



SPECIAL PURPOSE LOCAL OPTION SALES TAX PROGRAM • FISCAL YEAR 2023

Pickens County Board of Education Jasper, Georgia

Compliance and Performance Audit Report

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DOAA

Georgia Department
of Audits & Accounts

Pickens County Board of Education

Table of Contents

Audit Summary and Introduction.....	1
Audit Objectives, Scope and Methodology.....	3
Audit Results.....	4
Communication of Audit Findings and Recommendations and Closing.....	6



Dr. Travis Thomas, Superintendent and Members of the
Pickens County Board of Education

Ladies and Gentlemen

We have audited the Special Purpose Local Option Sales Tax (SPLOST) records and operations of the Pickens County Board of Education (School District) for the year ended June 30, 2023. Management of the School District is responsible for the School District's compliance with the specified requirements. Our responsibility is to determine the School System's compliance with the specified requirements based on our audit objectives.

Audit Summary

Our performance audit of the School District's Special Purpose Local Option Sales Tax (SPLOST) for the fiscal year ended June 30, 2023 found the following:

- The School District has appropriately designed internal control procedures over the SPLOST expenditure transaction cycle and those controls have been placed into operation and are being followed.
- The School District has spent the SPLOST funds in accordance with O.C.G.A. §20-2-491 and the SPLOST resolutions passed November 3, 2015, and November 3, 2020 by the voters of Pickens County.

Introduction

Georgia Code Section §20-2-491 requires public school system to obtain continuing performance audits for expenditure of sales tax for capital outlays if the tax generates \$5 million or more annually. The independent performance audit shall:

1. Include a goal of ensuring, to the maximum extent possible, that the tax funds are expended efficiently and economically so as to ensure that the School District receives maximum benefit from the dollars collected.
2. Provide for issuance of periodic reports, not less than once annually, with respect to the extent to which tax funds are expended efficiently and economically as described in item 1 above.
3. Provide for issuance of periodic public recommendations, not less than annually for improvements in meeting the goal specified in item 1 above.

The Special Purpose Local Option Sales Tax (SPLOST) is a referendum voted and approved by the Pickens County voters in which one percent is added to the local sales tax for the purpose of funding building and renovation projects that would otherwise require financing through increased property taxes. SPLOST funds are also available for retiring general obligation bond debts incurred with respect only to capital outlay projects and to issue new general obligation bonds for specific capital outlay projects.

The School District works under the direction of the School Board and its superintendent. Projects selected for SPLOST funding are approved by the School Board. During fiscal year 2016 and 2021, the SPLOST V and SPLOST VI referendums were passed by the voters of Pickens County. The maximum amount approved to be raised from the SPLOST V and SPLOST VI referendums are \$30,000,000.00 and \$35,000,000.00, respectively.

The 2015 SPLOST V funds will be used for the following purposes as outlined in the referendum:

“(i) The acquisition and installation of new technology, textbooks, and equipment for all educational facilities; (ii) The acquisition of new school buses, vehicles, and transportation equipment including but not limited to modifications to existing school buses; (iii) The construction and equipping of additional classroom space and related facilities on the campus of Pickens High School and the renovation, repair, construction, modification and equipping of buildings and facilities located on the campus of Pickens High School; (iv) The construction and equipping of additional classroom space and related facilities on the campus of Jasper Elementary School and the renovation, repair, construction, modification and equipping of buildings and facilities located on the campus of Jasper Elementary School; (v) The construction and equipping of additional classroom space and related facilities on the campus of Tate Elementary School; the renovation, repair, construction, modification and equipping of buildings and facilities located on the campus of Tate Elementary School; the renovation, repair, construction, modification and equipping of buildings located on the campus of Tate Elementary School; the renovation, modification, construction and equipping of cafeteria, lunchroom and kitchen facilities located on the campus of Tate Elementary School; (vi) The construction and equipping of additional classroom space and related facilities on the campus of Pickens County Middle School; the renovation, repair, construction, modification and equipping of buildings and facilities located on the campus of Pickens County Middle School; (vii) The construction and equipping of additional classroom space and related facilities on the campus of Jasper Middle School; the renovation, repair, construction, modification and equipping of buildings and facilities located on the campus of Jasper Middle School; (viii) The construction and equipping of additional classroom space and related facilities on the campus of Hill City Elementary School; the renovation, repair, construction, modification and equipping of buildings and facilities located on the campus of Hill City Elementary School; (ix) The construction and equipping of additional classroom space and related facilities on the campus of Harmony Elementary School; the renovation, repair, construction, modification and equipping of buildings and facilities located on the campus of Harmony Elementary School; (x) Renovations and modifications to existing educational facilities and the acquisition and installation of equipment at all other educational facilities; (xi) The acquisition and purchase of real estate; the preparation, acquisition, and payment of engineering plans, specifications, and other preliminary construction costs associated with the building of a new school facility; (xii) The payment of principal and interest on bonds.

