. The CFO should incorporate it into the District's budget procedures. 3. Require a written request with business justification, approved at the required level, before contingency funds are used. 4. Retain approval evidence for every request, and reconcile contingency fund use to approvals at least quarterly, with results reported to the CFO.		

11	Formal travel and employee expense policies and procedures were not in place during the scope period	Priority:	High

Category: Finance and Accounting / Travel and Employee Expense

Finding Summary

During the scope period, the District did not have formal, District-wide policies and procedures for travel and employee expense reimbursement. Employees other than administrators were not required to obtain documented approval before booking travel. In addition, we tested 15 employee expense reimbursements and found exceptions in 4 samples. Two were not supported by itemized receipts or by documentation that agreed to the amount reimbursed. For the other two, per diem was paid for days outside the event dates with no documented justification and no review on whether the event already provided meals. Management is developing travel and expense policies and procedures and has shared drafts with us. Until the new guidance is finalized and in use, the District cannot show that travel and employee expenses are approved in advance, supported, and for a District business purpose.

Recommendation

1. Finalize and adopt the travel and employee expense policy and procedures now in draft, with approval at the appropriate level (Board policy and administrative procedure), and set an effective date.
2. Draft the final guidance to apply to all employees, including the Superintendent and Chief Officers, and to cover local travel and other employee expenses not addressed by the draft Travel Guidebook, which applies only to travel more than 50 miles outside the Denver metropolitan area. The guidance should define:
   a. allowable and non-allowable expenses;
   b. per diem, lodging, and mileage rates;
   c. when per diem is allowed: only for the official event dates plus reasonable travel days, with written justification required for any extra days;
   d. a requirement to reduce per diem for meals provided by the event;
   e. required pre-approval before booking travel, capturing business purpose and estimated cost;
   f. who may approve travel at each level (no employee may approve their own travel or expenses, and travel for the Superintendent should be approved or reviewed by a designated Board officer);
   g. minimum documentation for reimbursement (itemized receipts showing vendor, date, items, and amount paid, or mileage logs); and
   h. the deadline for submitting expense reports.
3. Configure CCSD Assist and the Oracle expense workflow to require pre-approval before travel is booked and an itemized receipt for each expense line before reimbursement.
4. Train employees and approvers on the new requirements when the guidance takes effect. Approver training should cover how to: agree reimbursed amounts to supporting documentation; compare per diem days to event dates; and check event agendas for meals provided.

11	Formal travel and employee expense policies and procedures were not in place during the scope period	Priority:	High
	5. Require Accounts Payable to return expense reports before payment when: lines lack itemized support; support does not agree to the amount claimed; and per diem is claimed outside event dates without justification. Follow up on the four reimbursements identified in our testing to obtain support or justification, or to recover any amounts overpaid. 6. Perform periodic post-payment reviews of a sample of travel and expense reimbursements for compliance with the new guidance, and report results to the Controller.		

12	Staff can approve their own accounting journal entries under $100,000	Priority:	High
	Category: Finance and Accounting / Financial Close and Reporting		

Finding Summary

Manual journal entries change the District's accounting records directly. Oracle requires independent approval only for manual journal entries over $100,000; below that amount, the person who prepares an entry can also approve it. For 6 of 10 entries tested, the same person prepared and approved the entry, including 3 entries by an Accounting Bookkeeper, a role that is supposed to enter but not post entries. Without independent review, errors or improper entries could be recorded without detection.

Recommendation

1. Reconfigure the Oracle journal approval workflow so that every manual journal entry, regardless of amount, requires approval by a designated reviewer independent of the preparer before posting.
2. Retain the existing escalation thresholds (e.g., over $100K to the Senior Accountant, bond entries over $2M to the Controller, Assistant Controller entries to the Controller) for higher-value entries.
3. Restrict bookkeeper and preparer roles in Oracle from approving or posting their own entries, and reconcile role assignments to the Employee Lookup listing of designated approvers.
4. Perform a periodic (e.g., monthly) Controller review of a system report of self-approved or bookkeeper-posted entries and retain evidence of the review.

13	Positions can be added or changed outside the approval process without confirming budget, and these changes are not monitored	Priority:	High

Category: Finance and Accounting / Position Control

Finding Summary

New positions and position changes are supposed to go through Oracle so that FP&A confirms the position is budgeted before it takes effect. In practice, some positions are added or changed based on approvals obtained outside Oracle, and a single Human Resources Director can make these changes without FP&A confirming the budget. Per management, Oracle also cannot produce a report of position additions and changes, so the District does not monitor changes made outside the process, and we were unable to test a complete list of changes. As a result, unbudgeted positions could be created without detection.

Recommendation

1. Require all new position and position change requests, without exception, to be initiated and approved through the Oracle approval workflow, so FP&A confirms budgeted FTE before any position is created or changed. Discontinue manual approvals obtained outside Oracle.
2. Remove direct position create and modify access from the Human Resources Director and any other users outside the workflow. If an exception path is operationally necessary, require documented FP&A confirmation before processing and Executive Director of FP&A review within a defined timeframe after the fact.
3. Build the Executive Director of FP&A approval (promotions) and District Leadership Team (DLT) approval (FTE increases) into the Oracle workflow, or require evidence of these approvals to be attached to the request, so all required approvals are retained with the transaction.
4. Work with the District's Business Information Systems (BIS) team to develop a system-generated report of position additions and changes showing date, user, change detail, and approval. Have FP&A review it at least monthly against approved requests, investigate any change without a corresponding approval, and retain review evidence.
5. Periodically review Oracle user access to position maintenance functions to confirm it is limited to appropriate roles.

14	Staff can approve their own chart of accounts changes, and accounts were closed without evidence that their balances were cleared	Priority:	High

Category: Finance and Accounting / Financial Close and Reporting

Finding Summary

The chart of accounts defines the accounts used to record District transactions. Changes are supposed to be prepared by an Accountant and approved by the Assistant Controller, and accounts should have no balance before they are closed. For 4 of 15 changes tested, the same person prepared and approved the change, and for 2 of 15 account closures there was no evidence the balance had been cleared first. As a result, improper changes could be made, and balances could be misplaced or misreported.

Recommendation

1. Configure Oracle Enterprise Data Management Cloud Service (EDMCS) so the preparer of a chart of accounts (COA) change request cannot approve the same request; where the Assistant Controller initiates a request, route approval to the Controller.
2. Add a required step to each inactivation request to attach evidence (e.g., trial balance or account inquiry) showing a zero balance or the transfer entry, reviewed by the approver before inactivation.
3. Periodically (e.g., quarterly) review a report of COA changes to confirm each change had an independent approver and required support.
4. Document the budget-environment change process performed by FP&A, including who approves those changes.

15	Changes to vendor records, including bank account changes, are not reviewed or monitored	Priority:	High

Category: Finance and Accounting / Accounts Payable and Vendor Management

Finding Summary

Vendor records in Oracle control who the District pays and where payments are sent. We did not identify evidence that changes to vendor records, including changes to vendor bank accounts, are reviewed or monitored, and the same staff can change vendor records and process payments. For the 15 vendors we tested, none had documented review before setup, and inactive vendors are not periodically removed. These gaps increase the risk that payments are redirected to fraudulent bank accounts or made to fictitious vendors without detection.

Recommendation

1. Separate duties in Oracle so that employees who can add or change vendor records cannot enter or approve payments, and review this access at least annually.
2. Before any vendor bank account change, require independent verification by calling the vendor at a phone number already on file (not one provided in the change request), with Accounts Payable Manager sign-off on the Vendor ACH Direct Deposit Authorization Form retained with the vendor record.
3. Require Buyer review of every vendor modification before it is processed, documented with the reviewer's name and date.
4. For every new vendor, require a complete Supplier Request Form, signed W-9, and principal or department head approval, with Buyer review documented before entry, and retain all support in the vendor profile in Oracle.
5. Work with the District's BIS team to create an Oracle report of vendor additions and changes (date, user, and field changed). Each month, an independent person without vendor maintenance access should review the report against approved requests, including duplicate-vendor and employee-vendor matching, and follow up on exceptions.
6. At least annually, review the vendor master and inactivate vendors with no activity in a defined period (for example, 18 months), documenting the basis for each inactivation.

16	Invoices, including one for $1.5 million, were paid without a purchase order	Priority:	High

Category: Finance and Accounting / Accounts Payable

Finding Summary

Per management, Oracle is designed to match each invoice to an approved purchase order and a record that goods or services were received before payment, with no overrides. For 2 of 15 invoices tested, no purchase order was available, yet the invoice was paid, including one payment of about $1.5 million. In addition, based on our Segregation of Duties analysis, we identified incompatible duties that allow users to enter or approve supplier invoices while also releasing invoice holds or matching violations, processing disbursements or forcing payments when funds are insufficient, approving purchases, or modifying supplier records. As a result, significant payments can be made without confirming they are authorized.

Recommendation

1. Re-configure user-role security within Oracle to separate invoice entry and approval from payment processing abilities, and limit invoice hold/violation release and the ability to allow payments with insufficient funds to individuals who do not enter invoices. Please refer to Appendix B for additional details related to the segregation of duties analysis.
2. Require documented approval by an authorized budget owner for any non-PO invoice, retained with the payment.
3. Run a periodic report of payments made without a PO, have the AP Manager review it, and follow up on exceptions.
4. Investigate the two exception payments to confirm they were authorized and goods or services were received.

17	Oracle access allows individuals to perform incompatible duties	Priority:	High

Category: Finance and Accounting / Segregation of Duties

Finding Summary

The District's Oracle security setup lets individual users perform incompatible duties across eight key process areas, including purchasing, supplier maintenance, journal entries and period close, as well as invoice and payment processing. We identified 88 roles, including custom CCSD roles, and 5,817 users with conflicting access. Many of the existing controls that could offset these conflicts were found to be ineffective in our testing. As a result, one individual could initiate, approve, and complete a transaction, or change records to hide it, without independent review. This increases the risk of errors, unauthorized payments, or misuse of District funds going undetected. Appendix B describes each conflict and the related recommendations in more detail.

Recommendation

1. Resolve conflicts through role design and user-role assignment. Consistent with leading practices, the preferred approach is to resolve segregation of duties conflicts at the lowest possible level. The District should remove incompatible permissions from Oracle roles, redesign the custom CCSD roles that combine incompatible duties, and remove conflicting roles from users whose job responsibilities do not require them, consistent with the Principle of Least Privilege.
2. Rely on compensating controls where full segregation is not feasible. We recognize that immediate remediation may not always be feasible due to operational, resource, or system constraints. In such cases, the District should rely on compensating internal controls, such as supervisory reviews or independent monitoring activities, to mitigate the remaining risk. The compensating controls that would mitigate each conflict area are identified in Appendix B of the report and described in the Risk and Control Matrix (RCM) in Appendix C. For each accepted conflict, the District should document the business reason, the compensating control relied on, and management's approval.
3. Periodically validate compensating controls. Management should periodically validate the operating effectiveness of key compensating controls through sample-based testing, to confirm that control activities are performed as designed and that evidence is retained.
4. Review user access periodically. At least annually, and whenever an employee changes roles, the District should review Oracle user access against the conflicts matrix. Process owners should sign off on the review, and evidence should be retained.

18	Payroll is released without proper evidence of review	Priority:	High

Category: Finance and Accounting / Payroll

Finding Summary

Before each biweekly payroll is paid, the Payroll Manager is expected to review the payroll register for unusual amounts and resolve exceptions. For all 5 payroll runs we tested, the payroll register was available, and an outlier report identified unusual items and indicated whether each was resolved. However, there was no evidence, such as a sign-off, review notes, or system approval, that the Payroll Manager reviewed the register before payroll was processed. There was also no evidence of when the review occurred or that all outliers were resolved before payment. The District also has not defined thresholds that would trigger investigation, and no one independent of payroll confirms the review. As a result, the District cannot show that payroll errors or improper payments are caught before employees are paid.

Recommendation

1. Define written thresholds that require investigation, for example, changes in gross pay by employee or employee group above a set amount or percentage compared to the prior period, new employees, terminated employees still being paid, and unusual pay codes.
2. For each payroll run, have the Payroll Manager review the payroll register and outlier report against these thresholds, record the explanation and any correction for each item investigated, and sign and date the register and outlier report before payroll is released.
3. Before release, have a second person independent of payroll processing (for example, the Controller or a designee) confirm that the review was completed and all items were resolved, and sign off.
4. Retain the signed register, outlier report, and resolution support for each payroll run.

