



FY2017 Financial Statement Audit

Division of Finance

Presented by Dr. Michael J. Bell



Independent Auditor's Report FY17 Financial Statement Audit

- Auditor Responsibility –involved performing procedures in accordance with *Government Auditing Standards* to obtain audit evidence about the amounts and disclosures in the financial statements, including assessment of risks and consideration of internal controls
- Opinions that the financial statements were presented fairly with an unmodified (clean) opinion issued.*
- *Other types of serious audit opinions are: Qualified, Adverse, Disclaimer



Independent Auditor's Report FY17 Financial Statement Audit



DEPARTMENT OF AUDITS AND ACCOUNTS

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April 10, 2019

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Superintendent and Members of the
DeKalb County Board of Education

INDEPENDENT AUDITOR'S REPORT



Overall Results of the FY17 Financial Statement Audit

Management's Discussion and Analysis *-Financial Highlights*

- In total, net position increased \$35.0 million to \$1.023 billion. This represents a 3.5 percent increase from 2016 due primarily to governmental activities
- General revenues accounted for \$591.5 million in revenue or 48.0 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$641.5 million or 52.0 percent of total revenues of \$1.233 billion.
- The Board had \$1,198 billion in expenses related to governmental activities; \$641.5 million of these expenses were offset by program specific charges for services, grants or contributions.
- Among major funds, the general fund has \$1,121.7 million in revenues and \$1,124.0 million in expenditures. The general fund's "Net Change in Fund Balances" was (\$2.18) million, which is a decrease from the prior year \$37.3 million increase. The fund balance reflects the full accrual of all contracted salaries and benefits unpaid at June 30 in full compliance with GASB 34 regulations.



Overall Results of the FY17 Financial Statement Audit

Findings:

Status:

- | | |
|--|-----------------|
| ➤ Financial Statement Controls over Financial Reporting | Closed/Resolved |
| ➤ Financial Statement Controls over Capital Assets | Closed/Resolved |
| ➤ Federal Award Controls over Equipment | Closed/Resolved |
| ➤ Federal Award Controls over Procurement and Suspension and Debarment | Closed/Resolved |



Next Steps – Status of Corrective Action Strategies

- **Financial Reporting** - additional resources, processes and a Financial Management Information System (FMIS) are currently being implemented to reduce financial statement misstatements
- **Controls of Capital Assets** - additional resources, processes and controls are currently being designed and implemented, as well as utilization of a new FMIS
- **Controls over Equipment** - school nutrition has implemented new processes, held trainings and meetings with personnel and assigned staff who will be responsible for tracking of equipment
- **Controls over Procurement and Suspension and Debarment** – the exceptional education (special education) program staff will ensure, prior to procuring services that an adequate number of rates, or price quotations are obtained from qualified sources and maintain documentation that a vendor is not excluded, disqualified, suspended or debarred



Overall Results of the FY17 Financial Statement Audit

Summary of the **Schedule of Observations:**

- **Accounting controls** – accounting system access rights
 - *Recommendation:* enhance logical and access controls to compliment the system of internal control including segregation of duties
- **Information Technology Policies and Procedures**– business continuity plan
 - *Recommendation:* develop plans for IT business continuity, risk assessment, management and technology security awareness
- **Untimely submission of financial statements**– due by December 31, 2017
 - *Recommendation:* ensure compliance with the reporting deadline to submit financial statements by December 31
- **Cash maintenance and School Activity**– timely bank reconciliations and controls
 - *Recommendation:* implement policies and procedures to strengthen existing procedures
- **Employee Compensation**– salary documentation
 - *Recommendation:* implement appropriate procedure to strengthen internal controls over the employee compensation process, ensure existence of supporting documentation



Independent Auditor's Report FY17 Financial Statement Audit

Closing Remarks on the FY17 Audit:

- Clean, Unmodified Opinion (above the bar)
- Resolved findings and observations from the prior year
 - No questioned costs/no repayment
- ERP (Enterprise Resource Planning) enhancements
 - Use of the State Auditors – not contracted