The 2020 SPLOST VI will be used for the following purposes as outlined in the referendum:

“(i) The acquisition and installation of new technology, textbooks, and equipment for all educational facilities. (ii) The acquisition of new school buses, vehicles, and transportation equipment including but not limited to modifications to existing school buses. (iii) The construction and equipping of additional classroom space and related facilities on the campus of Pickens High School and the renovation, repair, construction, modification and equipping of buildings and facilities located on the campus of Pickens High School. (iv) The construction and equipping of additional classroom space and

related facilities on the campus of Tate Elementary School and the renovation, repair, construction, modification and equipping of buildings and facilities located on the campus of Tate Elementary School. (v) The construction and equipping of additional classroom space and related facilities on the campus of Pickens Junior High School; the renovation, repair, construction, modification and equipping of buildings and facilities located on the campus of Pickens Junior High School. (vi) The construction and equipping of additional classroom space and related facilities on the campus of Jasper Middle School; the renovation, repair, construction, modification and equipping of buildings and facilities located on the campus of Jasper Middle School; (vii) The construction and equipping of additional classroom space and related facilities on the campus of Hill City Elementary School; the renovation, repair, construction, modification and equipping of buildings and facilities located on the campus of Hill City Elementary School; (viii) The construction and equipping of additional classroom space and related facilities on the campus of Harmony Elementary School; the renovation, repair, construction, modification and equipping of buildings and facilities located on the campus of Harmony Elementary School; (ix) Renovations and modifications to existing educational facilities and the acquisition and installation of equipment at all other educational facilities; (x) The acquisition and purchase of real estate; the preparation, acquisition, and payment of engineering plans, specifications, and other preliminary construction costs associated with the building of a new school facility.”

Audit Objectives

The overall objective of the performance audit was to evaluate whether the tax funds are expended efficiently and economically so that the School District is receiving the maximum benefit from the dollars collected. The specific audit objectives were:

- To determine if the SPLOST funds were expended efficiently and economically so as to secure the School System the maximum possible benefit from the tax dollars.
- To provide for the issuance of periodic reports at least annually with respect to the extent to which expenditures are meeting the goals described O.C.G.A. § 20-2-491.
- To provide for the issuance of public recommendations at least annually for improvements in meeting the goals described in O.C.G.A. § 20-2-491.
- To determine whether there is an efficient and economic means of monitoring program performance within a projected timeline, to evaluate the validity of expenditures, and to evaluate the timely completion of each project.
- To determine if administrative controls were established and appeared to be adequate to ensure the responsible fiscal management of the sales tax proceeds received by the School System.
- To determine if management of the School District is following Board approved procurement policies and procedures.
- Determine SPLOST funds were spent in accordance with SPLOST Resolutions passed November 3, 2015 and November 3, 2020.

Audit Scope and Methodology

We were engaged to conduct a performance audit of the SPLOST program. The audit focused on the School District’s compliance with state and local laws and mandates and the receipts and expenditure of sales tax proceeds for allowable SPLOST purposes. This audit covers the year of the SPLOST program from July 1, 2022 to June 30, 2023. From a listing of disbursements made during the specified time

frame, we tested 38 individually significant items totaling \$4,308,392.67. In addition, we tested a sample of the remaining population totaling \$130,482.88 which was comprised of 11 of 50 items. In total, we tested \$4,438,875.55 or 93% of the total SPLOST disbursements for the audit period.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Planning

Prior to conducting the audit, we determined mutual expectations in performing the engagement and meeting timelines. We discussed policies and procedures, methodologies, and other relevant aspects of the School District's SPLOST program with relevant staff. We requested various schedules from the School District's staff and discussed with them the date the fieldwork was expected to begin.

Preliminary Analytical Review

The preliminary analytical review (PAR) provided direction to our audit approach. In this analysis, we developed expectations related to projects, program documentation, key personnel, program organization, and account balances and relationships among those account balances. During the audit, tests were designed to confirm the expectations developed during our PAR. We also performed a PAR to analyze the laws governing SPLOST funds and to identify in advance the critical audit risk areas.