19	The District does not retain complete approval evidence for opening bank accounts	Priority:	High
	Category: Finance and Accounting / Cash Management		
	Finding Summary		
	Opening or closing a District bank account is supposed to be approved by the Board Treasurer and the Controller before the bank acts. For the two account openings tested, evidence of the Board Treasurer's approval was not retained for one account and evidence of a request date or bank activation date to verify timeliness of approvals for both accounts was not provided. As a result, accounts could be opened without authorization or exist outside the District's oversight.		
	Recommendation		
	1. Require and retain Board Treasurer and Controller DocuSign approval for every bank account opening and closure in a central repository. 2. Retain the request date, approval dates, and the bank's activation or closure confirmation with each request. 3. Maintain a complete bank account register and reconcile it to bank (JPMorgan) records at least quarterly.		

20	Spending is not monitored for purchases split to avoid bidding and Board approval thresholds	Priority:	High
	Category: Procurement and Contract Management / Purchasing Authorization		
	Finding Summary		
	Policy DJF requires competitive quotes or bids above $5,000 and $100,000, and Policy DJ requires Board approval above $250,000. We did not identify a process to monitor cumulative spending with each vendor, or contracts approaching these thresholds, to identify purchases that may have been split, spread over time, or amended to stay below them. As a result, purchases that should have been competitively bid or approved by the Board could go undetected.		
	Recommendation		
	1. Have the Strategic Sourcing Manager build a monthly report showing cumulative spending by vendor over a rolling 12 months, purchase orders issued to the same vendor within a short period (for example, 30 days) whose combined value exceeds a threshold, and contracts whose amended value has crossed a threshold. 2. Review the report monthly, investigate potential split, sequenced, or amended purchases, and document the conclusion for each. 3. Refer confirmed instances of threshold avoidance to the CFO and, where appropriate, report them to the Board. 4. Retain the monthly report and documentation of follow-up.		

21	Vendor performance on significant contracts is not formally monitored	Priority:	High

Category: Procurement and Contract Management / Vendor Management

Finding Summary

We did not identify a formal process to track vendor performance on significant contracts, or to escalate and resolve performance problems. Without monitoring, the District may continue paying, or renew contracts with, vendors that are not meeting contract requirements.

Recommendation

1. Define which contracts require performance monitoring, for example, based on contract value, length, and impact on students or operations.
2. For each such contract, assign a District contract manager and define the performance measures to be monitored based on the contract's terms.
3. Hold and document performance reviews with the vendor and internal stakeholders at least annually, and more often for the highest-value contracts.
4. Log performance issues, escalation steps, and resolution, and consider documented performance before renewing or extending a contract.

22	Monthly audits of purchasing card expense reports could not be shown to have been performed	Priority:	High
	Category: Procurement and Contract Management / Purchasing Cards		
	Finding Summary		
	Each month, the Purchasing Card Administrator is expected to audit a random 20% of purchasing card expense reports, plus reports flagged as high risk. For the three months we selected, the District could not provide evidence that these audits were performed. As a result, the District cannot show that purchasing card spending is monitored for personal, unallowable, or unsupported purchases.		
	Recommendation		
	1. Document each month's selection (random 20% and keyword / high-risk flagged reports), including the method and date of selection. 2. Retain evidence of the Administrator's review for each selected report, including sign-off, date and conclusion. 3. Log exceptions identified, follow-up actions, and resolution (e.g., repayment, card suspension, cardholder retraining). 4. Have the Purchasing Manager or designee periodically confirm the monthly audit was completed and retained.		

23	Contracts are signed without consistent legal review	Priority:	High
	Category: Procurement and Contract Management / Contract Review		
	Finding Summary		
	Under Policy DJ, contracts are supposed to be reviewed and approved by the Legal Department before they are signed. Management acknowledged that this review was not consistently performed or documented during the scope period, and the contract workflow does not require Legal approval before signature. As a result, the District may enter into contracts with unfavorable or non-compliant terms.		
	Recommendation		
	1. Confirm configuration of the Salesforce workflow that contracts cannot proceed to signature without recorded Legal approval, once the new workflow is fully implemented. 2. Define which contract types and value thresholds require Legal review and document them in procedures under Policy DJ. 3. Retain Legal approval with each executed contract. 4. Have Legal periodically review signed contracts against Salesforce approvals and follow up on exceptions.		

24	The District cannot show that purchasing cards are deactivated when employees leave	Priority:	High

Category: Procurement and Contract Management / Purchasing Cards

Finding Summary

Purchasing cards (OneCards) are expected to be reviewed each quarter to identify and deactivate cards held by employees who have left or no longer use them. For both quarters we tested, the District could provide only a list of planned future deactivations; it could not show which period was reviewed, who reviewed it, or that cards were actually deactivated. There is also no formal step in the employee separation process that tells the card administrator to deactivate a departing employee's card. As a result, former employees may keep active cards that could be used for unauthorized purchases.

Recommendation

1. Add OneCard deactivation to the employee separation checklist/process so that Human Resources notifies the Purchasing Card Administrator of each separation and the card is deactivated no later than the employee's last day. Consider automatic deactivation when HR processes a termination in Oracle.
2. Each quarter, compare the JPMorgan OneCard cardholder listing to an HR report of terminations and leaves for the same period, and identify cards with no activity for a defined period (for example, six months).
3. Document each quarterly review with the period covered, the reviewer, the date, and the cards identified for deactivation.
4. Retain each deactivation request sent to JPMorgan and JPMorgan's confirmation.
5. Perform a one-time comparison of all active cards to employees who separated during the scope period, and review any card activity after an employee's separation date.
6. Have the Purchasing Manager or a designee confirm each quarter that the review was completed.

25	Contract change orders are not brought to the Board as Policy DJ requires	Priority:	High
	Category: Procurement and Contract Management / Change Orders		
	Finding Summary		
	Policy DJ requires Board approval for any change order that increases a contract's approved amount by more than 10%, regardless of project size. In practice, the District brings change orders to the Board only for projects of $250,000 or more; change orders on smaller projects are approved by email. The District also has no report of change orders, so we could not test a complete list. As a result, significant contract increases may be approved without the Board oversight its policy requires.		
	Recommendation		
	1. Align practice with Policy DJ, or formally amend the policy (with Board approval) to specifically state project value thresholds. 2. Develop a change order report in Oracle or Salesforce showing original amount, cumulative change orders, percentage increase, and approval. 3. Require Board approval for all change orders meeting the policy criteria, and retain approval evidence with the contract in Oracle. 4. Have Strategic Sourcing review the change order report periodically to confirm required approvals were obtained.		

26	Sole-source purchases were made without required justification and approval	Priority:	High

Category: Procurement and Contract Management / Sole-Source Procurement

Finding Summary

Policy DJF requires purchases over $5,000 made from a single vendor without competition (sole-source purchases) to be justified and approved by the CFO or a designee. For 5 of 9 sole-source purchases tested, the required justification or approval was missing or was prepared after the purchase. Management stated that approval is not needed below $100,000, which is inconsistent with Policy DJF. As a result, purchases may be awarded without competition or a valid business justification.

Recommendation

1. Communicate the Policy DJF sole-source threshold to Buyers and requestors, and correct the practice of not requiring justification below $100,000.
2. Configure the Oracle requisition workflow so a purchase flagged as sole-source above $5,000 cannot be approved until the justification, vendor letter (where applicable), and CFO or designee approval are attached.
3. Require the Buyer to document sole-source research and the justification as a comment on the requisition before PO issuance.
4. Have Strategic Sourcing periodically review sole-source POs against attached approvals, investigate any approved after the purchase, and retain review evidence.

27	Purchases made without competitive bidding lacked required justification, approval, and Board notification	Priority:	High
	Category: Procurement and Contract Management / Competitive Procurement Exceptions		
	Finding Summary		
	When the District makes an exception to competitive procurement, its process requires a documented justification, approval by the CFO or Superintendent, timely written notice to the Board, and a review of the vendor arrangement within 12 months. The District could not provide sufficient evidence of these steps, so we could not test a sample. As a result, the Board may not have visibility into purchases made without competition.		
	Recommendation		
	1. Require a documented justification for every exception to competitive procurement, attached to the requisition before approval. 2. Require and retain evidence of CFO or Superintendent approval before the PO is issued. 3. Maintain a log of exceptions showing justification, approval date, Board notification date, and 12-month review due date, and use it to confirm written Board notification is made on a timely basis. 4. Perform and document the 12-month vendor review for each exception, deciding whether to rebid, renew, or discontinue. 5. Have Strategic Sourcing periodically reconcile the log to Oracle POs flagged as exceptions and retain review evidence.		

28	Purchases were not approved at the level required by Policy DJ, and competitive bid support is not retained	Priority:	High

Category: Procurement and Contract Management / Purchase Approvals and Competitive Bids

Finding Summary

Policy DJ requires purchases to be approved at specific levels based on dollar amount, including Board approval for purchases over $250,000. For 6 of 13 purchases tested, approval was not at the required level: four purchases over $250,000 had no evidence of Board approval, one was approved by the Controller instead of the required approver, and one had no approval. In addition, the District did not provide procurement method documentation for any of the purchases selected. Without this documentation, we could not confirm whether the purchases were solicited and awarded in accordance with policy. As a result, significant spending may occur without proper Board and District oversight or a competitive process.

Recommendation

1. Align Oracle approval routing to the Policy DJ approval levels so each requisition routes automatically to the required approver based on value and cannot become a purchase order until approved.
2. Confirm and document the designated approver for each threshold, and restrict approval permissions so users, including the Controller, cannot approve outside their authorized level.
3. For purchases over $250,000, require the Board meeting date and agenda item approving the purchase to be attached to the requisition before the purchase order is issued.
4. Consider amending Policy DJ to define any exceptions of purchases that do not require approvals, such as inventory purchases, and obtain Board approval of any policy changes.
5. Require Buyers to attach all quotes or bids obtained, and a bid tabulation where applicable, to the requisition before approval, and configure the workflow so a purchase above the competitive threshold cannot be approved without them.
6. For the four purchases over $250,000 identified, determine whether Board approval was obtained and, if not, report them to the Board.
7. Have Strategic Sourcing review a sample of purchase orders each quarter for correct approval level, timing, and attached bid support, and follow up on exceptions.

29	Hiring and promotion decisions are not independently reviewed for favoritism, and interview panel members are not trained	Priority:	High

Category: Human Resources and Personnel Practices / Hiring

Finding Summary

We did not identify a process to independently review hiring decisions for indications of favoritism, pre-selection, or inconsistent application of selection criteria. Per management, the District has more than 200 hiring managers, who form interview committees, and neither hiring managers nor interview panel members receive formal training on fair hiring practices. Interview notes are also not documented on a standard form. Management indicated it is working on ways to reduce bias in the interview process. Related findings show positions closed early while candidates were already being considered (Finding 35) and missing interview and reference documentation (Finding 36). Together, these gaps make it difficult for the District to show that hiring is fair and consistent.

Recommendation

1. Require all hiring managers and interview panel members to complete training on fair hiring practices, including consistent use of selection criteria, avoiding pre-selection, documenting decisions, and recusal when they have a relationship with a candidate, before serving on a panel and at least every two years.
2. Require each panel member to certify for each hiring process that they have no relationship with any finalist, or to disclose it and recuse.
3. Each quarter, have Human Resources staff independent of the hiring department review a risk-based sample of hires and promotions (for example, positions closed early, single-candidate pools, internal promotions without posting, and hires where a relative works in the same department) for compliance with posting, interview, and selection requirements, and report results to the Chief Human Resources Officer.
4. Applicant disclosure of relationships with District employees is addressed in the recommendations for Finding 4.
5. Retain training completion records and documentation of each review.

30	Employee pay rates and offer-letter salaries are not supported by documented review and approval	Priority:	High

Category: Human Resources and Personnel Practices / Compensation

Finding Summary

Human Resources sets up new hires and pay changes in Oracle, but the District does not retain documented approval showing how each individual's pay rate was determined. For 4 of 15 pay rates tested, the employee's pay was outside the published salary schedule with no documented approval. For one executive position, a salary calculation error was corrected without documented Board notification or re-approval of the corrected salary. In addition, for new or reclassified positions, the Director of Compensation obtains a third-party market study and District Leadership Team (DLT) approval of the pay range before the position is posted. However, once the range is approved, no one reviews or approves the specific salary or hourly rate offered to each candidate. Salaries typed manually into offer letters are also not independently checked before the offer is sent. As a result, employees may be paid more or less than approved, or outside the market-based range, without justification or anyone noticing.

Recommendation

1. For every new hire and pay rate change, require documented approval showing the rate, the salary schedule step or approved pay range used, how the rate was determined (for example, credited years of experience or placement within the range), and the approvers. Retain all supporting documentation in Oracle.
2. For any rate outside the published salary schedule or the DLT-approved pay range, require documented approval by Human Resources and the supervisor (and the Chief Human Resources Officer above a defined amount), with a written justification.
3. Before an offer letter is sent, require a second Human Resources employee, not the person who prepared the letter, to compare the salary and compensation in the letter to the approved pay determination and approved range, and sign off.
4. Obtain and document Board approval for any correction to Board-approved compensation, including the executive salary correction identified.

31	Some balance sheet accounts are reconciled only once a year, and reconciliation reviews are not consistently documented	Priority:	Moderate

Category: Finance and Accounting / Financial Close and Reporting

Finding Summary

Balance sheet reconciliations confirm that recorded account balances are correct. The District reconciles some accounts monthly, some quarterly, and some only annually, without documented criteria for deciding how often each account should be reconciled. For 2 of 3 reconciliations tested, there was no evidence of who prepared or reviewed them, and the third was reviewed about two months after it was prepared. As a result, errors or unauthorized entries may go undetected for long periods.

Recommendation

1. Document risk-based criteria (account risk, transaction volume, materiality, and complexity) for assigning a reconciliation frequency to each balance sheet account, approved by the Controller.
2. Maintain a reconciliation inventory listing each account, its assigned frequency, preparer, and reviewer, and reassess assignments at least annually.
3. Reconcile significant and higher-risk accounts at least monthly or quarterly, limiting "annual" frequency to low-risk, low-activity accounts.
4. Require each reconciliation to evidence the preparer, an independent reviewer, and dated sign-off within a defined timeframe after period-end, and retain the reconciliation and supporting detail in Oracle or a central repository.

32	The weekly review of position overlaps was not in place for most of the scope period	Priority:	Moderate

Category: Finance and Accounting / Position Control

Finding Summary

Oracle can allow more than one person to fill a position at the same time (an "overlap"), which lets staffing exceed the approved level. FP&A began a weekly review of overlaps on April 23, 2026. Before then, overlaps were not reviewed. For the four weeks we tested after that date, the District could not show that the overlap report was accurate, that it was reviewed and approved, or that overlaps were resolved. As a result, staffing above approved levels could have gone undetected for most of the scope period.

Recommendation

1. Continue the weekly position overlap review and retain evidence for each week, including the system-generated report with its run date, the reviewer's dated sign-off, and how each new or unnecessary overlap was resolved. Document the review in a written procedure that names the owner and a backup reviewer.
2. Validate that the weekly overlap report is complete and accurate by documenting the report parameters and periodically agreeing the report to overlap settings in Oracle.
3. Require each overlap override to be approved by a District Leadership Team member and HR leadership before it is enabled, documenting the business reason and an approved end date. Turn off each override when the position becomes available or the end date passes, and escalate any override still active past its end date to the Executive Director of FP&A.
4. At least quarterly, reconcile the known-exceptions log to overlap settings in Oracle and review a system log of overlap setting changes (date and user), because both FP&A and HR Operations can change these settings.
5. Perform a one-time look-back over positions with overlap enabled between July 1, 2023 and April 22, 2026 to confirm total FTE did not exceed approved allocations, and resolve any instances identified.

33	Monthly budget-to-actual reviews are not documented	Priority:	Moderate

Category: Finance and Accounting / Budgeting

Finding Summary

The FP&A Executive Director is expected to review budget-to-actual results each month and investigate significant differences. The District could not provide evidence of these monthly reviews. Quarterly budget reports to the Board were tested separately and found to be in place. Without documented monthly reviews, the District cannot show that overspending is identified on a timely basis, between quarterly Board reports.

Recommendation

1. Define variance thresholds (amount and percentage) that require investigation.
2. Require the FP&A Executive Director to sign and date the monthly budget-to-actual report and document explanations for variances above threshold.
3. Track follow-up actions to resolution and retain evidence each month.
4. Link the monthly review to the quarterly Board reporting process.

34	Purchasing card approvals and cardholder training could not be shown for cards issued	Priority:	Moderate
	Category: Procurement and Contract Management / Purchasing Cards		
	Finding Summary		
	Before a purchasing card is issued, the employee is supposed to submit a request with a business reason, receive manager approval, and complete training and a test. The process is well designed, but for the 15 cardholders we tested, the District could not show that these steps were completed before cards were issued. As a result, cards may be issued without a business need, approval, or training.		
	Recommendation		
	1. Retain, for each card issued, the Salesforce request with business case, the manager approval, and the training completion and test result. 2. Require the Purchasing Card Administrator to confirm all items are present before ordering the card, and record the confirmation date. 3. Periodically reconcile active cardholders to approved requests and training records.		

35	Job postings were closed early without approval, including postings where candidates were already being considered	Priority:	Moderate

Category: Human Resources and Personnel Practices / Recruitment and Posting

Finding Summary

District positions are supposed to be posted for at least 8 days, with any exception approved by the HR Operations Director. For 6 of 15 postings tested, the position was closed after 1 to 5 days without documented approval. For three of these, candidates were already in the hiring process before the position was posted, and one was closed on verbal direction from District leadership. Closing postings early limits who can apply and can create the appearance that candidates were selected in advance.

Recommendation

1. Require written HR Operations Director approval, with documented justification, for every posting closed before 8 days.
2. Configure Oracle to prevent closing a posting before 8 days unless an approved exception is recorded.
3. Prohibit candidates from entering the hiring process before a position is posted, unless an approved exception applies.
4. Have HR periodically review closed postings for compliance with the 8-day window and report exceptions.

36	Interview and reference check documentation could not be shown for hires tested	Priority:	Moderate

Category: Human Resources and Personnel Practices / Interviews and Reference Checks

Finding Summary

Interviews are supposed to use questions from the District's Question Bank, with notes uploaded to Oracle, and reference checks are supposed to be completed after a posting closes and before an offer is made. For all 5 hires tested, the District did not provide sufficient evidence to show that interviews were conducted consistently and references were verified, before selection of the candidate finalist. As a result, the District may be unable to show that hiring decisions were consistent, fair, and based on verified information.

Recommendation

1. Require interview questions and notes (scanned if handwritten) to be uploaded to Oracle before an offer can be made.
2. Add a date field to the reference check form and require completion after the posting closes and before the offer.
3. Configure Oracle so an offer cannot be generated until interview and reference documentation are attached.
4. Define and document the process for hires made under Superintendent authority, including minimum interview and reference documentation.

37	Bank reconciliation reviews are not completed timely	Priority:	Low
	Category: Finance and Accounting / Cash Management		
	Finding Summary		
	Monthly bank reconciliations are prepared by a Senior Accountant and reviewed by the Assistant Controller, which appropriately separates these duties. However, no deadline has been set for completing the review, and for all 3 reconciliations tested the review was signed off about three weeks to two months after preparation. Setting a review deadline would help ensure problems in cash accounts are found and corrected promptly.		
	Recommendation		
	1. Define and document a required timeframe for review and sign-off of monthly bank reconciliations (e.g., completed within the same month as preparation or within a set number of business days after month-end). 2. Track preparation and review dates for each account on a close checklist monitored by the Controller. 3. Escalate reconciliations not reviewed within the defined timeframe to the Controller and designate a backup reviewer independent of the preparer. 4. Retain evidence of dated preparation and review sign-off for each reconciliation.		

38	The District lacks evidence that school deposits are recorded and reconciled by independent personnel	Priority:	Low

Category: Finance and Accounting / Accounts Receivable

Finding Summary

Schools prepare cash deposits and an Accounting Bookkeeper records them in Oracle based on deposit slips. For all 10 deposits tested, the deposit slips and records of who prepared and recorded each deposit were not available. As a result, we could not confirm that the person recording deposits is independent of the school staff who collect the cash, or that differences between deposit slips and bank deposits are investigated. Related Finding 9 addresses monitoring of student activity funds.

Recommendation

1. Require deposit slips (with preparer name and date) to be attached to or referenced in each Oracle deposit entry.
2. Document the individuals who prepare, record, and reconcile each deposit, so segregation from the school bookkeeper can be shown.
3. Reconcile deposits recorded in Oracle to bank deposits, investigate differences, and retain the reconciliation with reviewer sign-off.
4. Have the Controller or designee periodically review a sample of school deposits for completeness of support.

Appendix



Appendix A: Governance and Culture Monitoring Framework

As part of the Operational Review, Plante Moran developed a governance and culture monitoring framework to help the Board of Education and District leadership oversee governance, ethics, and culture-related risks on an ongoing basis. Building on the results of our governance and culture review, the framework is intended to help the District move from the point-in-time view provided by this report to a sustained oversight model in which key risks are monitored, emerging issues are escalated, and corrective actions are tracked to completion.

This appendix describes the components of the framework and the steps the District and the Board would need to take to put it into practice. The District should tailor the indicators, thresholds, and reporting to its own risks, policies, and capacity as the processes recommended in this report are implemented. Used consistently, the framework allows the Board to focus on trends rather than individual events, identify matters that require its attention, and hold management accountable for timely follow-up.

FRAMEWORK COMPONENTS

The framework consists of six components, summarized below.

Component	Purpose	Primary responsibility
Monitoring areas and indicators	Focus oversight on the governance, ethics, and culture risks most relevant to the District.	District leadership, with input from the Board
Ownership and accountability	Assign a responsible owner to each indicator so results are reported and issues are followed up.	A designated owner for each indicator, identified by role
Escalation thresholds	Define in advance the results that require management follow-up or notification to the Board.	Owners propose; the Superintendent approves; the Board reviews
Reporting cadence	Provide consistent, scheduled visibility into current results and trends over time.	Owners report to District leadership, which reports to the Board or a designated committee
Data integrity	Confirm that the data underlying each indicator is complete, reliable, and consistent before it is relied on.	Indicator owners, with independent review before Board reporting
Continuous improvement	Keep the framework aligned with the District's risks, Board policies, and corrective actions.	District leadership and the Board, at least annually

Monitoring areas and indicators. The framework organizes indicators into five monitoring areas aligned to the governance and culture risks identified in this report: the independent hotline reporting channel, employee and vendor conflict of interest disclosures, internal ethics and compliance activity, ethics and culture training completion, and policy exceptions. Within each area, the District should select a small number of practical indicators that show both whether expected processes are performed on time and whether risk is emerging, through changes in volume, timeliness, or recurrence. Because many of these processes are recommended in Findings 1 through 8, indicators should be phased in as those processes are implemented.

Ownership and accountability. Each indicator should have a single owner, identified by role, who is responsible for producing the data, explaining results, and following up on issues. Consistent with the Three Lines Model discussed in the Themes and Areas of Recognition section, owners will generally sit within operational management or management oversight functions, while the Board retains oversight. Where an indicator relates to the function most likely to be the subject of a concern, such as Human Resources or Legal, someone outside that function should review the results.

Escalation thresholds. For each indicator, the District should define in advance the result that triggers action and what that action is. Under a tiered approach, results within the expected range are reported routinely; results that cross a management threshold require a documented explanation and corrective action from the owner; and results that cross a Board threshold, or any matter involving senior leadership or a Board member, are reported promptly to the Board or a designated committee. Thresholds should be documented, approved, and shared with the Board.

Reporting cadence. Owners should update each indicator on a defined schedule, and District leadership should review results before they go to the Board. The Board, or a designated committee, should receive a consolidated report at a defined cadence (for example, quarterly) showing results against thresholds, trends over time, open escalations, and the status of corrective actions. Reports should present aggregate information and should not identify individual employees, complainants, or reporters.

Data integrity. The illustrative dashboard example below was developed using sample data. Before reporting actual results, the District should evaluate the completeness, reliability, and consistency of the data for each indicator by identifying its source system or record, documenting how it is extracted and calculated, confirming it is complete for the period, and having someone other than the preparer check results against source records. Because several source records, such as disclosure registers, complaint logs, and training records, are under development or recommended in this report, each should be validated as the related process is implemented.

Continuous improvement. District leadership and the Board should review the framework at least annually to confirm that the monitoring areas, indicators, and thresholds remain aligned with the District's risks, Board policies, and corrective actions. Changes should be documented so trends remain comparable over time.