Risk Assessment

Our audit approach is risk-based, whereby we assess risk for each identified objective. Depending on the risk assessment, we performed substantive or analytical procedures, or a combination of both, to test the related objectives. These assessments were made during the planning process and throughout the engagement.

Understanding the Control Environment and Test Key Controls

We examined the School District's internal controls related to the SPLOST program, focusing on formulating comments and suggestions for improving operations. We used a discussion memorandum format to document the relevant accounting cycles and processes from start to finish. Utilizing our understanding of the control environment, we walked through certain internal controls to provide further support for the audit.

Preparation of a Tailored Audit Program

Based upon preliminary analytical review, control documentation and walk-through procedures, audit programs were designed in order for conclusions to be reached for each audit objective.

Audit Results

Based on the results of our audit, we conclude that the Pickens County School District's SPLOST program is operating in compliance with all applicable laws and regulations and the referendum approved by the County's citizens. The following are the specific results of our audit:

Objective #1: To determine if the SPLOST funds were expended efficiently and economically so as to secure the School System the maximum possible benefit from the tax dollars.

Procedures: We obtained a copy of the SPLOST Resolutions as approved by the Board of Education of the School District and the voters of the county. Using a listing of disbursements for the test period, we tested 31 individually significant items and a sample of 11 expenditures in order to ensure that spending of SPLOST funding was compliant with the approved activity in the resolution. We tested each transaction to supporting documentation such as vendor invoices.

Results: We found no exceptions as a result of these procedures.

Objective #2: To provide for the issuance of periodic reports at least annually with respect to the extent to which expenditures are meeting the goals described O.C.G.A. § 20-2-491

Procedures: We obtained and reviewed the prior year performance audit report to determine this objective was met in the previous year. In addition, this objective is being met by the publication of this report for the current fiscal year.

Results: We found no exceptions as a result of these procedures.

Objective #3: To provide for the issuance of public recommendations at least annually for improvements in meeting the goals described in O.C.G.A. § 20-2-491.

Procedures: We obtained and reviewed the prior year performance audit report to determine this objective was met in the previous year. In addition, this objective is being met by the publication of this report for the current fiscal year.

Results: We found no exceptions as a result of these procedures.

Objective #4: To determine whether there is an efficient and economic means of monitoring program performance within a projected timeline, to evaluate the validity of expenditures, and to evaluate the timely completion of each project.

Procedures: We interviewed management regarding procedures used to monitor program performance timeline, evaluation of the validity of expenditures and timely completion of the capital projects. In addition, we tested disbursement to ensure the School District has policies and procedures in place to ensure that expenditure are properly approved by an individual who reviews the work to ensure that invoices submitted are valid in regard to work completed and appropriate for the SPLOST projects.

Results: We found no exceptions as a result of these procedures.

Objective #5: To determine if administrative controls were established and appeared to be adequate to ensure the responsible fiscal management of the sales tax proceeds received by the School System.

Procedures: We interviewed management to identify how funds are received and recorded from the State. We determined if accounting controls were in place for this objective, if the administrative controls were sufficient, complete and adequate, and if key management personnel were familiar with the controls. We tested the effectiveness of the controls by testing 31 individually significant items and a sample of 11 of the remaining 50 items. Lastly, we reviewed the general ledger accounts to verify monthly deposits.

Results: We found no exceptions as a result of these procedures.

Objective #6: To determine if management of the School District is following Board approved procurement policies and procedures.

Procedures: We interviewed management regarding procurement policies and procedures. We tested 38 individually significant items and a sample of 11 of the remaining 50 expenditures to ensure all policies set in place by the Board are being followed.

Results: We found no exceptions as a result of these procedures.

Objective #7: Determine if SPLOST Funds were spent in accordance with SPLOST Resolutions passed on November 3, 2015 and November 3, 2020.

Procedures: We obtained a copy of the SPLOST Resolution as approved by the Board of Education of the School District and the voters of the county. Using a listing of disbursements for the test period, we tested 38 individually significant items and a sample of 11 of the remaining 50 expenditures in order to ensure that spending of SPLOST funding was compliant with the approved activity in the resolution. We tested each transaction to supporting documentation such as vendor invoices.

School District Response: Pickens County Board of Education agrees with the report.

Communication of Audit Findings and Recommendations

No matters were reported.

Closing

This report is intended solely for the information and use of the Board and management of the School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,



Greg S. Griffin
State Auditor

August 26, 2024