> **Illustrative examples.** The pages that follow include screenshots of the proof-of-concept dashboard developed to demonstrate how the framework could be presented to District leadership and the Board. The dashboard is populated with illustrative sample data only. **The figures, results, owners, and thresholds shown are not CCSD data, do not reflect the results of our procedures, and should not be relied upon or cited.**

Illustrative Example 1: Overall Dashboard View



Illustrative example populated with sample data only. This is not CCSD data and does not reflect the results of our procedures.

Illustrative Example 2: Ethics Hotline Summary View

ITEMS REQUIRING BOARD ATTENTION

26
Open Critical-risk matters
Highest-severity matters not yet resolved

23
Open matters over 60 days
Pending beyond the delay threshold

9
Awaiting legal counsel review
Open matters referred to District counsel

41
External legal / third-party investigations
26 still open; outside counsel or independent investigator engaged

Longest-outstanding open matters (anonymized reference only)

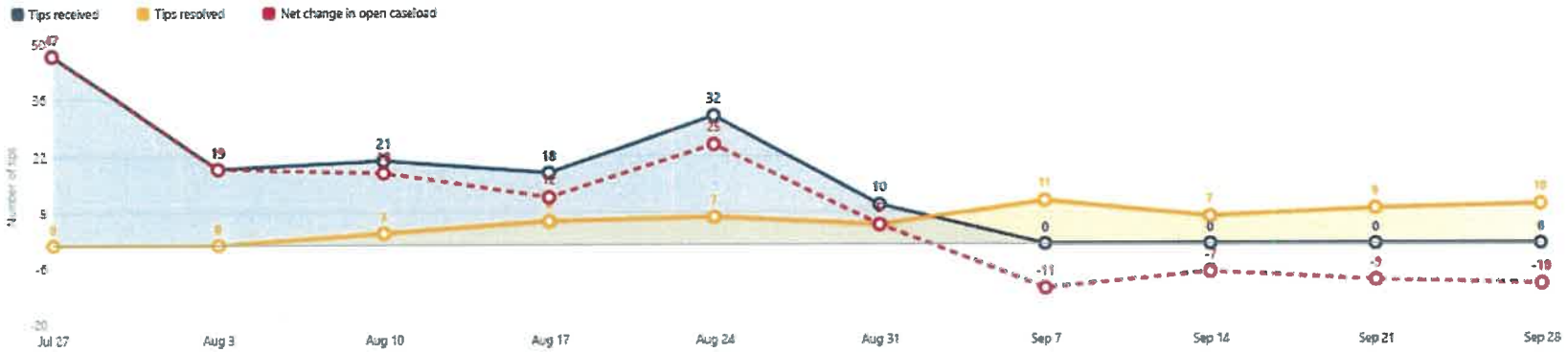
Ref.	Category	Risk	Status	Escalation	Days outstanding
HT-26-003	Policy / Compliance	Critical	Investigation In Progress	External Legal / Investigation	65
HT-26-011	Conduct / Discrimination	Critical	Awaiting Response	External Legal / Investigation	65
HT-26-002	Policy / Compliance	Low	Not Yet Reviewed	Management Review	65
HT-26-004	Policy / Compliance	High	Investigation In Progress	Legal Review	65
HT-26-005	Policy / Compliance	Moderate	Awaiting Response	Standard Handling	65
HT-26-007	Policy / Compliance	Moderate	Under Initial Review	Standard Handling	65
HT-26-008	Fraud / Misuse of Resources	High	Under Initial Review	Legal Review	65
HT-26-013	Policy / Compliance	Moderate	Under Initial Review	Standard Handling	65

Illustrative example populated with sample data only. This is not CCSD data and does not reflect the results of our procedures.

Illustrative Example 3: Ethics Hotline Timeline

Hotline Tips Received vs. Resolved by Week

Weekly intake compared with weekly case closures, Jul 27 – Sep 30, 2026



What it shows: The number of new hotline tips received each week (navy), the number of tips closed each week (gold), and the net difference (dashed red). A positive net value means the open caseload grew that week; a negative value means more matters were closed than received.

How to read it: Hover over any point for the weekly count. When the received line sits above the resolved line for several weeks in a row, the backlog is building. This chart always shows the full period so the trend stays visible; all other hotline filters still apply.

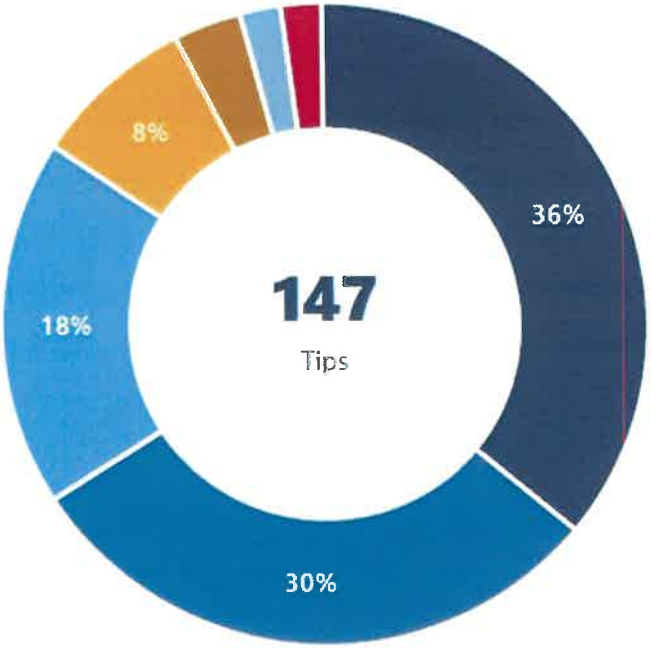
Why the Board cares: This is the primary indicator of whether reporting activity is rising and whether District leadership is keeping pace in resolving what comes in.

Illustrative example populated with sample data only. This is not CCSD data and does not reflect the results of our procedures.

Illustrative Example 4: Ethics Hotline Tips

Tips by Category

Share of tips in the current view by issue category



Policy / Compliance	53 (36%)
Employee Relations / Leadership	44 (30%)
General / Other	27 (18%)
Ethics / Conflict of Interest	12 (8%)
Conduct / Discrimination	5 (3%)
General Inquiry	3 (2%)
Fraud / Misuse of Resources	3 (2%)

What it shows: How tips in the current view are distributed across issue categories, grouped from the issue type selected by the reporter at intake (HR and District leadership concerns roll up to Employee Relations / Leadership).

How to read it: Hover over a segment for its count and share; click a legend entry to hide or show that category and re-total the donut.

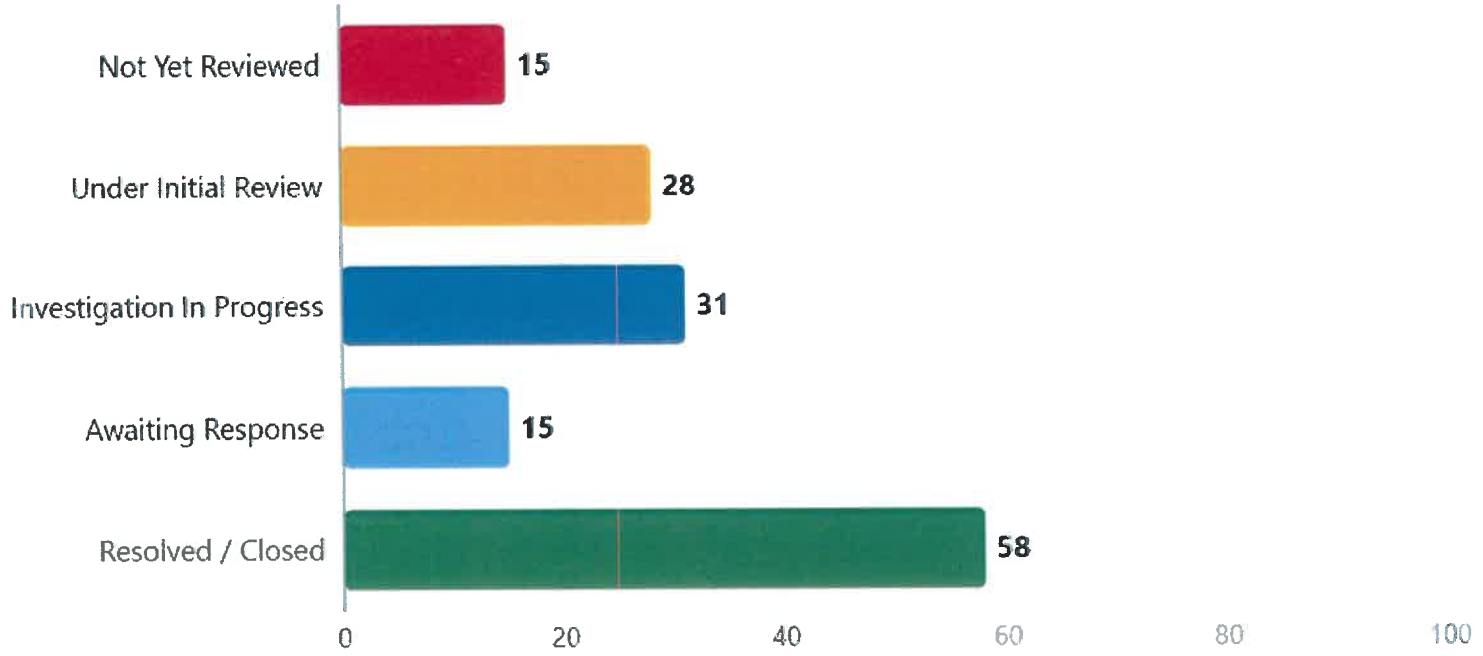
Why the Board cares: It separates the large volume of general and policy matters from the smaller categories, such as fraud or conflicts of interest, that typically warrant Board-level visibility.

Illustrative example populated with sample data only. This is not CCSD data and does not reflect the results of our procedures.

Illustrative Example 5: Ethics Hotline Case Status

Case Status Pipeline

Where tips currently sit in the review and resolution process



What it shows: Every tip in the current view grouped by its current workflow stage: not yet reviewed, under initial review, under active investigation, awaiting a response from a party or department, and resolved / closed.

How to read it: A healthy pipeline has very few items in "Not Yet Reviewed" (red). Hover for the count and share of all tips in view.

Why the Board cares: This answers the core questions of how many tips are being investigated, how many have been resolved, and how many have not yet been looked at.

Illustrative example populated with sample data only. This is not CCSD data and does not reflect the results of our procedures.

Illustrative Example 6: Internal Ethics & Compliance

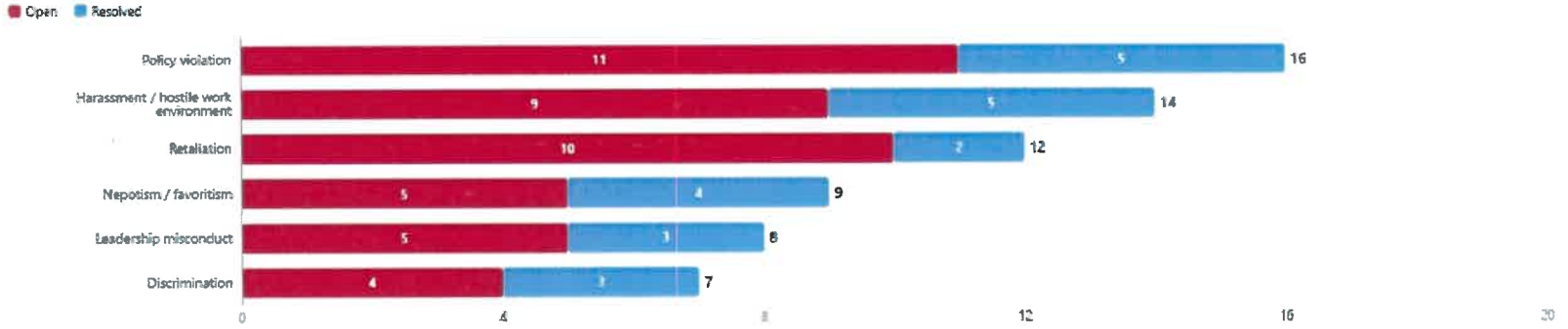
2 Internal Ethics & Compliance Reporting

Concerns raised by staff directly to Human Resources or Employee Relations, separate from the third-party ethics hotline.

REPORTS RECEIVED	OPEN REPORTS	AVG. DAYS OPEN / TO CLOSE
66	**44**	**35.7** days
Made directly to HR / Employee Relations	67% of reports not yet resolved	Receipt to closure, or to Sep 30 if open

Internal Reports by Concern Category

Staff reports made directly to HR or Employee Relations, open vs. resolved



What it shows: Concerns raised by staff directly to Human Resources, Employee Relations, a supervisor, or Legal, grouped by concern category and split into open and resolved reports. These reports are separate from the third-party hotline.

How to read it: Longer bars indicate the most frequently raised concerns; larger red segments indicate categories with more matters still open.

Why the Board cares: Internal reporting volume and themes show whether staff trust the District's own channels, and the open share shows whether reports are being worked to resolution.

Illustrative example populated with sample data only. This is not CCSD data and does not reflect the results of our procedures.

Appendix B: Segregation of Duties Analysis

Segregation of duties (SOD) is a foundational internal control that reduces the risk of error, misuse, or fraud by ensuring that no single individual controls all key aspects of a transaction or process. We performed a system-based analysis of user access in the District's Oracle environment to identify combinations of access that would allow one individual to perform incompatible duties.

APPROACH

Our analysis consisted of the following steps:

1. **Reviewed user access listings.** We obtained listings of Oracle users and their assigned roles and privileges from the District's IT team. We reviewed the functionality of the privileges within in-scope Oracle roles, including the District's custom roles, to understand what each allows a user to do.
2. **Developed a conflicts matrix.** We developed a segregation of duties conflicts matrix tailored to the District's processes, identifying combinations of incompatible activities, such as initiating and approving a transaction, maintaining vendor or employee records and processing payments, or recording entries and closing accounting periods.
3. **Mapped access to the matrix.** We mapped role and privilege assignments to the conflicts matrix to identify roles and users holding conflicting access that could circumvent preventive controls.
4. **Evaluated risk and mitigating controls.** We identified and risk ranked incompatible duties as well as mapped compensating controls to identified conflicts.
5. **Developed recommendations.** We developed recommendations to resolve conflicts through role redesign and removal of unnecessary access, or to mitigate them through compensating controls where full segregation is not feasible.

This analysis evaluated how access is designed and assigned in Oracle; it did not evaluate whether conflicting access was used to process inappropriate transactions.

RESULTS

We identified conflicts across eight key areas, summarized in the table below and reported in Finding 17. The Compensating Controls column lists, by Control ID, the existing District controls that would help prevent or detect the risk if operating effectively. Descriptions and testing conclusions for each control are provided in Appendix C. Several of these controls were found to be ineffective in our testing, which increases the importance of resolving conflicts through role design rather than relying on compensating controls.

#	Conflict Area	Conflict Summary	Risk	Recommendation	Compensating Controls
1	**Purchasing Approval Bypass**	Roles hold privileges to submit or import purchase orders and requisitions that bypass approval, together with purchasing, supplier, sourcing, budget, invoice and payment activities.	Allowing a single individual to perform these combined activities creates a segregation of duties conflict that increases the risk that purchase commitments could be created without the approvals required by the Policy DJ authority matrix and carried through to payment, including to suppliers set up or steered by the same individual.	Remove the "Submit Purchasing Document Online Bypassing Approval", "Import Purchasing Document Bypassing Approval" and "Import Approved Requisition" privileges from all end-user roles. Limit any remaining use to system integration accounts with independent monitoring.	AP-01, BUD-01, PROC-09, PROC-06, AP-03, PROC-11
2	**Supplier Setup, Supplier Merge and Sourcing**	Individuals who create or merge supplier records can also run and award sourcing events, override sourcing scores, create purchase orders, or change supplier banking.	Allowing a single individual to perform these combined activities creates a segregation of duties conflict that increases the risk that fictitious or related-party suppliers could be set up and steered into awards and purchases, or a supplier merge could redirect existing invoices and payments, in violation of District procurement policy.	Separate supplier master data maintenance (including supplier merge) from sourcing, purchasing and payment roles, and restrict sourcing score overrides to the Strategic Sourcing Manager.	PROC-10, PROC-11, PROC-06, PROC-09, PROC-02, PROC-07, AP-01
3	**General Ledger Journals, Overrides and Period Close**	Individuals who create or approve journal entries, or who process Payables, Receivables, cash or payments, can also override subledger accounting or open and close accounting periods.	Allowing a single individual to perform these combined activities creates a segregation of duties conflict that increases the risk that inaccurate or unauthorized entries could bypass validation or be posted into closed or prior periods, misstating the District's financial records or concealing errors or misuse of funds.	Limit GL override and period open/close privileges to designated Controller's Office staff who do not record or approve transactions, and remove them from subledger (AP, AR, Payroll, Grants and Asset) roles.	FCR-01, FCR-02, FCR-03, CSH-02
4	**Invoice Processing, Invoice Hold Release and Payment Processing**	Individuals who enter or approve supplier invoices can also release invoice holds and matching violations, process disbursements or force payments when funds are insufficient, and approve purchasing or change supplier records.	Allowing a single individual to perform these combined activities creates a segregation of duties conflict that increases the risk that unauthorized, duplicate or unmatched invoices could be released and paid without independent review, bypassing the three-way match.	Separate invoice entry and approval from payment processing, and limit invoice hold/violation release and "Allow Payments with Insufficient Funds" to AP supervisors who do not enter invoices.	AP-01, AP-03, CSH-01, CSH-02, FCR-02, BUD-01

#	Conflict Area	Conflict Summary	Risk	Recommendation	Compensating Controls
5	**Budget Overrides and Budget Period Control**	Individuals who maintain budgets, enter invoices or expenses, or create and approve purchases can also override budgetary controls or open and close budget periods.	Allowing a single individual to perform these combined activities creates a segregation of duties conflict that increases the risk that spending could be committed or paid in excess of approved budgets, bypassing the automated funds check, or budget entries could be timed to circumvent budgetary control.	Limit budgetary control override and budget period status privileges to designated Budget Office staff who do not initiate or approve transactions, and require documented justification for each override.	BUD-01, BUD-02, PROC-09
6	**Receivables Refunds, Write-offs, Adjustments and Customer Records**	Individuals who record receipts or maintain customer records can also issue refunds, write off balances or issue credit memos, override or delete receipt applications, and process cash or payments.	Allowing a single individual to perform these combined activities creates a segregation of duties conflict that increases the risk that customer payments could be misappropriated and concealed through refunds, write-offs, credit memos or receipt overrides, or refunds could be issued to the individual.	Separate refund, write-off/credit memo and receipt override authority from receipt processing and customer master maintenance.	AR-01, CSH-02, FCR-02, CSH-01
7	**HR Transaction Overrides with Hire, Termination and Worker Maintenance**	Individuals who hire, terminate, approve or maintain worker records can also bypass standard HR journeys and position-control checks.	Allowing a single individual to perform these combined activities creates a segregation of duties conflict that increases the risk that hires, terminations or employment changes could be processed without required approvals, onboarding/offboarding steps or position control, including timely removal of pay and system access.	Restrict "Bypass Contextual Journeys" and "Communicate Job Offer Ignoring Number of Openings" to a small number of HRIS administrators who do not process or approve HR transactions.'	HRP-04, HRP-08, PC-01, PC-02, PC-03, HRP-05
8	**Payee Bank Account Changes Combined with Payment, Invoice or Vendor Activity**	Individuals who can change supplier, employee or other payee bank account information can also enter invoices, process or force payments, maintain or merge vendors, approve expenses, process cash, or issue refunds.	Allowing a single individual to perform these combined activities creates a segregation of duties conflict that increases the risk that legitimate payments could be redirected to a bank account controlled by the individual, or that unauthorized payments could be made, without timely detection.	Restrict payee bank account maintenance to a small group (e.g., Treasury or AP master data staff) who cannot enter, approve or release payments. Remove bank-account permissions from the AP, Payroll, Expense and system-delivered roles that do not need them, and require second-person approval of bank account changes in Oracle (Manage Bank Account Approvals)."""	AP-04, PROC-10, CSH-01, CSH-02

Appendix C: Risk and Control Matrix

The Risk and Control Matrix below documents the key risks and related controls identified for each process area reviewed, along with the conclusion from our testing of each control.

Process Area	Risk Descriptions	Control ID	Control Description	Control Owner	Control Type	Control Frequency	Preventive or Detective?	Testing Conclusion
Accounts Payable	Payments are made for goods or services not received or at incorrect amounts.	**AP-01**	Upon occurrence, Oracle performs an automated three-way match (purchase order, receiver, invoice) before payment, and Accounts Payable reviews unmatched exceptions on a dashboard; no overrides are permitted.	Accounts Payable Manager	Automated	Per occurrence	Preventive	Ineffective
Accounts Payable	Improper or unsupported employee reimbursements are paid.	**AP-02**	During each weekly check run, Accounts Payable validates employee reimbursement expense reports against supporting receipts before payment.	Accounts Payable Manager	Manual	Per occurrence	Preventive	Ineffective
Accounts Payable	Duplicate invoices are entered and paid.	**AP-03**	Upon occurrence, Oracle automatically flags duplicate invoice numbers per vendor and places holds, preventing duplicate payment.	Accounts Payable Manager	Automated	Per occurrence	Preventive	Effective
Accounts Payable	Vendor banking information is changed to a fraudulent account, diverting payments.	**AP-04**	Upon occurrence, the Accounts Payable Manager independently verifies vendor banking information before processing the change and signs off on the Vendor ACH Direct Deposit Authorization Form.	Accounts Payable Manager	Manual	Per occurrence	Preventive	Ineffective
Accounts Receivable	Cash receipts are not recorded completely, accurately, or to the correct fund.	**AR-01**	Upon occurrence, the Accounting Bookkeeper records and verifies school deposits in Oracle based on deposit slips and supporting documentation provided by school bookkeepers.	Accounting Bookkeeper	Manual	Per occurrence	Detective	Ineffective
Budgeting	Expenditures exceed appropriated budget.	**BUD-01**	Upon occurrence, Oracle prevents payment when budget is exceeded (except payroll, which generates an over-budget notification to the FP&A Executive Director).	FP&A Executive Director	Automated	Per occurrence	Preventive	Effective

Process Area	Risk Descriptions	Control ID	Control Description	Control Owner	Control Type	Control Frequency	Preventive or Detective?	Testing Conclusion
Budgeting	Budget overruns are not identified and addressed timely. Budget variances, financial performance issues, or emerging fiscal risks may not be identified and communicated to the Board in a timely manner, resulting in inadequate governance oversight and uninformed decision-making.	**BUD-02**	Monthly, the FP&A Executive Director reviews budget-to-actual reports and investigates significant variances. Quarterly, budget-to-actual reporting is presented to the Board.	FP&A Executive Director	IT Dependent	Monthly	Detective	Ineffective
Cash Management	Unauthorized or fraudulent wire and ACH transfers are initiated and released.	**CSH-01**	Upon occurrence, a Senior Treasury Accountant initiates wires/ACHs and a separate approver (Controller, CFO, or designee) reviews supporting backup and releases the payment in JPMorgan under dual authorization.	Controller	Manual	Per occurrence	Preventive	Effective
Cash Management	Errors or unauthorized activity in cash accounts are not detected timely.	**CSH-02**	Monthly, the Senior Accountant prepares bank reconciliations through Oracle and the Assistant Controller reviews and signs off, investigating reconciling items.	Assistant Controller	IT Dependent	Monthly	Detective	Ineffective
Cash Management	Unauthorized bank accounts are opened or closed in the entity's name.	**CSH-03**	Upon occurrence, the Controller and Board Treasurer review and approve all bank account openings and closures to ensure only properly authorized bank accounts are established, modified, or closed, in accordance with District policy before implementation by the bank.	Controller	Manual	Per occurrence	Preventive	Ineffective

Process Area	Risk Descriptions	Control ID	Control Description	Control Owner	Control Type	Control Frequency	Preventive or Detective?	Testing Conclusion
Financial Close & Reporting	Unauthorized or erroneous journal entries are posted to the general ledger.	**FCR-01**	Upon occurrence, manual journal entries are routed through the Oracle workflow to an independent reviewer for approval before posting based on established thresholds (e.g., over $100K to the Senior Accountant, bond entries over $2M to the Controller, and Assistant Controller entries to the Controller); bookkeepers may enter but cannot post entries.	Controller	IT Dependent	Per occurrence	Preventive	Ineffective
Financial Close & Reporting	Significant balance sheet accounts are misstated.	**FCR-02**	Balance sheet accounts are reconciled at a frequency commensurate with account risk, volume, and materiality (monthly, quarterly, or at least annually), as determined by the Assistant Controller and Controller. Reconciliations are prepared by Accounting or designated Payroll/Purchasing personnel and reviewed by an individual independent of the preparer, with Accounting performing an independent review of department-prepared reconciliations at least annually.	Controller	IT Dependent	Varies	Detective	Ineffective
Financial Close & Reporting	Financial statements contain material misstatements.	**FCR-03**	Quarterly, the Assistant Controller prepares the financial statements and the Controller and CFO review actual-to-prior-year results and totals, documenting review and clearing notes via email.	Controller	IT Dependent	Quarterly	Detective	Effective
Financial Close & Reporting	Unauthorized changes are made to the chart of accounts.	**FCR-04**	Upon occurrence, Accountants initiate chart of accounts changes in EDMCS, and the Assistant Controller, as the primary approver, or the Controller, as the backup approver, reviews and approves the requested changes in EDMCS to verify that additions, modifications, and inactivations are appropriate, authorized, and consistent with the District's financial reporting structure.	Assistant Controller	IT Dependent	Per occurrence	Preventive	Ineffective

Process Area	Risk Descriptions	Control ID	Control Description	Control Owner	Control Type	Control Frequency	Preventive or Detective?	Testing Conclusion
Payroll	Payroll errors or unauthorized amounts are processed and disbursed.	**PAY-01**	Each payroll run, the Payroll Manager reviews the payroll register in total for trends, outliers (highest/lowest earners), and exceptions compared to expected amounts.	Payroll Manager	IT Dependent	Biweekly	Detective	Ineffective
Position Control	Positions are filled, or employees transferred, without sufficient approved FTE, resulting in unbudgeted personnel costs.	**PC-01**	Oracle prevents any position offer, employee transfer, or job requisition from being finalized when the position does not have sufficient available FTE, automatically stopping the transaction until additional FTE is approved.	FP&A Team	Automated	Per occurrence	Preventive	Effective
Position Control	New position and position change requests are approved without sufficient budgeted FTE.	**PC-02**	New position and position change requests are approved after FP&A independently confirms sufficient budgeted FTE is available. Requests that result in a promotion (increase in job grade or salary midpoint) or an overall increase in District FTE require additional approval by the Executive Director of FP&A and/or the District Leadership Team before the request takes effect.	FP&A Team	IT Dependent	Per occurrence	Preventive	Ineffective
Position Control	Position overlaps allow actual FTE to exceed approved budget without detection.	**PC-03**	On a weekly basis, FP&A reviews a system-generated position overlap report to identify positions where actual FTE may exceed approved budget, confirms each enabled overlap remains valid, and investigates and resolves any new or unnecessary overlaps to ensure total FTE does not exceed approved allocations.	FP&A Team	IT Dependent	Weekly	Detective	Ineffective
Human Resources & Personnel Practices	New or reclassified positions are compensated inconsistently or inequitably.	**HRP-01**	Upon occurrence, the Director of Compensation obtains a third-party market study to establish the pay range for new or reclassified positions and obtains District Leadership Team approval of the pay range, before the position is posted to market.	Director of Compensation	Manual	Per occurrence	Preventive	Ineffective

Process Area	Risk Descriptions	Control ID	Control Description	Control Owner	Control Type	Control Frequency	Preventive or Detective?	Testing Conclusion
Human Resources & Personnel Practices	HR complaints and investigations are not consistently documented or communicated.	**HRP-02**	Ongoing, the Employee Relations department maintains live complaint trackers, assigned by school or feeder, to monitor complaints through investigation and resolution, document investigation conclusions in employee personnel files, and provides complaint status and resolution updates to Legal on a biweekly basis.	Director of Employee Relations	Manual	Per occurrence	Detective	Ineffective
Human Resources & Personnel Practices	Supervisory relationships involving family or romantic partners create conflicts of interest and biased employment decisions.	**HRP-03**	Upon occurrence, employees disclose familial or romantic relationships involving a direct or indirect supervisory relationship to Human Resources within 10 working days using the GBEB disclosure form. Human Resources reviews the disclosure for applicability under Policy GBEB, notifies the supervisor's supervisor, obtains Superintendent approval as required, issues a written determination, and implements necessary authority limitations, safeguards, and notifications.	Executive Director of HR	Manual	Per occurrence	Preventive	Ineffective
Human Resources & Personnel Practices	Fictitious employees or incorrect pay rates are entered into the payroll master file.	**HRP-04**	Upon occurrence, Human Resources sets up new employees and pay rate changes in Oracle supported by an approved rec-to-hire or transfer form and multiple levels of approval (supervisor, director, HR).	Human Resources Manager	Manual	Per occurrence	Preventive	Ineffective
Human Resources & Personnel Practices	Positions are filled without adequate or consistent posting, enabling preselection.	**HRP-05**	Upon occurrence, the HR Operations team posts approved positions for the required 8-day window in Oracle, and the HR Operations Director approves any exception to shorten or extend the posting window.	HR Operations Director	Manual	Per occurrence	Preventive	Ineffective

Process Area	Risk Descriptions	Control ID	Control Description	Control Owner	Control Type	Control Frequency	Preventive or Detective?	Testing Conclusion
Human Resources & Personnel Practices	Candidate selection is inconsistent or biased.	**HRP-06**	Upon occurrence, the hiring committee asks standardized, job-related questions from the CCSD Question Bank to all applicants (excluding legally protected topics), rates candidates on predetermined look-fors using a standardized evaluation form, and uploads interview questions and notes to Oracle before the candidate proceeds to the offer stage, in accordance with the Interview Committee Guidelines.	Hiring Manager	Manual	Per occurrence	Preventive	Ineffective
Human Resources & Personnel Practices	Candidates are advanced or hired without required reference verification.	**HRP-07**	Upon occurrence, an AdCo member conducts reference checks using the standardized Oracle reference questions before a candidate is moved forward and after the posting closes (three references for external candidates covering the prior two years including the current supervisor; one immediate-supervisor reference for internal candidates).	Hiring Manager	Manual	Per occurrence	Preventive	Ineffective
Human Resources & Personnel Practices	Terminated employees retain system access or receive incorrect final pay.	**HRP-08**	Upon occurrence, the HR Operations team processes separations in Oracle upon a submitted resignation or notice, notifies Payroll to verify final pay and remove the separated employee from the payroll system, and Oracle automatically notifies Information Systems to remove system access.	HR Operations Director	IT Dependent	Per occurrence	Preventive	Effective
Procurement & Contract Management	Project change orders materially increase cost without Board authorization.	**PROC-01**	Upon occurrence, the project owner submits change orders that increase the overall project cost by more than 10% to the Board of Education for approval, in accordance with Policy DJ.	Purchasing Manager	Manual	Per occurrence	Preventive	Ineffective

Process Area	Risk Descriptions	Control ID	Control Description	Control Owner	Control Type	Control Frequency	Preventive or Detective?	Testing Conclusion
Procurement & Contract Management	Purchases are improperly designated sole source to bypass competition.	**PROC-02**	Upon occurrence, the Buyer performs sole-source research, obtains a sole-source justification letter from the vendor where applicable, obtains CFO or designee approval, and documents the sole-source justification as a comment on the requisition, in accordance with Policy DJF.	Senior Contract Buyer	Manual	Per occurrence	Preventive	Ineffective
Procurement & Contract Management	Purchasing cards are issued without appropriate authorization, business need, or training.	**PROC-03**	Upon occurrence, OneCard requests are submitted through the Salesforce portal with a documented business case and principal or cost center manager sign-off, and the Purchasing Card Administrator confirms completion of required training and a passing test before the card is issued.	Purchasing Card Administrator	Manual	Per occurrence	Preventive	Ineffective
Procurement & Contract Management	Purchasing card transactions are unsupported, out-of-policy, or inappropriate.	**PROC-04**	Monthly, the Purchasing Card Administrator audits a random 20% selection of expense reports (routed automatically by Oracle) plus keyword-flagged and high-risk cardholder transactions, verifying required receipts and account coding and returning or escalating exceptions.	Purchasing Card Administrator	IT Dependent	Monthly	Detective	Ineffective
Procurement & Contract Management	Dormant purchasing cards remain active and available for misuse.	**PROC-05**	Quarterly, the Purchasing Card Administrator reviews the OneCard master listing for inactivity and terminated employees and contacts JPMorgan to deactivate cards.	Purchasing Card Administrator	IT Dependent	Quarterly	Detective	Ineffective

Process Area	Risk Descriptions	Control ID	Control Description	Control Owner	Control Type	Control Frequency	Preventive or Detective?	Testing Conclusion
Procurement & Contract Management	Goods or services are procured without required competitive sourcing, or purchase orders are issued without the required quotes, contracts, exception approvals, or IT/Legal approvals, resulting in non-compliant, uncompetitive, or unauthorized purchases.	**PROC-06**	Upon occurrence, prior to approving a requisition and issuing a purchase order, the Strategic Sourcing Manager and the assigned category Buyer perform a documented requisition compliance review in Oracle to verify that: (a) the procurement method follows Policy DJF thresholds (up to $5K by purchasing card; over $5K competitive bids unless a documented exception applies; at or above $100K a written solicitation); (b) required quote, bid, sole-source, or CFO/Superintendent exception documentation is attached to the requisition; (c) an executed contract and, for software, IT and Legal approvals are attached; and (d) individual and aggregated 12-month vendor spend exceeding $250,000 has documented Board of Education approval in accordance with Policy DJ. Exceptions are returned to the requestor and the requisition is not approved until cleared.	Strategic Sourcing Manager	Manual	Per occurrence	Preventive	Ineffective
Procurement & Contract Management	Exceptions permitting purchases over $100,000 without a written solicitation are not reported to the Board of Education timely, or are repeatedly granted to the same vendor, circumventing competitive procurement requirements.	**PROC-07**	Upon occurrence, the CFO or Superintendent documents any exception allowing a purchase over $100,000 absent a written solicitation, informs the Board of Education in writing within 30 days, and does not grant such an exception to the same vendor more than twice in a 12-month period, in accordance with Policy DJF.	Chief Financial Officer	Manual	Per occurrence	Detective	Ineffective

Process Area	Risk Descriptions	Control ID	Control Description	Control Owner	Control Type	Control Frequency	Preventive or Detective?	Testing Conclusion
Procurement & Contract Management	Contracts are executed without required legal review of terms and conditions.	**PROC-08**	Upon occurrence, contracts requiring a signature are submitted through the Salesforce workflow to the Legal Department for documented review and approval before the designee signs, in accordance with Policy DJ.	Legal Counsel	Manual	Per occurrence	Preventive	Ineffective
Procurement & Contract Management	Purchases and contracts are approved without the authority level required by Board policy, including Board approval for amounts over $250,000.	**PROC-09**	Requisitions are approved in accordance with the Policy DJ authority matrix ($5,001-$25,000 Principal/Director; $25,001-$150,000 Deputy Chief/Executive Director; $150,001-$250,000 DLT member and CFO/Superintendent; over $250,000 Board of Education).	Purchasing Manager	IT Dependent	Per occurrence	Preventive	Ineffective
Procurement & Contract Management	Fictitious, unauthorized, or inaccurate vendors are added to or modified in the vendor master file.	**PROC-10**	For new vendor additions, the requestor completes a Supplier Request Form and W-9 signed by the approving principal or department head, and the Buyer reviews the supporting documentation before entering the vendor in Oracle. For vendor modifications and changes (such as vendor banking information), the change request is reviewed and verified by the Buyer before processing the change in Oracle.	Senior Contract Buyer	Manual	Per occurrence	Preventive	Ineffective
Procurement & Contract Management	Duplicate vendor records are created, enabling duplicate or misdirected payments.	**PROC-11**	Upon occurrence, Oracle prevents entry of duplicate vendors by rejecting matching vendor names and EINs at the point of setup.	Senior Contract Buyer	Automated	Per occurrence	Preventive	Effective

Appendix D: Analytics and Detailed Testing

Overview of Analysis Performed

As described in our proposal, our scope included data analytics and detailed testing beyond the transactional testing we performed to assess the design and operating effectiveness of internal controls. Specifically, we performed multiple risk-based analytics on data obtained from the District's Oracle systems, as well as follow-up testing on select analytical anomalies. Follow-up testing included reviewing emails, hotline submissions, and supporting documentation, and performing background research. This Appendix documents the information obtained and relied upon, the risks analyzed, the tests performed, and the results. When applicable, it also documents our additional research and recommended next steps.

As requested in the RFP, this Appendix does not include personally identifiable information (PII). In addition, given the concerns with the District's current reporting channel discussed in the body of this report, we have not named the individuals or entities to which any result relates, and we have presented results at a level of detail intended to avoid identifying them.

Data Analytics

Our proposal in response to RFP 26-028, School District Operational Review, identified a range of possible tests. We performed the following tests, grouped by category.

Governance and Culture

1. Employees with matching addresses (potential familial relationships)
2. Employee reporting relationships (potential nepotism)
3. Vendor and employee address matches (potential conflicts of interest)

Procurement and Contract Management

4. Background research compared to vendor information
5. "Default" invoice numbers
6. Invoices with text only invoice numbers
7. Invoice numbers of 50 or less
8. Vendors with sequential invoice numbers
9. Total spend by vendor compared to approval thresholds (potential invoice or contract splitting)

Human Resources and Personnel Practices

10. Potential retaliation indicator (changes in pay compared to complaints)

(presented combined due to the nature of the tests)

11. Unusual pay codes
12. Bonuses paid
13. Overtime trend analysis

We present the results of each test in the following format:

Sources: The data used to perform the test, described by type.

Test outlined in the proposal: The related test described in our proposal.

Potential risk: The potential risk or scheme the test is designed to address.

Data test performed to address risk: The test performed to address that risk.

Results from data test: A summary and/or visual representation of the test results.

Research recommended to determine whether results are problematic: The follow-up actions for consideration through the process recommended in the body of this report.

Information Obtained

To perform our tests, we obtained the following information:

Scope Period Electronic Data Provided to Us From the District's Software Systems

- **Assignment Audit Report,** which detailed employees' work history with the District and included the following relevant information:
    - Employee Person Numbers ("EPN") (i.e., employee ID number)
    - Employee Full Name
    - Hire Date
    - Termination Date
    - Address Information
    - Assignment Status (i.e., employee "Active" or "Inactive")
    - Department
    - Title
    - Assignment Start Date (filtered for anyone who had an active pay code during the period)
    - Supervisor Name & Date
    - Hourly vs. Salaried Designation

- Rate
- Salary Start & End Date

- **Payroll Payment Register**, including the following relevant information:
  - Person Name (i.e., Employee Name)
  - Bank Name
  - Account Number (last four digits only, at the District's restriction)
  - Account Name
  - Account Type

- **Staffing Verification Report with Reporting Relationships**, including the following relevant information:
  - EPN
  - Employee Name
  - Assignment Name (i.e., Employee title/role)
  - Assignment Status
  - Location
  - Department
  - Employee Reporting Structure (Line Manager through Manager Level 8)

- **AP Invoice Detail Report**, including the following relevant information:
  - Invoice Number
  - Invoice Description
  - Invoice Date
  - Vendor Name
  - Vendor Number
  - Total Amount
  - Fund and Account Information
  - PO Number

- **Payables Payment Register Report**

- **All Supplier Documents Report**, including the following relevant information:
  - Account Name (i.e., Supplier Name)
  - Supplier Document
  - Type (i.e., contract type)

- Description

- **Supplier Pipeline with Documents Report**, including the following relevant information:
  - Account Name (i.e., Supplier Name)
  - Supplier Number
  - Type (i.e., Supplier type)
  - BOE Approval
  - Prior FY Total Spend
  - Current FY To Date Total Spend
  - Supplier Document
  - Supplier Document Name
  - Type (i.e., Contract type)
  - Start Date
  - End Date

Scope Period Electronic Data We Extracted From the District's Software Systems

- **Payroll Activity Report**
  - EPN
  - First and Last Name
  - Pay code
  - Pay Amount

Email Collection

To perform our tests, we obtained forensic copies of the Microsoft 365 accounts belonging to select District personnel for our scope period, including their Outlook email and Microsoft Teams messages. These copies were collected directly from the District's Microsoft 365 environment and were then loaded into a document review platform where we searched and analyzed the communications. As relevant information was located, we applied it to our analysis.

Focus Group Sessions and Hotline Submissions

We facilitated five in-person focus groups: three with community members and two with District staff. We used this input to identify themes, which we incorporated into our risk assessment and used to inform the focus of our testing procedures. Individual comments were not independently verified. We also obtained information through the Ethics Suite hotline, as described in the body of the report.

Interviews

We interviewed individuals within the following departments and groups regarding the internal control environment:

- Human Resources
- Finance and Accounting
- Strategic Sourcing and Supplier Management
- District Leadership Team and Board Members
- Communications
- Legal

Other Supporting Documentation

- Thomson Reuters CLEAR reports for select individuals
- Cherry Creek School District Policies
- Miscellaneous supporting documentation for transactions (e.g., invoices, contracts)
- Incomplete Complaint Log located during our email review

Test Results

1. Employees with matching addresses (potential familial relationships)

Sources: *Assignment Audit Report; Hotline Submissions*

Test outlined in the proposal: Analyzing the employee master file and organizational charts for direct reporting scenarios where nepotism risks exist.

Potential risk: Employees who share an address may have an undisclosed familial or household relationship. That creates a risk of nepotism; preferential treatment in hiring, compensation, promotion, or other employment decisions; and insufficient independent oversight.

Data test performed to address risk: We analyzed the employee assignment information in the Assignment Audit Report, including home addresses, departments, positions, supervisors, and assignment history. We standardized employee addresses and geocoded them to latitude and longitude coordinates, excluding addresses that geocoded only to the ZIP-code level. We then identified different employees (i.e., different EPNs) at the same coordinates and added each employee's department, supervisor, position, and work location.

Because many shared addresses are expected (for example, apartment buildings), we narrowed the results to shared addresses where at least two employees worked at the same school or District site and one held a leadership position there (such as principal), or where one held an executive position, regardless of work location.

We also conducted an Excel fuzzy match on the standardized address text for all employees. A fuzzy match flags entries that are likely the same despite differences in format or spelling (for example, "123 Main St" and "123 Main Street").

Results from data test: Our geocoding analysis identified at least 20 shared addresses for over 40 employees who met our definition of a match. Additional results were generated from the fuzzy match. These matches are potential indicators only. They do not, by themselves, establish a familial relationship or inappropriate employment activity.

Further, the hotline received reports related to this risk, including reports naming specific individuals and relationships.

Research recommended to determine whether results are problematic: For each match, determine whether it reflects a familial or personal relationship or a false positive, such as a multi-unit building or a landlord/tenant arrangement. Where a relationship exists, determine whether it was disclosed; whether either employee supervises, evaluates, or sets pay for the other; and whether a change in reporting structure is needed.

2. Employee reporting relationships (potential nepotism)

Sources: *Staffing Verification Report with Reporting Relationships; Hotline Submissions*

Test outlined in the proposal: Analyzing the employee master file and organizational charts for direct reporting scenarios where nepotism risks exist.

Potential risk: Employees who share a surname with someone in their reporting chain may have an undisclosed familial relationship. That creates a risk of nepotism; preferential treatment in hiring, compensation, promotion, or other employment decisions; and insufficient independent oversight.

Data test performed to address risk: We analyzed employee assignment and reporting information in the Staffing Verification Report with Reporting Relationships. The report included employee identifying information, assignment title and status, work location, department, line manager, and successive management levels through Manager Level 8. Because an employee can hold multiple assignments, we performed the analysis at the assignment level to identify a potential relationship in any of an employee's assignments.

For each assignment record, we compared the employee's last name to the last names of the individuals in the employee's reporting chain, from the line manager through Manager Level 8. We flagged records where the last names matched at any level and noted the reporting level, the matching manager, and the manager's position for further review.

Some flagged records matched an employee to their own name elsewhere in the reporting chain. These were coaching or game-help assignments that reported up through another position held by the same employee. Because these reflect the same person rather than a potential relative, we excluded them.

The Staffing Verification Report lists current assignments only. As a result, the test does not identify reporting relationships that ended earlier in the scope period or that involved former employees.

Results from data test: We identified 47 assignment records associated with 34 employees who met our definition of a match. In 13 of these records, the matching individual was the employee's line manager (i.e., a direct reporting relationship). In the remaining records, the matching individual was a manager higher in the employee's reporting chain. These matches are potential indicators only. They do not, by themselves, establish a familial relationship or inappropriate employment activity.

Further, the hotline received reports related to this risk, including reports naming specific individuals and relationships.

Research recommended to determine whether results are problematic: For each match, determine whether it reflects a familial relationship or a false positive, since a shared surname alone does not establish a relationship. Where a relationship exists, determine whether it was disclosed, whether it creates a conflict of interest, and whether a change in reporting structure is needed.

3. Vendor and employee address matches (potential conflicts of interest)

Sources: *Assignment Audit Report; Payables Payment Register Report; Hotline Submissions*

Test outlined in the proposal: Comparing vendor information to employee information for conflicts of interest.

Potential risk: An employee may have an undisclosed relationship with a vendor or payee, such as an ownership interest or a family or household connection. That creates a risk of conflicts of interest; preferential treatment in vendor selection; and inappropriate billings or payments.

Data test performed to address risk: We analyzed employee information from the Assignment Audit Report and vendor payment information from the Payables Payment Register Report. The reports included employee identifying information and addresses, as well as vendor or payee names, payment addresses, and payment amounts.

We standardized employee and supplier addresses and geocoded them to latitude and longitude coordinates, excluding addresses that geocoded only to the ZIP-code level. The Payables Payment Register Report did not include addresses for every payment, particularly payments that appeared to be made to individuals rather than suppliers, so we could not include those payments in our analysis.

We then identified employees (i.e., different EPNs) at the same coordinates as a supplier's payment address. For each match, we added the employee's title and department, the supplier name, and the supplier's total payments during the scope period.

We narrowed the results to matches where the supplier was paid $1,000 or more during the scope period, and we excluded matches at apartment or multi-tenant buildings. Because this test focused on potential relationships between employees and other parties, we also excluded matches where the payee was the matched employee, which may include expense reimbursements or other direct payments to the employee.

We also conducted an Excel fuzzy match on the address text to account for the employee and supplier pairs excluded from the geocoding analysis.

Results from data test: The geocoding and fuzzy match analyses identified numerous employees whose addresses matched a supplier's payment address. Some of those suppliers received total payments exceeding $5,000 during the scope period. These matches are potential indicators only. They do not, by themselves, establish a relationship or inappropriate activity.

We conducted limited research on select matches, including public business information and the District's invoice and purchase order descriptions of the goods or services billed. **In some cases, the business owner shares a surname with the matched employee.** We did not confirm the nature of any relationship.

Further, the hotline received reports related to this risk, including reports naming specific individuals and companies.

Research recommended to determine whether results are problematic: Review the full listing of matches and prioritize them based on the employee's role, the supplier type, and the dollar value of payments and contracts. For prioritized matches, determine whether the match reflects a familial, personal, or business relationship, or a false positive, such as a multi-unit building or a landlord/tenant arrangement. Where a relationship exists, determine whether it was disclosed, whether the employee had any role in selecting, approving, or paying the supplier, and whether the supplier should continue to be used. Separately, review payments made directly to employees through accounts payable to confirm they were for an appropriate purpose.

4. Background research compared to vendor information

Sources: *Assignment Audit Report; Payables Payment Register Report; Applicable CLEAR Reports; Hotline Submissions*

Test outlined in the proposal: Comparing information compiled from our background research to the vendor listings to identify potential conflicts of interest.

Potential risk: Board members or District leadership, or their relatives or associates, may have undisclosed relationships with District vendors. That creates a risk of conflicts of interest; preferential treatment in vendor selection, contract awards, or other decisions; and insufficient disclosure or independent oversight.

Data test performed to address risk: We performed background research using Thomson Reuters CLEAR on nearly 40 individuals, consisting of Board members who served during the scope period and select District leadership personnel. We extracted the addresses CLEAR associates with each individual and with their relatives and associates, then combined and deduplicated the results.

CLEAR links individuals to addresses and to other people based on public and proprietary records, which may be incomplete, outdated, or inaccurate. We did not determine why or how any individual is associated with an address or with another person.

We standardized and geocoded the CLEAR addresses and the vendor payment addresses from the Payables Payment Register Report to latitude and longitude coordinates, excluding addresses that geocoded only to the ZIP-code level. We summarized vendor payments by supplier and address, then identified vendors whose payment address was at the same coordinates as a CLEAR address. We also conducted this test using Excel fuzzy match on the address text.

We excluded matches involving different units in the same building, matches to government agencies, financial institutions, health care providers, and similar institutions, and payments made directly to a researched individual. We then focused on vendors that received total payments greater than $10,000 during the scope period.

Results from data test: We identified over 15 vendors, each paid more than $10,000 during the scope period, whose payment address matched an address that CLEAR associates with a relative or associate of a Board member or District leadership individual. These matches are potential indicators only. They do not, by themselves, establish a relationship or inappropriate activity.

We performed limited research on several of these vendors. In each of those cases, the shared address was a commercial location, such as a multi-tenant office building or a mailbox service, which may explain the match. We did not research the remaining vendors.

Further, the hotline received reports related to this risk, including reports naming specific individuals and companies.

Research recommended to determine whether results are problematic: For each match, determine whether the shared address is residential or commercial, and whether the match reflects a familial, personal, or business relationship or a false positive, such as a multi-tenant building, mailbox service, or landlord/tenant arrangement. Where a relationship exists, determine whether it was disclosed, whether the Board member or District leader had any role in selecting, approving, or overseeing the vendor, and whether the vendor should continue to be used.

5. "Default" invoice numbers

Source: *AP Invoice Detail Report*

Test outlined in the proposal: Analyzing invoices for numerical anomalies indicative of problematic vendors, such as duplicate numbers, sequential numbers without gaps, and/or numbers issued out of date sequence.

Potential risk: Default or generic invoice numbers may indicate fictitious or duplicate invoices. That creates a risk of paying for goods or services not received, or paying more than once for the same goods or services.

Data test performed to address risk: We analyzed the accounts payable invoice information in the AP Invoice Detail Report, including invoice numbers, descriptions, dates, amounts, vendor names and numbers, and PO numbers. Because invoice numbers can contain letters and symbols, we extracted the numeric characters from each invoice number. We then identified invoices where the result was a default or generic number (i.e., 100, 123, 1234, 12345, or 123456). We removed results where the match was created only by extracting the numbers, such as an alphanumeric invoice number whose digits happened to be 123.

Results from data test: We identified fewer than 10 invoices with a default invoice number, each from a different vendor. Some of these vendors also appear in other tests in this Appendix. These results are potential indicators only. They do not, by themselves, establish that an invoice is fictitious, duplicated, or otherwise inappropriate. We did not research these invoices further.

Research recommended to determine whether results are problematic: Review the identified invoices, and other invoices from the same vendors, to confirm that each vendor is legitimate, the goods or services were received, and no invoice was paid more than once.

6. Invoices with text-only invoice numbers

Source: *AP Invoice Detail Report*

Test outlined in the proposal: Analyzing invoices for numerical anomalies indicative of problematic vendors, such as duplicate numbers, sequential numbers without gaps, and/or numbers issued out of date sequence.

Potential risk: Invoice numbers that contain no numbers may limit the District's ability to uniquely identify invoices and detect duplicate submissions. That creates a risk of paying more than once for the same goods or services.

Data test performed to address risk: We analyzed the accounts payable invoice information in the AP Invoice Detail Report, including invoice numbers, descriptions, dates, amounts, vendor names and numbers, and PO numbers. We extracted the numeric characters from each invoice number and identified invoices whose invoice number contained no numbers.

Results from data test: We identified over 20 invoices from 10 vendors whose invoice numbers contained no numbers. Based on the vendor names, invoice descriptions, and amounts, these invoices appear to be lower risk. These results are potential indicators only. They do not, by themselves, establish that an invoice is duplicated or otherwise inappropriate.

Research recommended to determine whether results are problematic: Consider confirming that these invoices were supported, approved, and paid only once.

7. Invoice numbers of 50 or less

Source: *AP Invoice Detail Report*

Test outlined in the proposal: Analyzing invoices for numerical anomalies indicative of problematic vendors, such as duplicate numbers, sequential numbers without gaps, and/or numbers issued out of date sequence.

Potential risk: A low invoice number may indicate a newly established vendor or a vendor with a limited billing history. That creates a risk of fictitious vendors or invoices, and of payments for goods or services not received.

Data test performed to address risk: We analyzed the accounts payable invoice information in the AP Invoice Detail Report, including invoice numbers, descriptions, dates, amounts, vendor names and numbers, and PO numbers. We extracted the numeric characters from each invoice number and identified invoices where the result was 50 or less. We removed invoices with no associated PO number, because those entries appeared to be internal accounting entries rather than separate vendor invoices. We also removed results where the low number was created only by extracting the numbers from an alphanumeric invoice number. We did not review every result, so the results may still include false positives.

Results from data test: We identified over 200 invoices from over 60 vendors with an invoice number of 50 or less. Some of these vendors also appear in other tests in this Appendix. These results are potential indicators only. They do not, by themselves, establish that a vendor or invoice is fictitious or inappropriate. We did not research these vendors or invoices further.

Research recommended to determine whether results are problematic: Review the identified vendors and invoices to confirm that each vendor is legitimate, the goods or services were received, and the invoices are supported.

8. Vendors with sequential invoice numbers

Source: *AP Invoice Detail Report*

Test outlined in the proposal: Analyzing invoices for numerical anomalies indicative of problematic vendors, such as duplicate numbers, sequential numbers without gaps, and/or numbers issued out of date sequence.

Potential risk: Invoice numbers that run in sequence with few or no gaps may indicate that the District is a vendor's only or primary customer, or that invoices were created specifically for the District. That creates a risk of fictitious vendors, unsupported billings, and payments for goods or services not received.

Data test performed to address risk: We analyzed the accounts payable invoice information in the AP Invoice Detail Report, including invoice numbers, dates, amounts, and vendor names and numbers. We extracted the numeric characters from each invoice number, removed invoices whose invoice number contained no numbers, and sorted the results by vendor and invoice number. We then flagged each invoice whose number was one more or one less than another invoice number from the same vendor.

For each vendor, we calculated the percentage of its invoices that were sequential. We excluded vendors with only one invoice and kept vendors where 60% or more of the invoices were sequential.

Based on a review of vendor names and invoice descriptions, we then removed about 50 vendors, with over 2,300 invoices, that we judged to be lower risk. These were primarily construction, architecture and engineering, utility, insurance, and public agency vendors.

Results from data test: We identified more than 30 vendors, with nearly 400 invoices, where 60% or more of the vendor's invoices were sequential. Several of these vendors also appear in other tests in this Appendix. These results are potential indicators only. They do not, by themselves, establish that a vendor or invoice is fictitious or inappropriate. We did not research these vendors or invoices further.

Research recommended to determine whether results are problematic: Review the identified vendors and invoices. Prioritize vendors that also appear in other tests in this Appendix or that show other risk indicators, such as unusual billing amounts or timing, payments just below approval thresholds, inconsistencies with contract terms, or limited support for the goods or services billed. For prioritized vendors, review the underlying contracts, purchase orders, invoices, approvals, and payments, and confirm that the District received the goods or services billed.

9. Total spend by vendor compared to approval thresholds (potential invoice or contract splitting)

Sources: *Payables Payment Register Report; All Supplier Documents Report; Supplier Pipeline with Documents Report*

Test outlined in the proposal: Comparing total spend by vendor to approval thresholds to identify the potential invoice and/or contract splitting to avoid Board oversight.

Potential risk: Related purchases may be split across multiple purchase orders, invoices, or contracts, or spread over time, to keep individual amounts below approval thresholds. That creates a risk of circumventing Board oversight or competitive procurement requirements, unauthorized spending, and preferential vendor selection.

Data test performed to address risk: We summarized payments in the Payables Payment Register Report by supplier and fiscal year and compared each supplier's annual total to the Board approval threshold. We then identified the following:

- Suppliers paid within $25,000 below the threshold in a fiscal year, and those that also received $25,000 or more in the first three months of the next fiscal year.
- For FY2025–26, the only year the Supplier Pipeline with Documents Report allowed us to review, suppliers paid more than the threshold for which the report indicated Board approval was "False" or did not include the supplier.
- Suppliers paid more than the threshold in at least one fiscal year that we could not match by name to a contract in the All Supplier Documents Report.

Results from data test: Each of the categories analyzed included results warranting further research. However, also within the results are payees such as utilities, government agencies, benefit providers, and District petty cash, which may not be subject to the same purchasing approvals. These results are potential indicators only. They do not, by themselves, establish that purchases were split or that required approvals or contracts were missing.

Research recommended to determine whether results are problematic: Review the identified suppliers, starting with those paid just below the threshold and those with no recorded Board approval or matched contract. For each, determine whether the payments relate to a single purchase or contract that was split or spread over time, whether Board approval was required and obtained, and whether a contract was in place when the payments were made. Review purchase orders, contracts, invoices, and Board meeting records as needed.

10. Potential retaliation indicator (changes in pay compared to complaints)

Sources: *Assignment Audit Report; District Complaint Log (incomplete); Hotline Submissions*

Test outlined in the proposal: Analyzing payroll activity for unusual reductions in compensation, including decreased rates, hours, or benefits, particularly following the filing of complaints involving flagged employees.

Potential risk: An employee who reports a concern or files a complaint may experience retaliation, such as a reduction in pay, hours, or benefits, or pressure to leave the District. That creates a risk of harm to employees and discourages others from reporting concerns.

Data test performed to address risk: We analyzed employee assignment and compensation information in the Assignment Audit Report. For each employee (i.e., each EPN), we reviewed successive assignment and compensation records to identify decreases in pay rate or salary. We then identified employees who later resigned or were involuntarily terminated, and limited the results to employees whose salary exceeded $50,000 at some point during the period.

The District declined to provide its current complaint log, citing confidentiality concerns. As a result, we compared the employees identified to an incomplete complaint log located during our email review and to hotline submissions. We also reviewed emails for select employees.

Results from data test: Our analysis identified more than 120 employees who had a pay decrease followed by a resignation or involuntary termination. More than half of these employees held both salaried and hourly positions during the period. A change in position, such as a teacher later working as a substitute, can therefore appear as a pay decrease.

A small number of these employees appeared in the incomplete complaint log. However, most of those entries related to concerns about that particular employee's own conduct, rather than a complaint filed by the employee. Because the log is incomplete, this comparison may not identify every complaint involving these employees.

Further, the hotline received reports related to this risk, including reports naming specific individuals.

These results are potential indicators only. They do not, by themselves, establish that an employee was retaliated against. We did not review every result.

Research recommended to determine whether results are problematic: Review the full listing and first remove results explained by a change in position or employment type, such as a move from a salaried to an hourly role. For the remaining employees, compare them to the District's complete complaint log and determine whether the employee reported a concern or filed a complaint before the pay decrease or separation. Also determine the reason for each action, who approved it, and whether it was consistent with District policy.

11. **Unusual Pay Codes;**
12. **Bonuses Paid; and**
13. **Overtime Trend Analysis**

Source: *Payroll Activity Reports*

Test outlined in the proposal: Analyzing payroll registers for unusual pay codes, such as unexpected bonuses, infrequently used benefit codes, and negative deductions. Performing trend analyses of payroll registers to identify excessive overtime.

Potential risk: Unusual or unexplained pay, including infrequently used pay codes, bonuses, and overtime, may indicate unauthorized or incorrectly processed compensation. That creates a risk of payments that lack appropriate approval or are inconsistent with District policy or employee eligibility requirements.

Data test performed to address risk: We extracted payroll activity from the District's Oracle system, standardized and combined the payroll registers, and summarized the activity by pay code and employee. We then performed three tests:

- **Pay codes:** We identified deduction codes that added to employee pay on a net basis and pay codes used for 20 or fewer employees. We then reviewed code descriptions and amounts to select codes for further review.
- **Bonuses:** We identified pay codes with "bonus" in the description and summarized the payments by code and employee.
- **Overtime:** We totaled overtime pay by employee and screened monthly overtime for amounts that were high relative to the employee's own history or to other employees in the same month. The screening does not account for differences in role, hours worked, or base pay.

Results from data test:

- **Pay codes:** Of the more than 370 pay codes used, over 100 were used for 20 or fewer employees, and 12 deduction codes added at least $500 to employee pay on a net basis.
- **Bonuses:** Four bonus pay codes paid approximately 400 employees, mostly through employee referral bonuses. One of these codes, a bonus gross-up, paid nearly $200,000 to a small number of employees, primarily District leaders.
- **Overtime:** Of the more than 2,800 employees who received overtime, a small number received over $20,000 in total during the scope period. Our screening also flagged certain employees whose monthly overtime was unusually high relative to their own history or to other employees in the same month.

These results are potential indicators only. They do not, by themselves, establish that any payment was unauthorized or inappropriate.

Research recommended to determine whether results are problematic: Review the identified pay codes, bonuses, and overtime payments for authorization, supporting documentation, employee eligibility, and compliance with District policy and applicable laws and regulations. For payments to District leadership, confirm the contractual or Board-approved basis for each payment and that the amount was calculated correctly. For overtime, compare payments to time records and approvals.



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